BOTTOM OF THE PYRAMID: OPPORTUNITY AND FEASIBILITY ANALYSIS AND STRATEGY FORMULATION

By

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DECLARATION

I, **Pravina Devpersadh Oodith** declare that

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DEDICATION

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Secondly, I dedicate this study to my dearest mum, Mrs Sheila Oodith, who has profoundly influenced my life and moulded me into the responsible individual that I am today. Your love, warmth, constructive criticism and encouragement have motivated me to give off my best at all times. Thank you Mum for always being my pillar of strength and my beacon of hope in life.

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Lastly, this study is dedicated to all of the impoverished individuals who are living in poverty. It is through your desolate plight that the inspiration for this study was born. Through God's grace and the collaboration of concerned constituents, I know that this study will provide a pivotal platform to alleviate your hardship and indigence.

ABSTRACT

The year 2000 commemorated the inauguration of a millennium declaration in which 192 member countries of the United Nations pledged to achieve eight United Nations Millennium Development Goals, the first of which is the eradication of extreme poverty and hunger. These member countries committed themselves to formulating constructive approaches that will uplift impoverished communities, promote human development and halve poverty by 2015. The intensity of this mammoth undertaking had raised skepticism that the poverty alleviation efforts of government, non-governmental organisations (NGOs), aid agencies and the Corporate Social Responsibility (CSR) initiatives of organisations in the private sector were going to be sufficient in alleviating poverty of approximately 4 billion people who are economically at the bottom of the pyramid (BOP) (Prahalad, 2005). The incredulity surrounding the existing poverty reduction tactics had created a necessity for the conceptualisation and implementation of feasible measures that will curtail the problem of poverty.

Prahalad, an internationally acknowledged corporate strategist and the prolific author of the book entitled, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits,* believes that a joint collaborative effort by government, NGOs, large domestic firms, multinational corporations (MNCs) as well as the poverty stricken citizens themselves can be a solution to global poverty diminution. He affirms that this alternative, unorthodox approach to poverty alleviation will yield favourable rewards for all constituents involved.

This study aims to analyse the consumer behavioural practices and spending patterns of South African BOP consumers. This study also purports to analyse the viability of Prahalad's BOP proposition within the South African context, assess how prevailing strategies need to be altered in order for MNCs to profitably serve the needs of these consumers and to articulate creative strategies that will form the basis for a model of active engagement and competitive advantage at the bottom of the pyramid.

The results of this study indicate that the BOP proposition definitely has the potential to flourish within the South African context and that this is a lucrative market that can be harnessed by MNCs in order to simultaneously generate profits and enrich the well-being and standard of living of the South African BOP citizens. The recommendations generated from the results of this study provide insight into how this goal will be achieved.

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CHAPTER ONE
INTRODUCTION AND OVERVIEW OF THE STUDY

1.1 INTRODUCTION

The year 2000 not only earmarked the turn of the century but also the commencement of the commitment of South Africa and another 191 member countries of the United Nations to achieve 8 United Nations Millennium Development Goals. The eradication of extreme poverty and hunger which is the first of these goals, aims to uplift impoverished communities, promote human development and halve poverty by 2015. This undertaking had raised the question about whether or not the efforts of government, non-governmental organisations (NGOs), aid agencies and the Corporate Social Responsibility (CSR) initiatives of organisations in the private sector were going to be adequate in achieving this millennium goal. The immensity of the task at hand turned the spotlight onto conceptualising and implementing viable measures in order to alleviate the plight of approximately 4 billion people who are economically at the bottom of the pyramid (BOP) (Prahalad, 2005). Can a joint collaborative effort by government, NGOs, large domestic firms, multinational corporations (MNCs) as well as the poverty stricken citizens themselves be a solution to global poverty reduction? Prahalad, an internationally recognised specialist in corporate strategy and the prolific author of the book entitled, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits*, believes that this idea will most definitely work and that this alternative approach to poverty reduction will reap favourable rewards for all constituents involved, especially the BOP consumers themselves.

This study purports to analyse the viability of Prahalad's BOP proposition within the South African context, assess how prevailing strategies need to be altered in order for MNCs to profitably serve the needs of the BOP consumers in South Africa and to articulate creative strategies that will form the basis for a model of active engagement and competitive advantage at the bottom of the pyramid.

1.2 BACKGROUND OF THE STUDY

An elementary definition of poverty is that it is a situation in which there is a shortage of sufficient resources that are required to obtain the vital necessities for survival. In addition, poverty can also be described as material or multi-dimensional (income, education, security, health) deprivation.

According to Prahalad and Hart (2002), a four-tiered economic pyramid can be used to represent the global distribution of wealth and the capacity to generate income. Tier 1 which is positioned at the top of the pyramid consists of wealthy individuals with plentiful opportunities to generate high levels of income. Tiers 2 and 3 (middle of the pyramid) comprise of individuals whose annual per capita income is between \$1,500 and \$20,000, which when converted to the South African rand as at the average rand-dollar conversion (1 US\$ = 13.3335 ZAR) as at 31 August 2015 is between R20 000 – R266 670 (Moneyweb, 31 August 2015). More than 4 billion people live at the bottom of the pyramid on less than \$2 or R26,67 per day (conversion as per average rand-dollar conversion for 31 August 2015) and this tier has been identified as the bottom of the pyramid (BOP) market which consists of impoverished individuals who transact predominantly in the informal market economy (Moneyweb, 31 August 2015).

Prahalad (2005, p. 3) believes that there needs to be a change in the ideology of the poor being a burden to society and helpless victims of unfortunate circumstances to thinking of them as “resilient entrepreneurs and value-conscious consumers”. He believes that in unison poor people have a tremendous amount of entrepreneurial potential and purchasing power. He, therefore, advocates that a better approach to helping the poor would involve partnering with them to innovate and attain sustainable and propitious scenarios in which the poor are actively engaged and, at the same time, bringing profits to the companies providing products and services to them. Harjula (2005 cited in Pitta, Guesalaga & Marshall, 2008) views Prahalad’s BOP proposition as the underpinning for double the potential at the bottom line, where social goals are combined with the business objective of profit.

Prahalad (2005, p. 12) believes that the BOP proposition essentially is not about “philanthropy and notions of corporate social responsibility”. Nickels, McHugh and McHugh (2010) define corporate social responsibility as the concern that organisations have, not just for its owners, but for society as well. It is a commitment towards furthering the welfare of society and ensuring that businesses always maintain integrity, fairness and respect in dealing with their various stakeholders as well as society. Instead of corporate social responsibility, Prahalad (2005) advises that businesses, when serving BOP consumers, need to use creative and novel approaches in order to convert the problem of poverty into a lucrative business opportunity that benefits all constituents involved.

Prahalad (2005) proposed that poverty alleviation is possible through the joint collaborative effort by government, NGOs, large domestic firms, MNCs as well as the poverty stricken citizens themselves.

Prahalad and Hart (2002) summarise the BOP proposition as follows:

- ❖ There exists prodigious untapped purchasing power at the bottom of the economic pyramid.
- ❖ Companies engaging this market can make significant profits by selling products and services to the poor.
- ❖ By selling to the poor, companies are able to bring prosperity to them and create employment opportunities, thus helping to eradicate poverty.
- ❖ Large multinational companies (MNCs) are best suited to lead the commercialisation of this multi-trillion dollar market segment that has a population of approximately 4 billion potential consumers, that is, approximately two thirds of the global population.

Prahalad and Hart (2002) suggest that the BOP market necessitates a combination of low-cost and good quality products and that it is imperative for profit-seeking businesses to develop an understanding of the needs of the BOP market in order to adapt their marketing approach to meet the characteristics of the consumers at the bottom of the pyramid.

Prahalad and Hart (2002) advocate that businesses need to develop a commercial infrastructure suited to the needs and challenges of the BOP market. Such an infrastructure should be viewed as an investment rather than a charitable obligation. In developing this commercial infrastructure, four elements (creating buying power, shaping aspirations, improving access and tailoring local solutions) need to be taken into account and each of these elements requires innovation in technology and management processes. Prahalad and Hart (2002) strongly believe that the BOP proposition, if correctly implemented, will prove highly successful in developing markets and reduce the level of global poverty.

1.3 FOCUS OF THE STUDY

This study focuses on the BOP market in South Africa which, for the purposes of this investigation, is defined as those living in relative poverty, specifically within the rural areas of South Africa. The reason for the non-inclusion of the urban poor in this study is to ascertain whether or not the distribution of goods and services to rural areas is an impediment to MNCs adopting the BOP proposition. Also, the study intends to examine the accessibility of products by BOP consumers residing in the rural areas of South Africa. Furthermore, this study will concentrate on the South African BOP consumer' spending patterns, decision-making behaviour, brand consciousness, savings potential and willingness to collaborate (as distribution agents) with MNCs.

1.4 MOTIVATION FOR THE STUDY

The current foreboding state of poverty in South Africa clearly warrants urgent action to be taken in order to reduce the country's level of poverty. This study aims to assess the consumer behavioural practices and spending patterns of South African BOP consumers. Furthermore, this study also analyses whether or not the South African BOP market is a lucrative market that can be harnessed by MNCs in order to simultaneously generate profits and enhance the health, well-being and lifestyles of the South African BOP citizens.

1.5 OBJECTIVES OF THE STUDY

The objectives of this study are to:

1. Undertake an opportunity and feasibility analysis of Bottom of the Pyramid (BOP) consumers in South Africa to ascertain whether they represent a lucrative market that is large enough for MNCs to serve profitably. In this regard, the study will:

- Investigate the BOP consumer spending patterns and buying behaviour to uncover the proportion of income that is spent on basic consumer products and other categories of products and services.
- Determine whether BOP consumers are brand conscious and whether there is potential for MNCs to create brand loyalty amongst these consumers.
- Investigate the ability of BOP consumers to pay off their debt obligations and to determine their savings potential, that is, their willingness and ability to set aside money for a rainy day.

- ❖ Investigate the evaluative criteria (eg. quality, quantity, price and packaging) that are used by BOP consumers when making the decision to purchase the products that they do.
- ❖ Determine the willingness of BOP consumers to work in collaboration with MNCs to facilitate distribution and/or marketing of products and services to consumers in inaccessible areas.

2. Articulate creative strategies (based on the findings of the opportunity and feasibility analysis above), as part of a model for active engagement and competitive advantage that will enable a win-win engagement between the MNCs and the BOP consumers in South Africa.

1.6 RESEARCH QUESTIONS

The research problem of this study concerns the lucrativeness of the South African BOP market as well as the opportunity that this market presents to MNCs in terms of harnessing sustainability and profits. The research questions include:

1. Do South African BOP consumers represent a lucrative market that is large enough for MNCs to serve profitably? In this regard, the sub-questions of the study include:

- ❖ What are the spending patterns and buying behaviour of South African BOP consumers and what proportion of their income is spent on basic consumer products and other categories of products and services?
- ❖ Are South African BOP consumers brand conscious and is there potential for MNCs to create brand loyalty amongst these consumers?
- ❖ Will South African BOP consumers be able to pay off their debt obligations and are they willing to set aside money for a rainy day?
- ❖ What are the evaluative criteria (eg. quality, quantity, price and packaging) that South African BOP consumers use when making the decision to purchase the products that they do?
- ❖ Are the South African BOP consumers willing to work in collaboration with MNCs to facilitate distribution and/or marketing of products and services to consumers in inaccessible areas?

2. What are the creative strategies that can be incorporated into a model for active engagement and competitive advantage that will enable a win-win engagement between the MNCs and the BOP consumers in South Africa?

1.7 HYPOTHESES OF THE STUDY

The following hypotheses have been generated from the objectives of the study and will be tested using statistical analysis.

Hypothesis 1:

There exists significant intercorrelations amongst the key dimensions (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/acceptability, adaptability of existing products, functionality/performance, packaging/quantity, advertising/awareness, accessibility/availability and partnering with MNCs) of the study relating to BOP consumers respectively.

Hypothesis 2:

There is a significant difference in the perceptions of BOP consumers, varying in biographical profiles (age, highest educational qualification, monthly income and number of people living in a household, gender and race) regarding each dimension of the study (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/ acceptability, adaptability of existing products, functionality/performance, packaging/ quantity, advertising/awareness, accessibility/availability and partnering with MNCs), respectively.

Hypothesis 3:

There is a significant difference in the perceptions of BOP consumers varying in biographical profiles (age, highest educational qualification, monthly income and number of people living in a household, gender and race) regarding each evaluative criterion (price/affordability, quality, appearance/acceptability, packaging/quantity, accessibility/ availability, brand preference, adaptability of existing products, functionality/performance and advertising/awareness), respectively.

Hypothesis 4:

There is a significant relationship between the evaluative criteria and each of the biographical variables (age, highest educational qualification, monthly income and number of people living in a household, gender and race), respectively.

Hypothesis 5:

There is a significant relationship between the categories of spending and each of the biographical variables (age, highest educational qualification, monthly income and number of people living in a household, gender and race), respectively.

Hypothesis 6:

There is a significant relationship between the ability to pay off debt and each of the biographical variables (age, highest educational qualification, monthly income and number of people living in a household, gender and race), respectively.

1.8 LIMITATIONS OF THE STUDY

The following limitations of the study are acknowledged:

- ❖ The population for the study consists of individuals who are predominantly unversed in English, have very basic education and illiterate with no education in certain instances. Although the questionnaire was translated into the languages of preference for the different regions, the administration of the questionnaire, by trained fieldworkers, was very time-consuming owing to the fact that the majority of the respondents were unable to answer the questionnaire without assistance.

- ❖ This study focused on a highly fragmented population of BOP consumers residing in rural areas within South Africa and these areas were not easily accessible. Due to the inaccessibility of the population of the study and the escalating costs in terms of data collection, all provinces were not targeted when administering the questionnaire. However, the chosen sample was representative of the South African BOP population and the sampling adequacy and tests of Sphericity, that were statistically computed, indicated adequacy and significance of the sample.

- ❖ Several fieldworkers reported to the researcher that some elements of the population (predominantly the illiterate individuals) were very reluctant to participate in the study due to the lack of trust and the misperception that the signing of the Letter of Informed Consent was somehow linked to a fraudulent scam. Despite the fieldworkers' attempts to explain the study to these individuals and try to allay their fears, these people were quite adamant that they did not want to participate in this study. Albeit this challenge, the researcher was able to secure 631 correctly completed questionnaires from the target population of this study.

- ❖ The study was undertaken within rural regions of South Africa, hence the results (pertaining to BOP consumers residing in rural areas) cannot be generalised to the BOP consumers living in urban areas in South Africa.

1.9 SUMMARY OUTLINE PER CHAPTER

The following is a concise structure and breakdown of the various chapters in this dissertation.

Chapter One: Introduction and Overview

Chapter one provides a synopsis of the study. It includes an explanation of the research problem and the motivation for the study. The aims, objectives, hypotheses, limitations and significance of the study are also be contained in this chapter.

Chapter Two: Literature Review: Poverty

This chapter focuses on the basic approaches to estimating poverty lines as well as the extent of poverty, both globally and within South Africa. The global and South African trends with regard to poverty are clearly delineated so as to identify geographical regions with the highest prevalence of poverty.

Chapter Three: Literature Review: Basic Marketing and Consumer Behaviour

This chapter contains an overview of conventional marketing with the focus being on the integrated marketing mix (product, price, place and promotion). The chapter also includes a detailed discussion on consumer behaviour, with particular reference to the evaluative criteria that consumers use during the consumer decision-making process.

Chapter Four: Literature Review: The Bottom of the Pyramid Proposition

Chapter Four provides a comprehensive elucidation of Prahalad's BOP proposition as well as the nature, size, consumer behaviour, brand consciousness and spending patterns of the BOP market in general. The criticisms of the BOP proposition and the challenges associated with servicing the needs of BOP consumers are also incorporated into this chapter.

Chapter Five: Research Methodology

The background of the study as well as the objectives are contextualised in this chapter. The research design is outlined in this chapter together with a description of the population, the appropriate sample and the sampling techniques to be used. This chapter includes an outline of the research instrument that is employed in the study and the validity and reliability thereof. An outline of the data analysis techniques to be adopted during the study is also provided in this chapter.

Chapter Six: Presentation of Results

The emphasis of this chapter is on data analysis, interpretation and findings of the study. This chapter reports the findings of the study using graphical and tabular representations for the sample groups in the study. The results and relationships are highlighted under the headings of descriptive statistics and inferential statistics.

Chapter Seven: Discussion of Results

This chapter reports on the results of the study subject to interpretative analysis and a discussion of the results is undertaken against the backdrop of the objectives of the study. In this chapter, the findings of the study are compared to, and contrasted with, the results reported by other researchers in the field, as well as the existent literature pertaining to the variables that were tested in this study. This chapter also contains a pictorial overview wherein the main findings of the research study are highlighted.

Chapter Eight: Recommendations and Conclusion

This chapter concludes the study and provides relatable recommendations that form the basis of a model that is designed (based on the findings of the study) for a win-win engagement between MNCs and BOP consumers in South Africa. With reference to overcoming the limitations and shortcomings of this study, recommendations for future studies are accentuated. Variables that were not examined in this study could form the basis for future research in this field.

1.10 CONCLUSION

This chapter has introduced the study and provided an overview of what it purports to achieve. A brief synopsis of the BOP proposition was presented as well as the motivation for undertaking this study. This chapter also delineated the research objectives, hypotheses, limitations of the study and a summary outline of each of the chapters. The subsequent three chapters will focus intensely on the literature pertaining to global poverty and poverty within South Africa, conventional marketing and consumer behaviour and the framework for the BOP proposition.

CHAPTER TWO
POVERTY

2.1 INTRODUCTION

A rudimentary definition of poverty is that, it is a state in which there is a lack of adequate resources to meet a specified quantum of basic requirements for survival. It is often defined as material or multi-dimensional (such as, income, health, education, security) deprivation. However, such a simplistic conceptualisation of poverty runs the risk of the poor being perceived as victims of unfortunate circumstances instead of conscious actors struggling to improve their conditions (Engberg-Pedersen & Ravnborg, 2010). The World Bank (2000/2001 cited in Crabtree, 2007) defines poverty as the explicit deprivation in well-being and constitutes being hungry, lacking clothing and shelter, being sick and uncared for, being illiterate and unschooled as well as being vulnerable to uncontrollable adverse events such as crime, corruption and coercion. Humphrey and Seid (2012) further add that poverty includes malnutrition, lack of proper sanitation and inadequate access to safe drinking water. Smith (2005 cited in Humphrey & Seid, 2012) believes that poverty can be viewed as a trap because the poor have very few economic opportunities to enhance their standard of living owing to their lack of education and inaccessibility to technology and markets. In addition to the physical repercussions of poverty (fatigue, proneness to disease and premature death), the poor have to contend with emotional distress, anxiety and depression associated with their helplessness in making a positive difference to their lives (Humphrey & Seid, 2012).

2.2 MEASURING THE EXTENT OF POVERTY

A poverty line can be used to develop a thorough understanding of poverty. According to Statistics South Africa (2007), an official poverty line should be created as a measure of the monetary income required to acquire a basic minimal standard of living that is sufficient to buy a food supply that is nutritionally adequate and to purchase other essential requirements. There are three basic approaches to estimating poverty lines, namely, an absolute, a relative and a subjective approach, each of which views poverty and the appropriate quantification thereof, differently. According to Statistics South Africa (2007), an absolute poverty line is calculated with reference to a fixed basket of goods and this fixed monetary value is only updated to take into account inflation and does not take cognisance of shifts in the average standard of living in society. It is the minimum standard under which an individual would not be able to 'make ends meet' and is the absolute minimum income or expense necessary to meet basic needs (Araar, Bibi, Duclos & Younger, 2010). Oosthuizen (2007) defines a relative poverty line as the one that takes society's characteristics into consideration and endeavors to identify those individuals whose standards of living are unacceptably low relative to the rest of society. Such a poverty line begins to measure the ability of the households or individuals to engage adequately in their society and is defined as a proportion of the mean or median income of that society and is, thus, defined in relation to a social norm (Araar *et al*., 2010). The subjective approach to measuring poverty relies on the individuals' opinions of what constitutes the minimum income that is required by the household in order to sustain itself. A tremendous amount of controversy exists on whether the absolute, relative or subjective approach is the best estimate for a poverty threshold (International Development Research Centre, undated) and very often the choice is not clear-cut (Oosthuizen, 2007).

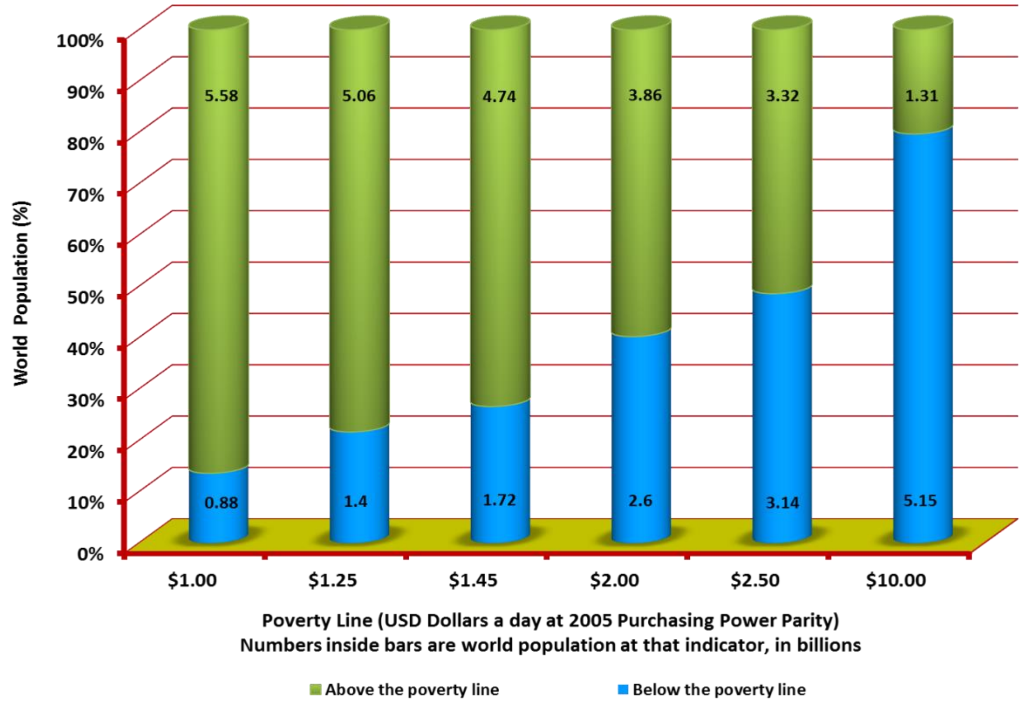
2.3 GLOBAL POVERTY

In August 2008, the World Bank had revised its estimates of global poverty to what it believes to be a more accurate reflection of poverty today (Figure 2.1). Using a new threshold for extreme poverty of $1.25 per day, the World Bank concluded that there were 1.4 billion people (approximately 22%), out of the global population of 6.46 billion people, living in extreme poverty in 2005 (Figure 2.1) (World Bank Development Indicators, 2008).

Many developing countries today have poverty lines at $2 and $2.50. South Africa uses a poverty line of $2 per day in the calculation of the absolute level of poverty of the country (South African Institute of Race Relations Survey, 2010/2011a). Statistics from Figure 2.1 reveal that 2.6 billion people (approximately 40%) live below $2 per day and almost half of the global population (3.14 billion people) survives on less than $2.50 per day (World Bank Development Indicators, 2008).

Figure 2.1

Percent of people in the world at different poverty levels, 2005

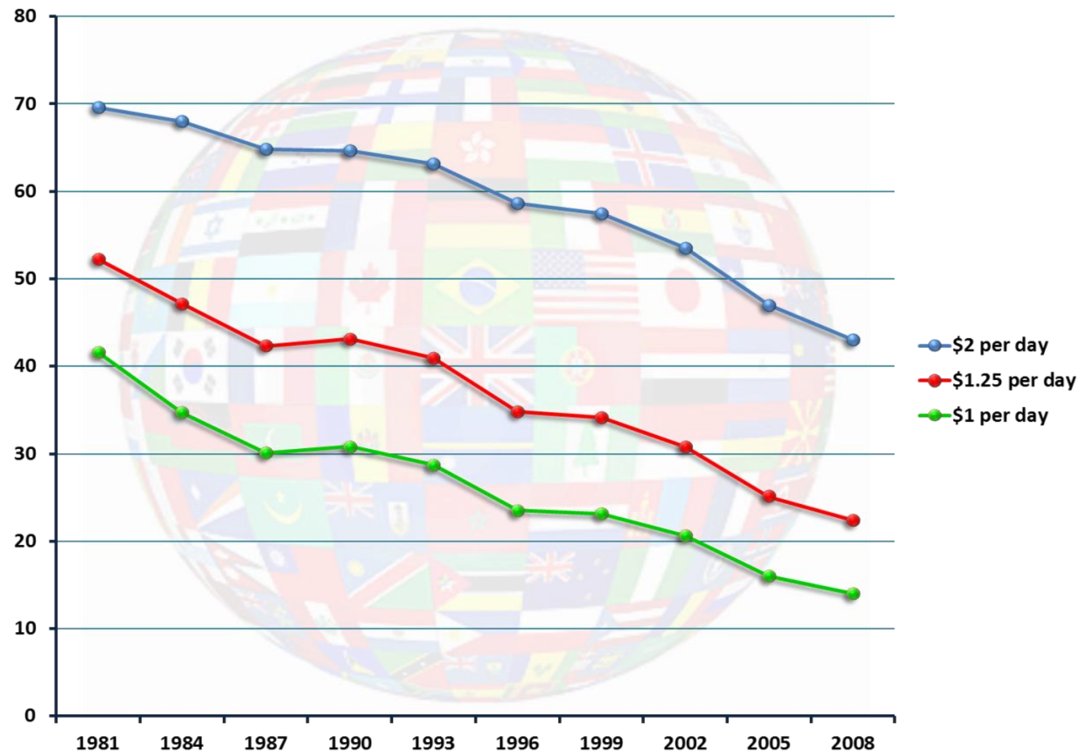


Adapted from World Bank Development Indicators (2008). Percentage of people in the world at different poverty levels, 2005. *Online.* Accessed August 11, 2010, from the World Wide Web: http://www. globalissues. org/article/4/poverty-around-the-world# World Banks Poverty Estimates Revised, p. 6.

According to Chen and Ravallion (2012), the $2 per day poverty line is the median poverty line for all developing countries and although the $1 per day poverty line is sometimes used, it is regarded as an exceptionally parsimonious line, even by the world's poorest countries' standards. The World Bank has been periodically monitoring the changes in the absolute poverty rates of the developing regions of the world namely, East Asia and Pacific, China, Eastern Europe and Central Asia, Latin America and the Caribbean, Middle East and North Africa, South Asia and Sub-Saharan Africa (Chen & Ravallion, 2012). Figure 2.2 outlines the trend in the absolute poverty rates according to $2, $1.25 and $1 poverty lines from 1981 to 2008. In 1981 the overall percentage of the population of the developing world living below $1.25 was 52.2% and this figure reduced by 29.8% to 22.4% by 2008 (Figure 2.2) (Chen & Ravallion, 2012). As evident in Figure 2.2, the $2 per day and $1 per day poverty lines showed a similar downward trend as the $1.25 per day poverty line.

Figure 2.2

Poverty rates for the developing world 1981-2008: Percentage of population below $2.00, $1.25 and $1.00 per day, respectively, in 2005 PPP



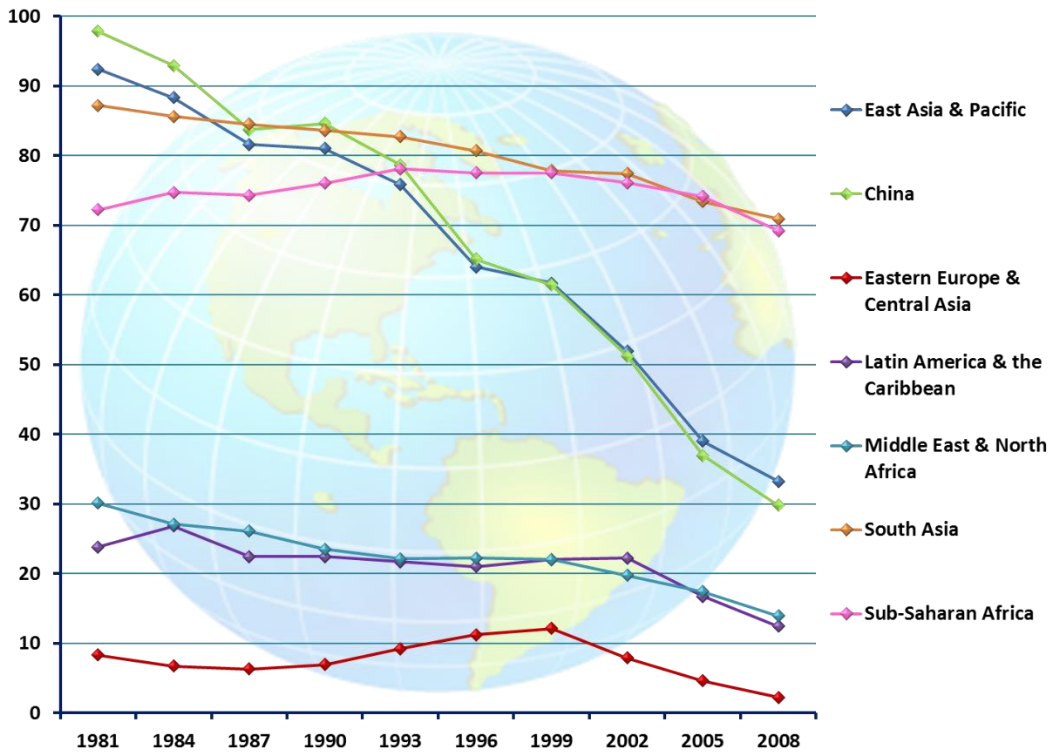
Adapted from Chen, S. & Ravallion, M. (2012). An update to the World Bank's estimates of consumption poverty in the developing world. *Online*. Accessed October 4, 2012, from the World Wide Web: http://siteresources.worldbank.org/INTPOVCALNET/Resources/Global_Poverty_Update_2012_02-29-12.pdf, p. 5.

Approximately 14% of the population of the developing world lived below $1 a day in 2008 as compared to 31% in 1990 and the 42% in 1981 (Chen & Ravallion, 2012). Figure 2.2 also illustrates a decline in the percentage of the population of the developing world living on less than $2 per day from a staggering 70% in 1981 to 43% in 2008. Using the $1.25 per day poverty line, the developing world as a whole has already, in 2010, attained the first Millennium Development Goal of halving the 1990 incidence of extreme poverty, despite the global food and financial crisis (Chen & Ravallion, 2012). China was primarily responsible for the substantial decline in the overall poverty rates of the developing world by reducing the number of people living below the $1.25 per day poverty line by approximately 662 million since 1981 (Chen & Ravallion, 2012).

A closer look at the poverty rates per region of the developing world is necessary in order to ascertain which regions contributed significantly to the overall reduction in absolute poverty in the developing world as a whole (Figure 2.3).

Figure 2.3

Percentage of population below $2 a day, in 2005 PPP, in developing regions



Adapted from Chen, S. & Ravallion, M. (2012). An update to the World Bank's estimates of consumption poverty in the developing world. *Online*. Accessed October 4, 2012, from the World Wide Web: http://siteresources.worldbank.org/INTPOVCALNET/Resources/Global_Poverty_Update_2012_02-29-12.pdf, p. 5.

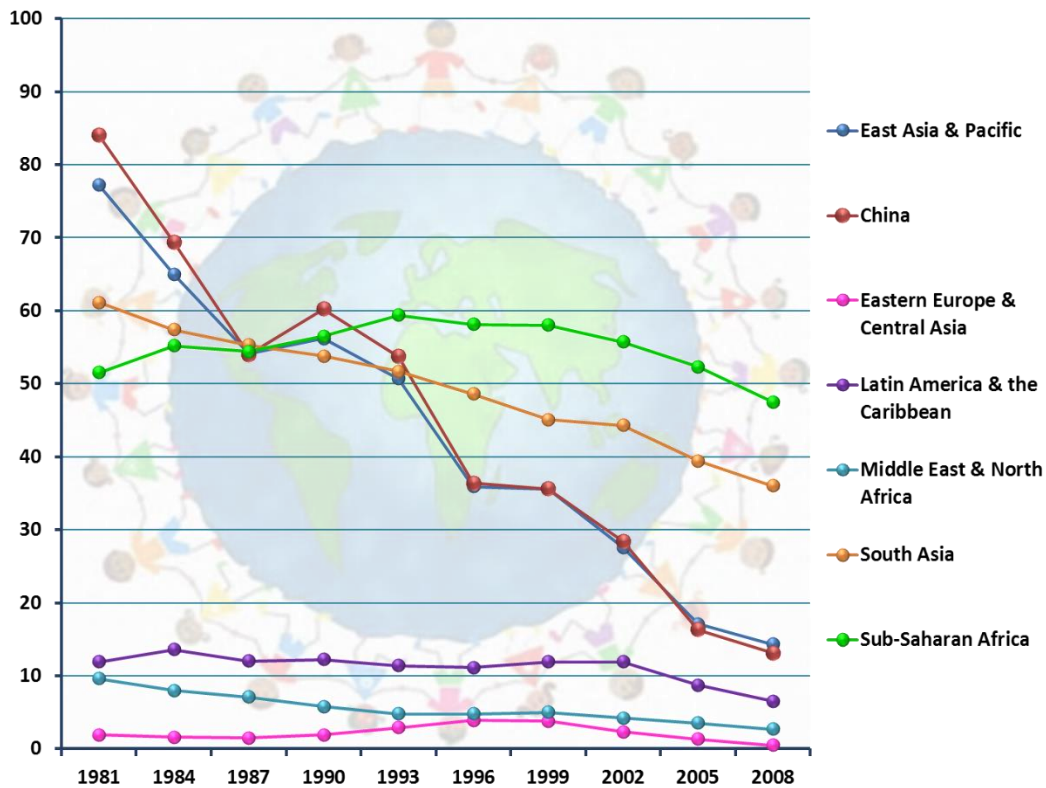
From Figure 2.3 it is evident that there was a significant reduction in the percentage of the population living below $2 per day in China (from 97.8% in 1981 to 29.8% in 2008) and the East Asia and Pacific region (from 92.4% in 1981 to 33.2% in 2008) (Chen & Ravallion, 2012). Also evident in Figure 2.3 is a rise in the percentage of the population living below $2 per day in the regions of Sub-Saharan Africa (from 74.3% in 1987 to 78.1% in 1993), Eastern Europe and Central Asia (from 6.3% in 1987 to 12.1% in 1999) and Latin America and the Caribbean (from 21% in 1996 to 22.2% in 2002) (Chen & Ravallion, 2012).

According to the World Bank (2014/2015), approximately 2.2 billion people survived on less than $2 per day in 2011. The $2 per day poverty line can be described as the average poverty line in developing countries and is commonly used in the appraisal of deep deprivation (World Bank, 2014/2015).

The proportion of people in the developing world living on less than $1.25 per day was approximately 22% in 2008, with an estimated 571 million of those residing in South Asia, 396 million in Sub-Saharan Africa, 173 million in China, 284 million in East Asia and less than 50 million in Latin America and the Caribbean, Middle East and North Africa and Eastern Europe and Central Asia combined (Chen & Ravallion, 2012). Figure 2.4 illustrates the regional trend in the $1.25 per day poverty line over the 27 year period (1987 – 2008).

Figure 2.4

Percentage of population below $1.25 a day, in 2005 PPP, in developing regions



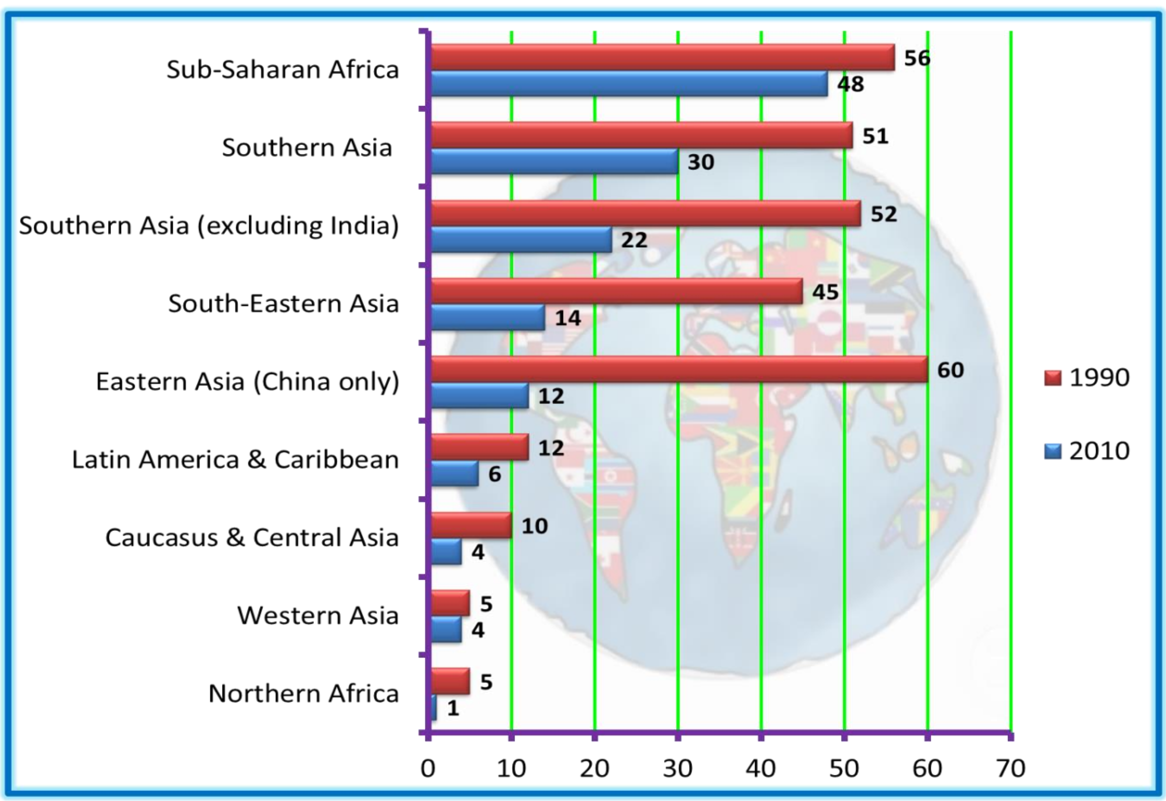
Adapted from Chen, S. & Ravallion, M. (2012). An update to the World Bank's estimates of consumption poverty in the developing world. *Online*. Accessed October 4, 2012, from the World Wide Web: http://siteresources.worldbank.org/INTPOVCALNET/Resources/ Global_Poverty_Update_2012_02-29-12.pdf, p. 5.

Whilst poverty has declined in all of the regions, the progress has been uneven (Figure 2.4). East Asia experienced the most significant reduction in the proportion of people living below $1.25 a day from 77.2% in 1981 to 14.3% in 2008 (Figure 2.4) (Chen & Ravallion, 2012). In South Asia, the level of extreme poverty declined steadily from 61.1% in 1981 to 36% in 2008 while Sub-Saharan Africa experienced both increases and decreases in the $1.25 a day poverty rate over the 27 year period (1981 – 2008) but the rate finally fell below 50% in 2008 when it reached 47.5% (Figure 2.4) (Chen & Ravallion, 2012).

The regions (East Asia and Pacific, China, Eastern Europe and Central Asia, Latin America and the Caribbean, Middle East and North Africa, South Asia and Sub-Saharan Africa) can be subdivided into further regions (Figure 2.5) in order to assess the changes in the $1.25 per day absolute poverty line between 1990 and 2010.

Figure 2.5

Percentage of people living on less than $1.25 per day, 1990 and 2010



Adapted from *United Nations Millennium Development Goals Report (2014)*. Proportion of people living on less than $1.25 a day, 1990 and 2010 (Percentage). *Online*. Accessed March 16, 2015, from the World Wide Web: http://www.undp.org/content/dam/undp/library/MDG/english/UNDP_MDGReport_EN_2014Final1.pdf, p. 8.

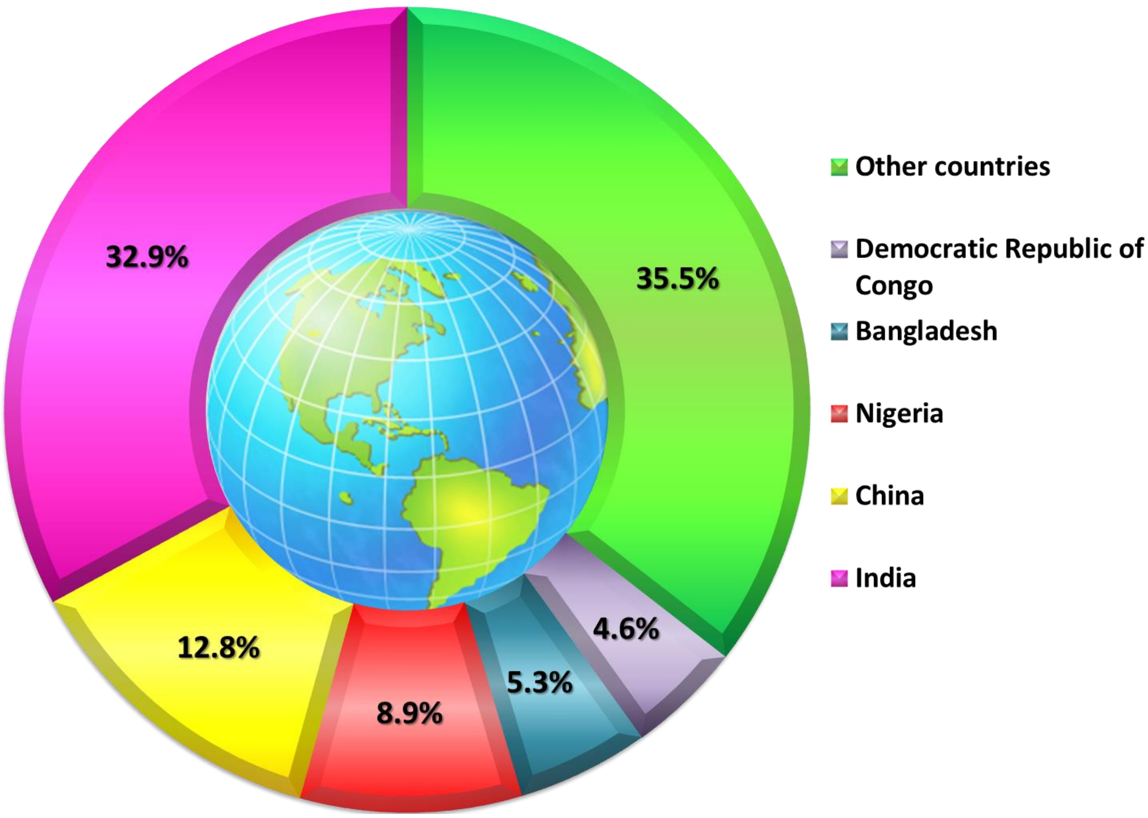
According to the United Nations Millennium Development Goals Report (2014), the proportion of people living on less than $1.25 per day has decreased from 1990 to 2010 in most of the developing regions with the highest prevalence of the BOP consumers (Figure 2.5). From Figure 2.5 it is evident that the sharpest reduction in poverty (from 60% to 12%) between 1990 and 2010 was found in Eastern Asia (China only). Southern Asia (excluding India) and South-Eastern Asia also reported a substantial drop of 30% and 31% respectively in the proportion of people living on less than $1.25 per day between 1990 and 2010.

According to the United Nations Millennium Development Goals Report (2014), almost half the population in developing regions lived on less than $1.25 per day in 1990 and by 2010 this rate had declined to approximately 22% where around 1 in every 5 individuals who resided in developing countries survived on less than $1.25 per day. The World Bank (2014/2015) further added that the portion of the developing countries' population living on less than $1.25 per day had declined from 52% in 1981 to 43% in 1990 and subsequently reduced to approximately 17% in 2011. This translates into a decrease in the number of people living on less than $1.25 per day from approximately 1.93 billion in 1981 to 1.91 billion in 1990 and a subsequent decline to just over 1 billion people in 2011 (World Bank, 2014/2015).

The vast majority of individuals living on less than $1.25 per day are from Sub-Saharan Africa and Southern Asia (World Bank, 2014/2015). Figure 2.6 illustrates that in 2010 almost two thirds of the world's extremely poor resided in just five countries. As evident in Figure 2.6, one third (32.9%) of the world's 1.2 billion extremely poor individuals lived in India alone and despite immense progress in poverty reduction, China was ranked second highest with a proportion of 12.8% of the world's extreme poor. Nigeria, Bangladesh and The Democratic Republic of Congo were home to 8.9%, 5.3% and 4.6% respectively, of the global extreme poor in 2010 (Figure 2.6).

Figure 2.6

Top five countries with the largest share of the global extreme poor, 2010 (Percentage)



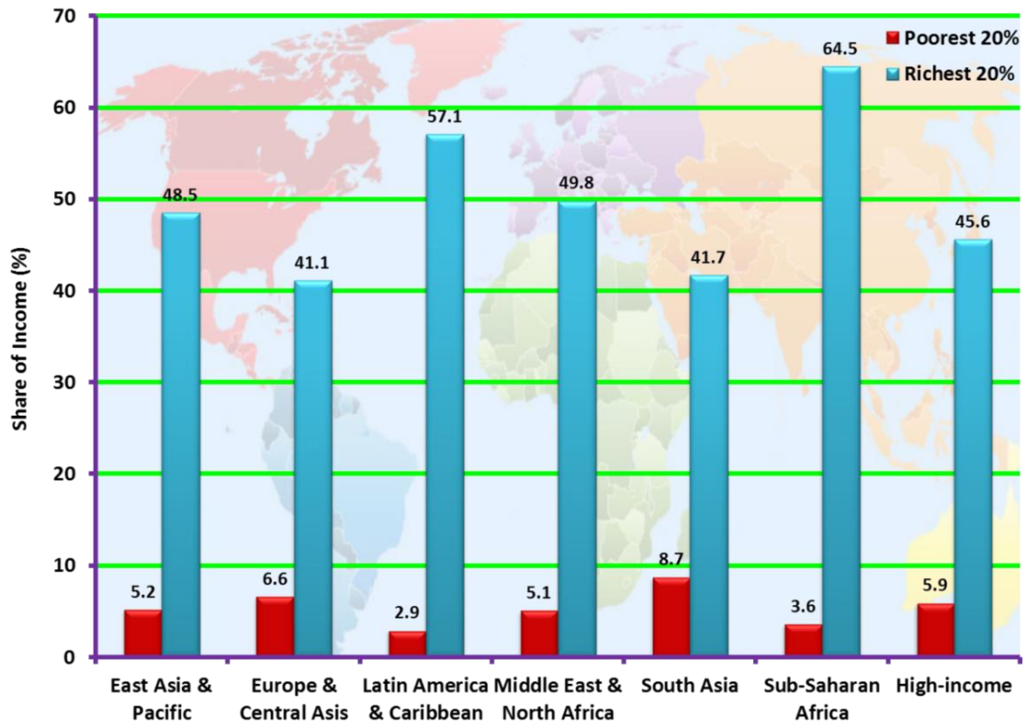
Adapted from *United Nations Millennium Development Goals Report (2014)*. Top five countries with the largest share of the global extreme poor, 2010 (Percentage). *Online*. Accessed March 16, 2015, from the World Wide Web: http://www.undp.org/content/dam/undp/library/MDG/english/UNDP_MDGReport_EN_2014Final1.pdf, p. 9.

According to the 2011 estimates, adding another five countries (Ethiopia, Indonesia, Pakistan, Madagascar, and Tanzania) to these five countries (Figure 2.6) would encompass just over 70 percent of the world's extreme poor (World Bank, 2014/2015).

Despite the worldwide reduction in poverty, there are still many regions that have high levels of inequality in terms of income distribution (Figure 2.7).

Figure 2.7

Income Distributions



World Bank Development Indicators (2008). Percentage of people in the world at different poverty levels, 2005. *Online.* Accessed August 11, 2010, from the World Wide Web: http://www. globalissues. org/article/4/poverty-around-the-world# World Banks Poverty Estimates Revised, p. 8.

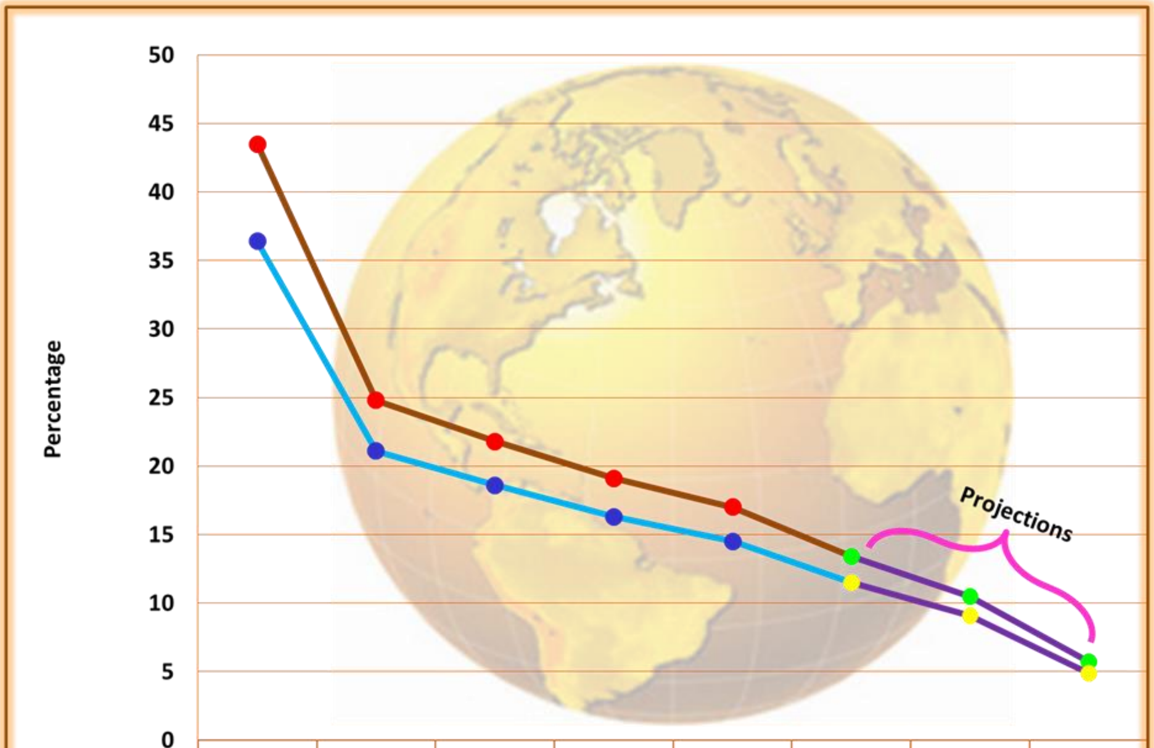
From all of the developing regions outlined in Figure 2.7, South Asia experienced the least amount of income inequality in 2008 with the richest 20% of the population receiving 41.7% of the income and the poorest 20% receiving 8.7% of the income (World Bank Development Indicators, 2008). The greatest disparity existed in the Sub-Saharan Africa region where the richest 20% of the population received 64.5% of the income, whereas the poorest 20% received only 3.6% of the income (Figure 2.7) (World Bank Development Indicators, 2008).

Despite attaining the first Millennium Development Goal of halving extreme poverty five years ahead of schedule, the proportion of people living in poverty remains unacceptably high and progress on poverty reduction has been disproportionate across the globe (World Bank 2014/2015).

According to the World Bank (2014/2015), the comparatively more affluent regions of East Asia and Pacific, Europe and Central Asia, Latin America and the Caribbean, and the Middle East, and North Africa South Asia have already met the millennium target. However, World Bank projections indicate that the Sub-Saharan African region as a whole is unlikely to meet the target by 2015 due to the fact that, since 1990, the growth in the population exceeded the rate of poverty reduction (World Bank 2014/2015). Figure 2.8 illustrates the trends and forecasts in extreme poverty from 1990 to 2030 in both the developing world as a whole and the entire world.

Figure 2.8

Poverty Forecasts: Extreme poverty by region – Percentage of population below US$1.25 a day (2005 PPP)



	1990	2005	2008	2010	2011	2015	2020	2030
Dev. World	43.5	24.8	21.8	19.1	17	13.4	10.5	5.7
World	36.4	21.1	18.6	16.3	14.5	11.5	9.1	4.9

Adapted from *World Bank's Global Monitoring Report: Ending Poverty and Sharing Prosperity (2014/2015)*. Poverty Forecasts: Extreme poverty by region – Percentage of population below US$1.25 a day (2005 PPP). *Online*. Accessed March 16, 2015, from the World Wide Web: http://www.worldbank.org/en/publication/global-monitoring-report/poverty-forecasts, p. 1.

As evident in Figure 2.8, there was a steady decline in the rate of extreme poverty in the developing world from 43.5% in 1990 to 17% in 2011. The World Bank (2014/2015) forecasts a further decrease in this rate to 13.4% in 2015 and projects that the rate will drop to 5.7% by 2030. In terms the entire world (Figure 2.8), the rate of extreme poverty reduced from 36.4% in 1990 to 14.5% in 2011. According to the World Bank (2014/2015), this rate is expected to decrease to 11.5% in 2015 and reach 4.9% by 2030. The World Bank Group has set a new goal of eradicating extreme poverty by reducing the proportion of people living on less than $1.25 a day to less than 3% of the global population by 2030 (World Bank, 2014/2015).

According to the World Bank (2014/2015), Sub-Saharan Africa experienced an increase in the number of people living in extreme poverty from 287 million in 1990 to 415 million in 2011. South Africa is part of the Sub-Saharan Africa region and a detailed exploration of the poverty statistics of South Africa is warranted in terms of this study.

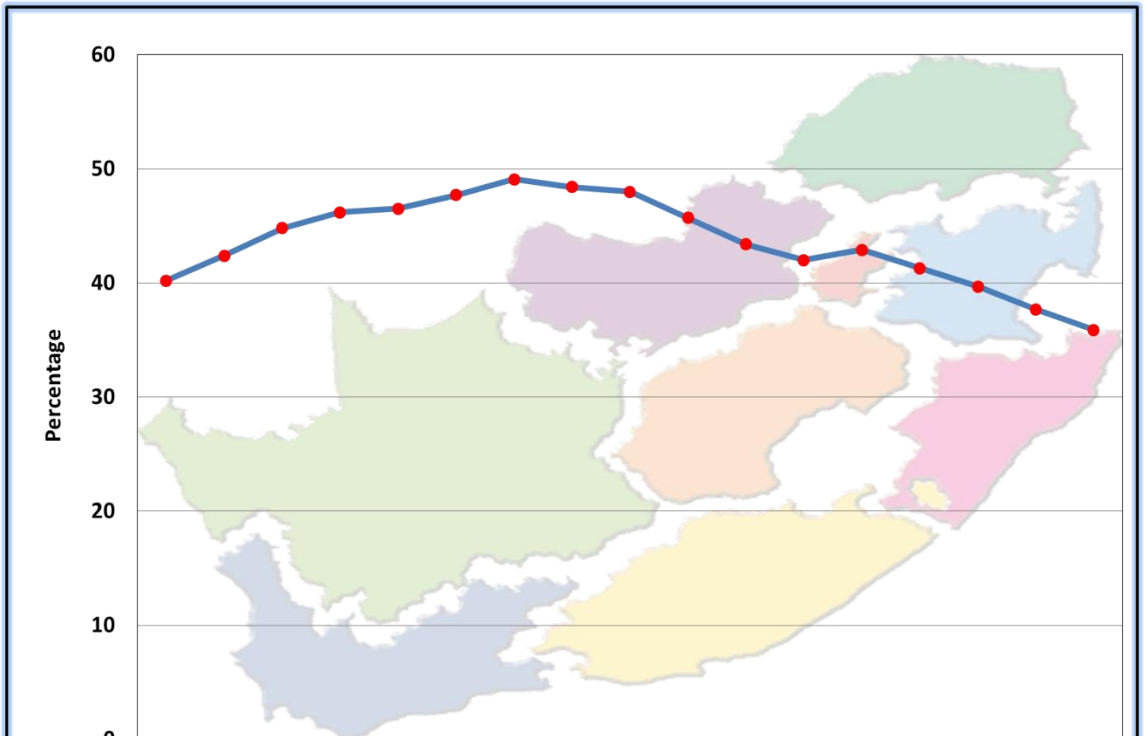
2.4 THE CURRENT EXTENT OF POVERTY IN SOUTH AFRICA

South Africa was one of the signatories to the United Nations Millennium Declaration but a commitment to reducing poverty in the country started well before the international millennium targets were set in the form of the Reconstruction and Development Programme which set out to meet the basic needs that were incorporated into the formulation of the democratic government's policy framework from 1994 (Statistics South Africa, 2007). The South African Institute of Race Relations Survey (2014/2015b) reveals statistics which indicate that progress is being made towards poverty reduction in South Africa, but at a straggler's pace (Figure 2.9).

Figure 2.9 outlines the trend in the rate of relative poverty in South Africa from 1996 to 2012. Relative poverty defines the basis for the South African BOP market in this study. IHS Global Insight Southern Africa, Regional eXplorer *ver 566* (2011, cited in The South African Institute of Race Relations Survey, 2010/2011a, p. 307) defines people living in relative poverty as "those living in households with incomes less than the poverty income which varies according to household size and changes every year – the larger the household, the larger the income required to keep its members out of poverty". Poverty income levels in South Africa ranged from R443 per month for one individual to R1 770 for a household of eight members or more in 1996, and from R1 450 to R5 170 likewise in 2012. In 2007, National Treasury and Statistics South Africa (StatsSA) proposed that the official poverty line should be determined as a measure of the money income needed to attain a basic minimal standard of living. According to Statistics South Africa and National Treasury (2007), the last constructed national poverty line in 2007 was R431 per person based on 2006 prices.

Figure 2.9

Percentage of South Africans living in relative poverty, 1996 – 2012



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Poor	40.2	42.4	44.8	46.2	46.5	47.7	49.1	48.4	48	45.7	43.4	42	42.9	41.3	39.7	37.7	35.9

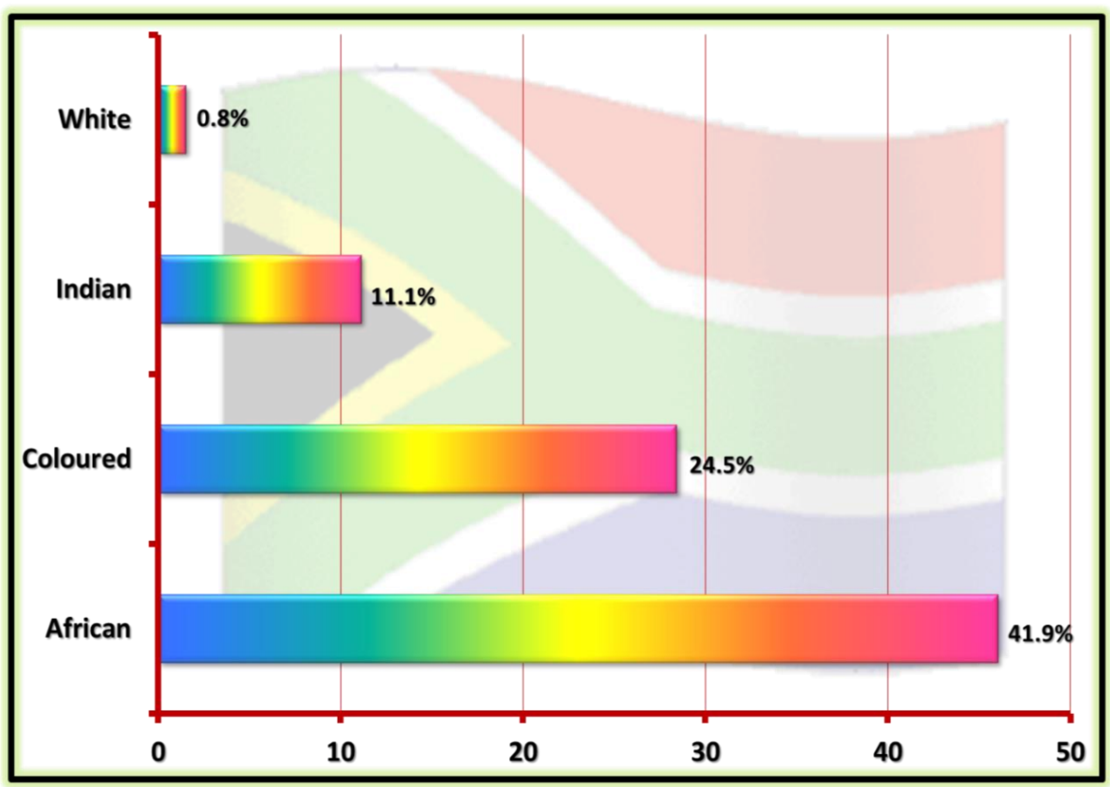
Adapted from IHS Global Insight Southern Africa, Regional eXplorer ver 676, 2013 cited in the *South African Institute of Race Relations: South Africa Survey (2014/2015b)*. Proportion of people living in relative poverty by race, 1996-2012. *Online*. Accessed March 16, 2015, from the World Wide Web: http://irr.org.za/reports-and-publications/south-africa-survey/south-africa-survey-online-2014/downloads/the-assets-and-incomes-chapter, p. 43.

From Figure 2.9 it is evident that the proportion of South Africans living in relative poverty has decreased by only 4.7% over a period of 16 years (from 40.2% in 1996 to 35.9% in 2012). This very negligible decrease in relative poverty was primarily due to the steady increase in relative poverty from 1996 (40.2%) to 2002 where it peaked at 49.1%. The relative poverty line then showed a downward trend up until 2007 (42%) and thereafter rose by 0.9% in 2008 (42.9%) due to setbacks as a result of the global economic recession which was exacerbated by the food and energy crisis (United Nations Millennium Development Goals Report, 2011).

A closer look at how the relative poverty figure of 35.9% for 2012 is spread across the racial divide is imperative (Figure 2.10).

Figure 2.10

Percentage of South Africans living in relative poverty according to race, 2012



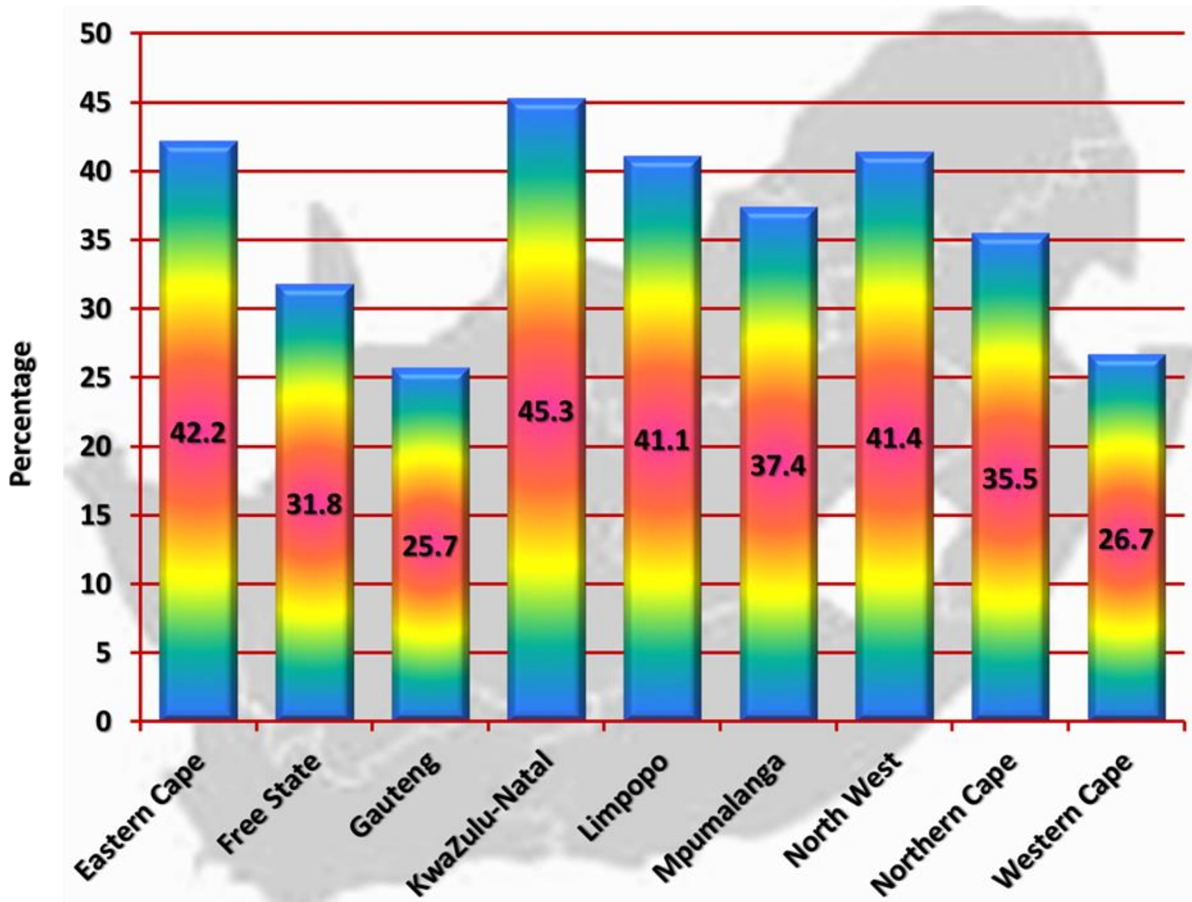
Adapted from IHS Global Insight Southern Africa, Regional eXplorer ver 676, 2013 cited in the *South African Institute of Race Relations: South Africa Survey (2014/2015b)*. Proportion of people living in relative poverty by race, 1996-2012. *Online*. Accessed March 16, 2015, from the World Wide Web: http://irr.org.za/reports-and-publications/south-africa-survey/south-africa-survey-online-2014/downloads/the-assets-and-incomes-chapter, p. 43.

As evident in Figure 2.10, the African race group has the largest proportion (41.9%) of South Africans living in relative poverty. 24.5% of the Coloured and 11.1% of the Indian race groups are also living in relative poverty. The proportion of the White population (0.8%) living in relative poverty is substantially lower than the proportions of the other race groups.

It is also crucial to ascertain how the relative poverty figure of 35.9% for 2012 is spread geographically across the different provinces in South Africa (Figure 2.11).

Figure 2.11

Percentage of South Africans living in relative poverty according to province, 2012



Adapted from IHS Global Insight Southern Africa, Regional eXplorer ver 676, 2013 cited in the *South African Institute of Race Relations: South Africa Survey (2014/2015a)*. Proportion of people living in relative poverty by province, 1996-2012. *Online*. Accessed March 16, 2015, from the World Wide Web: http://irr.org.za/reports-and-publications/south-africa-survey/south-africa-survey-online-2014/downloads/the-assets-and-incomes-chapter, p. 45.

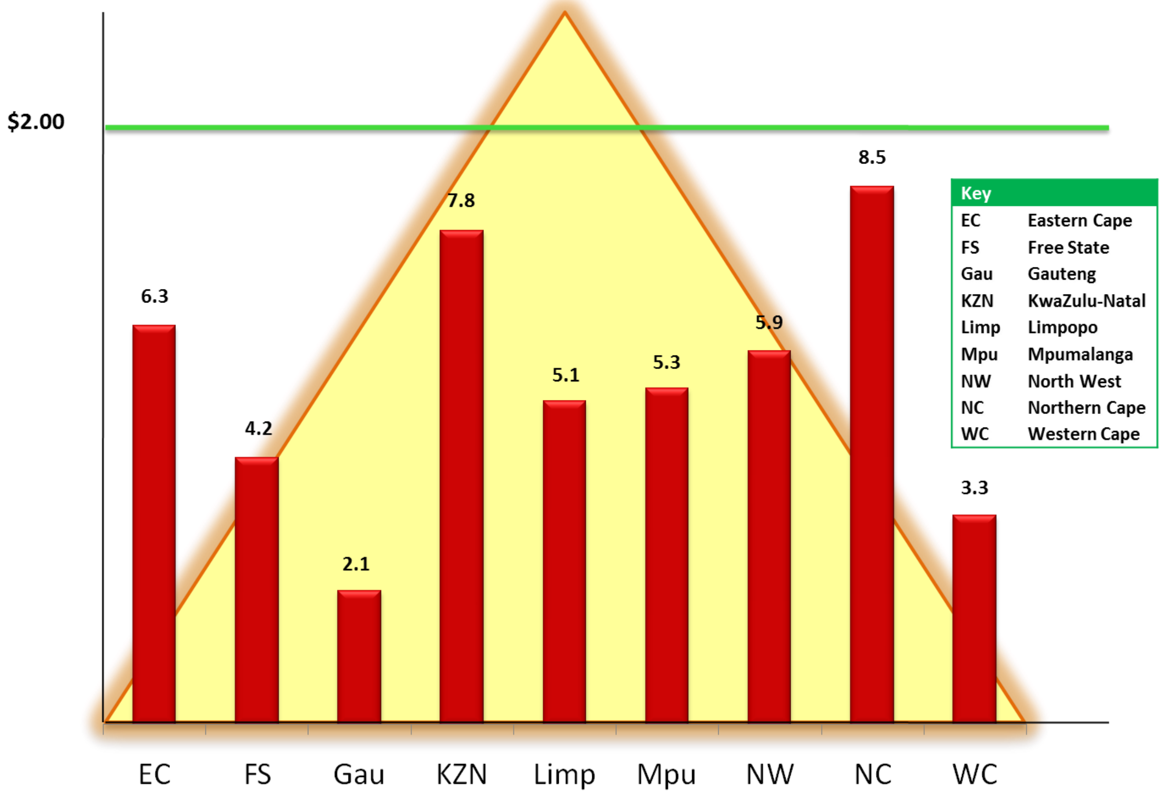
It is evident from Figure 2.11 that:

- ❖ The province with the highest proportion of South Africans living in relative poverty is KwaZulu-Natal (45.3%).
- ❖ Eastern Cape (42.2%) has the second highest proportion of South Africans living in relative poverty, followed by the North West (41.4%) and Limpopo (41.1%) provinces.
- ❖ The lowest prevalence of South Africans living in relative poverty is in Western Cape (26.7%) and Gauteng (25.7%).

Another measure used to determine the rate of South African poverty is the proportion of people living on less than $2 per day (Figure 2.12). This is an internationally recognised measure which sets an absolute level of poverty and allows for easy and meaningful comparison between the different countries of the world (South African Institute of Race Relations Survey, 2010/2011b).

Figure 2.12

Percentage of people living on less than $2 per day by province in South Africa, 2010



Adapted from IHS Global Insight Southern Africa, Regional eXplorer ver 566, 2011 cited in the *South African Institute of Race Relations: South Africa Survey (2010/2011b)*. Proportion of people living on less than $2 a day by province, 1996-2010. *Online*. Accessed January 20, 2012, from the World Wide Web: http://www.sairr.org.za/services/publications/south-africa-survey/south-africa-survey-online-2010-2011/downloads/pp209-312.Employ.20Jan12 .pdf, p. 311.

Based on this $2 per day (absolute) poverty line, the South African provincial statistics in Figure 2.12 reveal that:

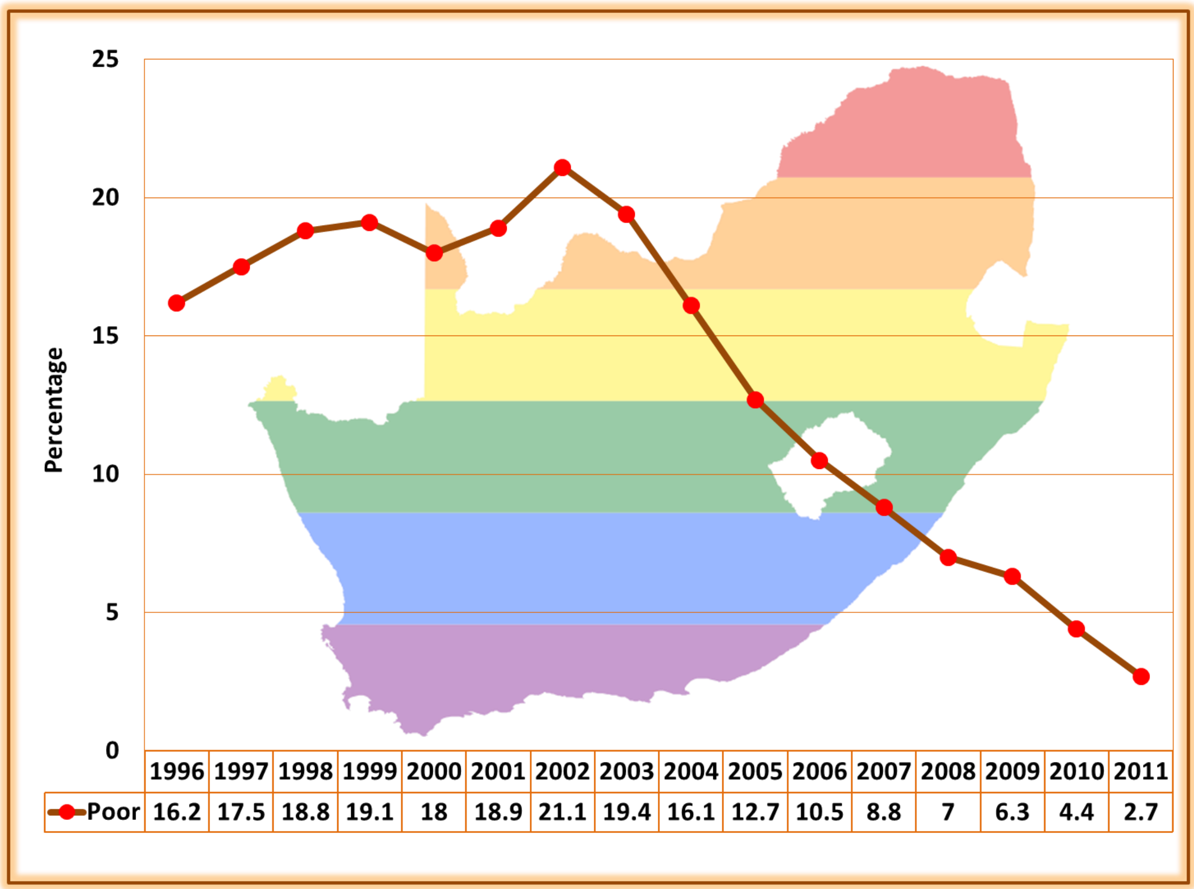
- Northern Cape (8.5%) has the highest concentration of people living below the $2 per day poverty line.
- KwaZulu-Natal, Eastern Cape and the North West also have relatively high proportions of people living below the $2 per day poverty line.

❖ Gauteng (2.1%) and Western Cape (3.3%) have significantly lower proportions of poor people who survive on less than $2 per day than all of the other provinces.

Absolute poverty had decreased at a much faster rate in South Africa between 1996 and 2011 than relative poverty (Figure 2.9 and Figure 2.13).

Figure 2.13

Percentage of people living on less than $2 per day (absolute poverty) in South Africa, 1996 – 2011



Adapted from IHS Global Insight Southern Africa, Regional eXplorer ver 626, 2012 cited in the *South African Institute of Race Relations: South Africa Survey (2012)*. Proportion of people living on less than $2 a day by province, 1996-2011. *Online*. Accessed March 16, 2015, from the World Wide Web: http://irr.org.za/reports-and-publications/south-africa-survey/south-africa-survey-2012/downloads/pp285-326.Assets-inc.07Dec12.pdf, p. 324.

Based on the statistics reflected in Figure 2.9, relative poverty exhibited a proportionate decrease of 6.22% (from 40.2% in 1996 to 37.7% in 2011) whilst the proportionate decrease in absolute poverty, as indicated by the statistics in Figure 2.13, was a mammoth 83.3% (from 16.2% in 1996 to 2.7% in 2011). Figure 2.13 illustrates that there was a steady increase in the proportion of South Africans living below the $2 per day poverty line from 1996 (16.2%) to 1999 (19.1%) and subsequently dropped to 18% in 2000. An increase in the proportion of South Africans living below the $2 per day poverty line was again reported in 2001 (18.9%) and 2002 where the absolute poverty rate peaked at 21.1%. Thereafter, there was a downward trend in the proportion of poor people who survive on less than $2 per day from 2002 (21.1%) to 2011 (2.7%) (Figure 2.13).

2.5 CONCLUSION

The current foreboding state of poverty in South Africa clearly warrants urgent action to be taken in order to reduce the country's level of poverty. Is this a possible feat for just the government, aid agencies and NGOs? Or will a collective effort by government, NGOs, large domestic firms, multinational corporations (MNCs) as well as the poverty stricken citizens themselves be a solution to poverty reduction in South Africa?

It is imperative for businesses to develop a deep understanding of poor consumers in order to tailor conventional business and marketing strategies to suit their needs and to appeal to them. The next chapter of this study focuses on the traditional strategies that are used by businesses in their product and service offerings to upper-lower, middle-income and high-income consumers. The chapter thereafter concentrates on poor consumers, their diverse and unique needs and innovative, yet cost-effective, ways of targeting this market.

CHAPTER THREE
BASIC MARKETING AND CONSUMER BEHAVIOUR

3.1 INTRODUCTION

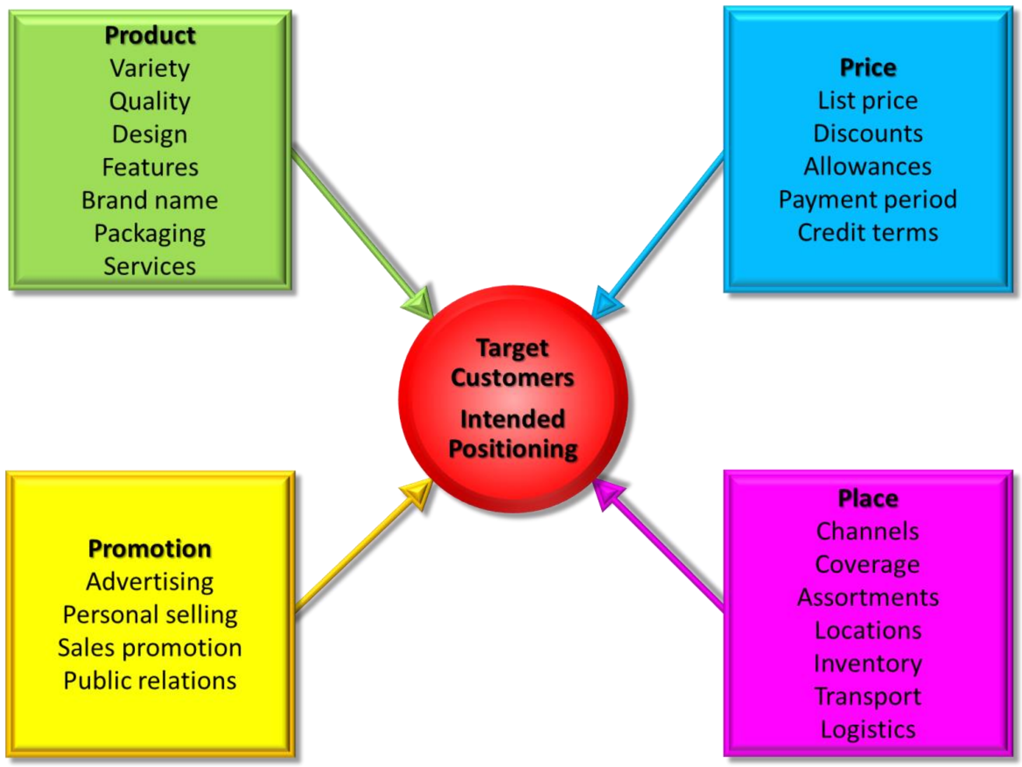
Marketing can be defined as the set of institutions, individual and organisational activities and processes that are involved in creating, communicating, promoting, pricing and distributing products, services and ideas in order to facilitate a satisfying exchange relationship with customers, as well as build positive relationships with stakeholders in the dynamic environment (Dibb, Simkin, Pride & Ferrell, 2012; Hult, Pride, & Ferrell, 2013; Kotler & Armstrong, 2010; McDaniel, Lamb & Hair, 2013). The marketing process begins by developing an understanding of the current marketplace or environment within which the organisation operates as well as uncovering the unfulfilled needs of consumers (Kotler & Armstrong, 2010). The total market is heterogeneous, comprising consumers with very diverse needs and it is through the process of market segmentation that marketers are able to divide the entire market into smaller, homogeneous groups (or segments) of consumers who have similar characteristics, needs and patterns of behaviour (Kotler &Armstrong, 2010). Thereafter, a marketing strategy is developed whereby the firm selects one or more attractive segments to serve and develops an integrated marketing mix that will provide value to these target consumers whilst simultaneously enhancing sustainability and growth of the firm (McDaniel *et al*., 2013). Kotler and Armstrong (2010) add that this mutually beneficial arrangement will enable the organisation to deliver supreme customer value thereby building profitable relationships with its customers.

3.2 INTEGRATED MARKETING MIX

A marketing mix can be described as a unique set of tactical tools (product, price, place and promotion) that the organisation blends together in order to satisfy consumers' needs (Figure 3.1) (Dibb *et al*., 2012; Kotler & Armstrong, 2010; McDaniel *et al*., 2013). Dibb *et al*. (2012) add that these tactical tools are controllable because they can be altered by the organisation to suit the prevailing market conditions. McDaniel *et al*. (2013) further advise that marketers can successfully serve the needs of their target markets by manipulating elements of the marketing mix in order to fine-tune their customer offering.

Figure 3.1

The Four Ps of the Marketing Mix



Kotler, P. & Armstrong, G. (2010). *Principles of Marketing: Global and Southern African Perspectives*. 1st edition. Cape Town: Pearson Education South Africa. p. 66.

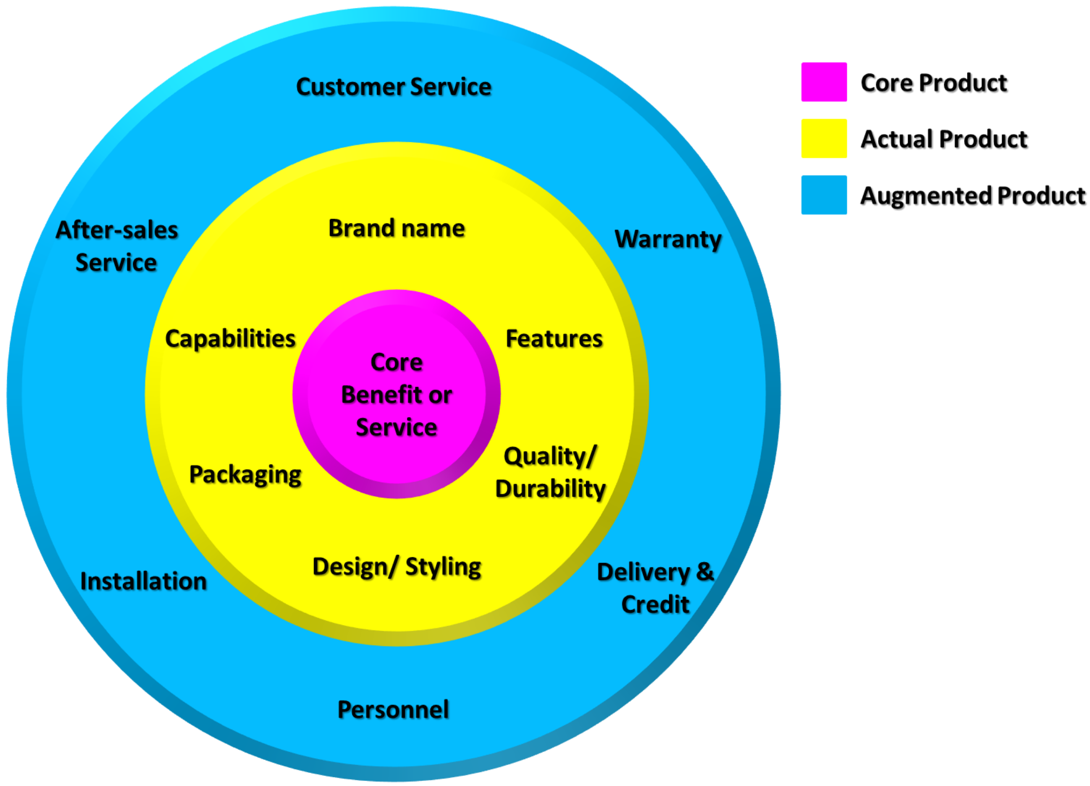
3.2.1 PRODUCT

Perreault, Cannon and McCarthy (2011) define the product as a physical good, a service, or a blend of both that is offered to the target market after extensively researching consumers' needs. Kotler and Armstrong (2010) add that the product variable of the marketing mix includes aspects such as the quality, design, features, branding, packaging and services offered to the target consumer (Figure 3.1). McDaniel *et al*. (2013) further add that the warranty, after-sales service and company image can also be classified as product aspects and these scholars agree with Dibb *et al*. (2012) that marketers need to develop new and innovative products as well as modify existing ones, in order to maintain a satisfying offering that will help an organisation to achieve its goals. Hult *et al*. (2013) divide the total product offering into three interdependent elements, namely, the core product (consists of the main benefit of the product), supplementary features (that provide added value like delivery, installation and training) and symbolic and experiential benefits. Other scholars

(Dibb *et al*., 2012; Fahy & Jobber, 2012; Kotler & Armstrong, 2010), however, have a slightly different classification of the total product to that of Hult *et al*. (2013). According to Dibb *et al*. (2012), there are three levels (core, actual and augmented) of a product (Figure 3.2).

Figure 3.2

The Three Levels of Product: Core, Actual and Augmented



Dibb, S., Simkin, L., Pride, W.M. & Ferrell, O.C. (2012). *Marketing: Concepts and Strategies*. 6th edition. China: Cengage Learning. p. 304.

The core product level comprises the perceived or real main benefits of the product or service that motivates consumers to purchase it (Dibb *et al*., 2012). The actual product level comprises several factors such as the brand name, packaging, quality, durability, style, features and capabilities (Fahy & Jobber, 2012). Finally, the augmented product level comprises all of the support activities that enable the consumer to make the purchase and these include delivery requirements, negotiating credit terms, installation, after-sales services and general customer care services (Kotler & Armstrong, 2010).

Brands and packaging are crucial features of a product that can be described as the "verbal and physical cues" that assist consumers in identifying the products that they wish to purchase and these cues also influence consumers when deciding which alternatives to choose in the buying decision making process (Dibb *et al*., 2012:319).

A brand can be defined as a name, term, symbol, sign, design, or a combination of these that are used to identify one seller's products and services from that of another and are especially valuable to marketers when they want to develop a brand identity that differentiates the firm's products and services from those of competitors (Keller, 2008). In addition, brands help consumers to evaluate the quality of products, reduce the perceived risk of purchase and offers psychological rewards and status appeals that originate from owning certain brands (Dibb *et al*., 2012). Brands benefit organisations in that they create value for the firm, act as a pertinent barrier to competition, have a favourable influence on consumers' perception of products, improve profits and provide the basis for brand extensions, in which new products are added to the existing brand (Jobber & Ellis-Chadwick, 2013).

Brand equity refers to the marketing and financial value of the brand and a brand that has a high level of awareness, brand loyalty and perceived quality, is likely to have high brand equity (Dibb *et al*., 2012; McDaniel *et al*., 2013). Brand loyalty is the strongly motivated or consistent decision to purchase one brand over another in the same product category and enables organisations to retain existing customers and avoid having to spend large amounts of time and money in gaining new customers (Dibb *et al*., 2012; McDaniel *et al*., 2013).

Dibb *et al*. (2012) outline that there are three distinct degrees of brand loyalty, namely, brand recognition, brand preference and brand insistence.

- *Brand recognition* is the mildest degree of brand loyalty and occurs when the consumer is aware of the brand's existence and views it as an alternative to purchase should the current preferred brand be unavailable.
- *Brand preference* is a stronger degree of brand loyalty than brand recognition and is characterised by a situation in which the consumer displays a definite fondness for the brand over competing brands. The consumer is highly inclined to purchase the brand should it be available but if it is unavailable, the consumer will then settle for the substitutes in order to avoid expending time and effort in search of the preferred brand.

- *Brand insistence* is the least common degree of brand loyalty in which the consumer displays a very intense preference for a specific brand and will take extra time and effort to find and purchase the desired brand as this consumer is unwilling to settle for a substitute brand.

Packaging is an element that assists in identifying a brand and comprises those activities involved in designing and producing a wrapper or container to house the product (Jobber & Ellis-Chadwick, 2013). The basic functions of packaging are to protect the product, offer convenience to consumers in terms of easy transport and storage of products and to offer quantity variations to those consumers (particularly single-person households) wishing to purchase smaller quantities of products (McDaniel *et al*., 2013). Dibb *et al*. (2012) add that another function of packaging is to promote the product's features, benefits, image and uses and that marketers often utilise reusable packaging to make the product more desirable by creating the perception of a '2-in-1' bargain deal in which consumers get a storage container to use after they have consumed the product. The important packaging considerations for marketers are to ensure that packaging is tamper-proof, child-proof, environmentally-friendly, recyclable and biodegradable (Dibb *et al*., 2012).

3.2.2 PRICE

Price relates to the amount of money that consumers are willing to pay for a firm's offering and is often used as a competitive tool in highly competitive markets in order to enhance affordability and capture market share (Kotler & Armstrong, 2010). According to Dibb *et al*. (2012), the price of a commodity has an influence on how the product is perceived by the consumer and also has an impact on the level of customer service that is expected by the target consumers. Hult *et al*. (2013) state that product pricing decisions are customarily made by taking cognisance of the price or non-price competitive situations in particular markets. According to Dibb *et al*. (2012), emphasis is placed on price when engaging in price competition and marketers should strive to match or beat their competitors' prices and position the organisation as a low-cost seller of that product. Non-price competition occurs when the marketer chooses not to focus on price but on distinct product features such as quality, customer service, packaging, promotion and other aspects that enable the organisation to distinguish its offering from that of competitors (Hult *et al*., 2013). Hult *et al*. (2013) caution that non-price competition is only effective under certain conditions within which the firm is effectively able to distinguish its brand through unique features that are difficult, if not impossible, for competitors to imitate. Non-price competition is an effective means of building customer loyalty towards products or brands (Dibb *et al*., 2012; Hult *et al*., 2013). In addition to the level of competition in the market, pricing is also influenced by a number of other factors (Figure 3.3) (Dibb *et al*., 2012).

Figure 3.3

Factors that affect pricing decisions

Adapted from Dibb, S., Simkin, L., Pride, W.M. & Ferrell, O.C. (2012). *Marketing: Concepts and Strategies*. 6th edition. China: Cengage Learning. p. 599.

Marketers need to set prices that are consistent with the organisation's mission and goals pertaining to organisational growth and survival, return on investment, market share and cash flow (Dibb *et al*., 2012). Costs also need to be taken into account in order for marketers to set prices that will cover initial costs and generate an appropriate profit margin (Hult *et al*., 2013). The price of a product is often linked to its distribution, in that marketers may opt for selective or exclusive distribution for premium-priced products and may settle for intensive distribution for low-priced commodities (Hult *et al*., 2013). Marketers need to also take note of buyers' expectations and how these customers may interpret prices and respond to them (that is, either move consumers closer to purchasing the product or deter them from buying the product) (Dibb *et al*., 2012). Hult *et al*. (2013) add that another important factor to take into consideration is the perceived value of money which is the consumers' perceived inherent benefits of the product that are weighed against the price demanded for the product. Marketers need to abide by the national pricing policies as stipulated by the government and regulatory bodies so as to not infringe any legislation or rulings pertaining to pricing (Dibb *et al*., 2012).

Kotler and Armstrong (2010) outline that pricing strategies usually alter as the product moves through its life-cycle and that marketers can choose between two broad pricing strategies when introducing a product, namely, market-skimming pricing and market-penetration pricing. Market-skimming pricing is commonly used for novel products and involves setting a very high price for the new product in order to generate maximum revenue whilst market-penetration pricing involves setting a low price in order to attract a large number of buyers and secure a large market share (Kotler & Armstrong, 2010). Kotler and Armstrong (2010) state that by-product pricing is a product-mix pricing strategy that is normally used by certain organisations that want to earn revenues from the sale of their valuable by-products and that product bundle pricing is utilised when several products are combined and the entire bundle is offered at a reduced price.

3.2.3 PLACE

Kotler and Armstrong (2010) state that place or distribution strategies are aimed at making the firm's offering easily accessible to the target consumers so that they have access to the product, at a convenient location, whenever they need it. Marketers need to also ensure that these products arrive at their destination in a usable condition and must strive to keep inventory, transport and storage costs as low as possible (McDaniel *et al*., 2013). Dibb *et al*. (2012) further add that marketers have the responsibility to select and motivate intermediaries to distribute products through multiple channels as well as develop and maintain a cost-efficient logistics structure (Figure 3.1).

3.2.4 PROMOTION

Promotion incorporates all the marketing communication tools that facilitate the communication of the product's merits or benefits to consumers in order to persuade them to purchase it (Kotler & Armstrong, 2010). Dibb *et al*. (2012) further state that the aim of promotion is to create public awareness of the firm's offering and educate consumers about the product features and the benefits thereof. Kotler and Armstrong (2010) outline that the four traditional elements of a promotional mix are advertising, sales promotion, personal selling and public relations (Figure 3.1). Advertising is any paid form of non-personal communication that is used to target consumers through mass media channels, whereas sales promotion incorporates short-term incentives that are used to encourage consumer purchases (Perreault *et al*., 2011). Personal selling incorporates personal communication to consumers in order to inform and persuade them to purchase products, whilst public relations is the planned and sustained process that is aimed at developing and enhancing goodwill between the firm and its stakeholders (Kotler & Armstrong, 2010). Dibb *et al*. (2012) add that internet and digital marketing, sponsorships and direct marketing are promotional tools that can also be utilised. Internet and digital marketing involves the use of web and mobile devices to engage and build relationships with target consumers, whilst sponsorships involve material or financial support of an activity, person, or event that is undertaken by an unrelated donor (Dibb *et al*., 2012). According to Dibb *et al*. (2012), direct marketing involves the use of the internet or telesales in order to establish consumer awareness of products and services.

Marketers need to develop a sound marketing mix strategy that will enable the business to provide a unique, valuable and affordable offering to their target market that will keep these individuals satisfied and loyal to the organisation, thereby forming the basis for a competitive advantage. Ehlers and Lazenby (2010) define competitive advantage as the competitive edge that one organisation has over others which is achieved through lower costs, a wider range of unique products and services as well as focusing on a specific niche in the market. According to Porter (1980 cited in Jones & George, 2011), managers must choose between two basic ways of increasing the value of the organisation's products, namely, differentiating the product to enhance its value to customers and lowering the cost of producing the product (low-cost strategy). A differentiation strategy involves distinguishing an organisation's product from that of competitors in terms of design, quality and after-sales services and a low-cost strategy involves driving the organisation's costs down below that of industry rivals (Jones & George, 2011). Before the marketing mix strategies can be developed, it is imperative for marketers to understand the target consumers' needs and their purchasing behaviour and patterns.

3.3 CONSUMER BEHAVIOUR

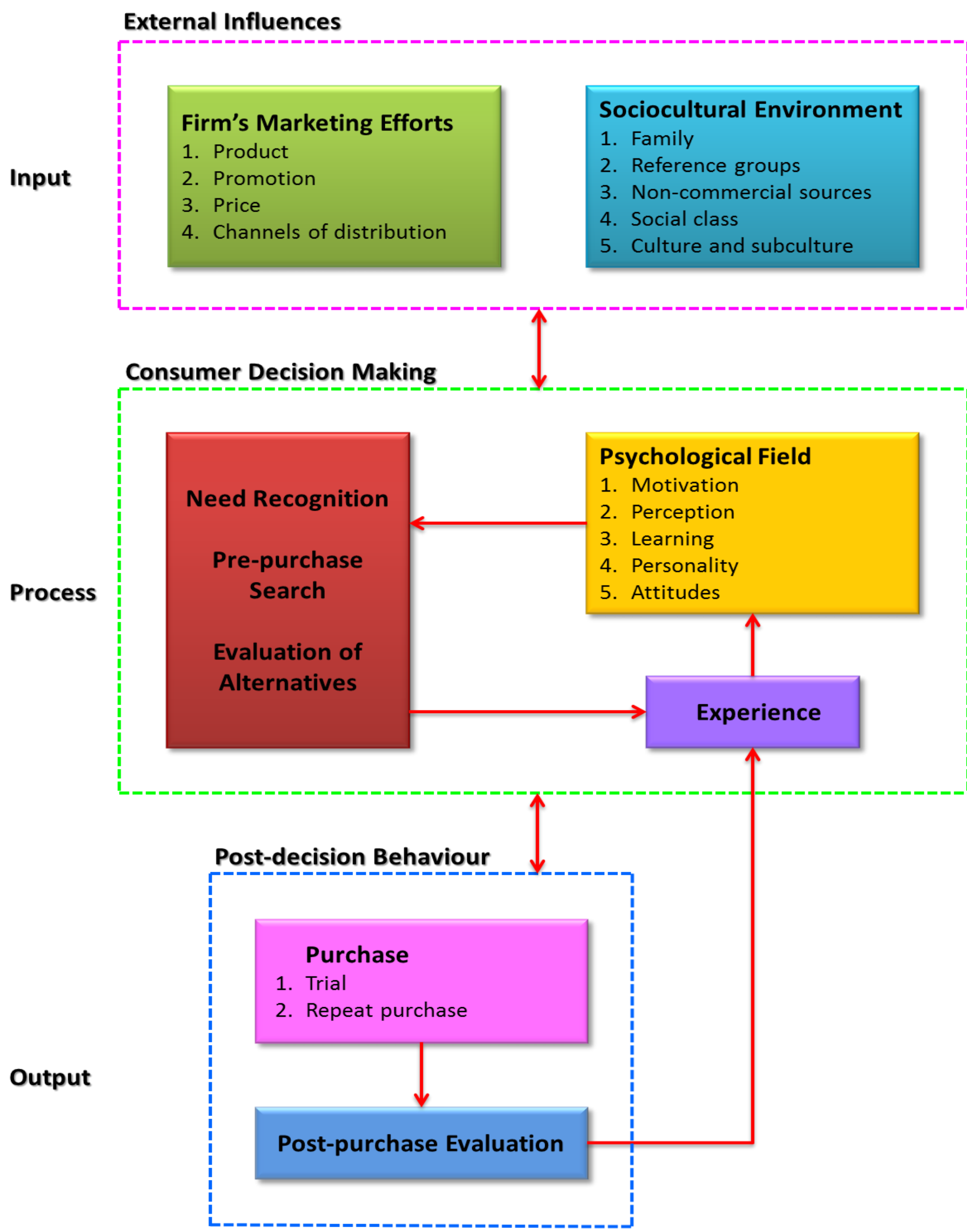
A thorough understanding of consumers, their unique wants and desires, what motivates them to purchase the products that they do and their preferences thereof, is essential for organisations in the design of products and services that will fully satisfy the needs of their target consumers. According to McDaniel *et al*. (2013), consumer behaviour describes the manner in which consumers make their purchase decisions and how they utilise and dispose of the products and services that they purchase. Hult *et al*. (2013) add that the study of consumer buying behaviour focuses on the buying behaviour of final consumers who purchase goods and services intended for personal and household use and not for business purposes. Hult *et al*. (2013) further add that understanding consumer buying behaviour requires more than just simply examining the buying decision process but requires marketers to understand the consumption patterns as well so that they are better able to respond to consumers' needs and build long-term mutually-beneficial customer relationships.

3.3.1 THE CONSUMER DECISION MAKING PROCESS

In their Model of Consumer Decision Making (Figure 3.4), Schiffman and Kanuk (2010) outlined that consumer decision making can be viewed as three distinct yet intertwined stages, namely, the input, process and output stages. The input stage (Figure 3.4) consists of the organisation's marketing mix efforts as well as the sociological influences (family, neighbours, friends, social class, cultural influences and informal sources) that the consumer is exposed to. The aggregate impact of the firm's marketing mix efforts, the influence of reference groups and society's existing code of behaviour are considered to be important inputs that affect what consumers purchase and how they utilise these purchased items (Schiffman & Kanuk, 2010). The process stage of the model (Figure 3.4) examines how the individual consumer's psychological factors affect his/her decision making in terms of recognising unmet needs, searching for information prior to purchase and evaluating the alternatives that can potentially satisfy the unmet need (Schiffman & Kanuk, 2010). The output stage of the consumer decision making model (Figure 3.4) consists of purchase behaviour and post-purchase evaluation. The trial is the exploratory phase of buying behaviour in which the consumer evaluates the new product through direct usage and if the consumer is satisfied with the new product, then he/she is likely to engage in repeat purchases which are indicative of product adoption (Schiffman & Kanuk, 2010).

Figure 3.4

A Model of Consumer Decision Making

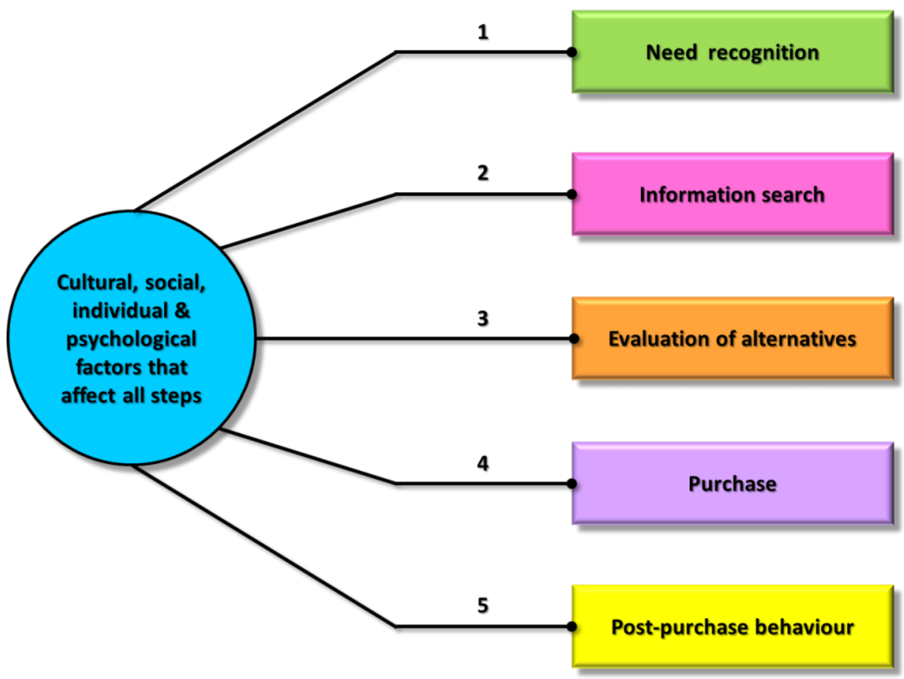


Schiffman, L.G. & Kanuk, L.L. (2010). *Consumer Behavior*. 10th edition. New Jersey: Pearson Education, Inc. p. 36.

Although Schiffman and Kanuk (2010) focused on three distinct stages in their consumer decision making model, many scholars (Dibb *et al*., 2012; Fahy & Jobber, 2012; Hult *et al*., 2013; Jobber & Ellis-Chadwick, 2013; Kotler &Armstrong, 2010; McDaniel *et al*., 2013; Perreault *et al*., 2011) agree that when purchasing products that are particularly new and expensive, consumers typically move through a series of stages from the recognition that a need or problem exists to a search for information on how best to alleviate the problem or satisfy the need. The next stage involves an evaluation of potential alternatives that can be purchased, followed by the actual purchase of the chosen alternative and then a post-purchase evaluation of the purchase decision (Hult *et al*., 2013) (Figure 3.5).

Figure 3.5

Consumer Decision Making Process



McDaniel, C., Lamb, C.W. & Hair, J.F. Jr. (2013). *Introduction to Marketing*. 12th edition. Canada: South-Western, Cengage Learning. p. 187.

As evident in Figure 3.5, each of the five stages of the consumer decision making process is guided by cultural, social, individual and psychological influences.

❖ *Need or Problem Recognition*

According to Hult *et al*. (2013) problem recognition occurs when it becomes evident to the consumer that there is disparity between his/her desired state and actual condition. McDaniel *et al*. (2013) termed this imbalance between the actual and desired states as the "want-got gap". Jobber and Ellis-Chadwick (2013) further add that the degree to which the consumer intends to resolve this problem depends on the magnitude of the incongruity between the present and the desired situation as well as the relative importance of the problem and that if the gap is not large enough, then it may not trigger consumer action at all. Hult *et al*. (2013) and Kotler and Armstrong (2010) outline that there are times when a consumer may have a problem or a need but may not be aware of it and it is for this reason that marketers use marketing communication efforts (especially advertising and sales promotion) to help trigger the existence of such problems or needs amongst these consumers.

❖ *Information search*

The information search, according to Dibb *et al*. (2012), is initiated by an internal search in which consumers draw on their own experiences and memories for information on products that could possibly solve this need but if they are unable to retrieve enough information they will then seek additional information from outside sources in an external search. According to Hult *et al*. (2013), an external search may include communicating with credible sources of information like friends, associates and family whom the consumer has immense trust and respect for. Dibb *et al*. (2012) claim that external sources of information also include comparing available brands and prices, reading product reviews on blogs and social networking sites as well as considering internet offers.

McDaniel *et al*. (2013) subdivide these external sources of information into non-marketing-controlled information sources and marketing-controlled information sources. Non-marketing-controlled information sources include the actual trial or observation of a new product, the experiences of family and friends as well as public sources of information and marketing-controlled information sources include the bias towards a specific product as a result of marketing promotional efforts by the firm (McDaniel *et al*., 2013). Dibb *et al*. (2012) outline that the primary purpose of the consumer's information search is the establishment of an 'evoked set' (or 'consideration set') which is an array of the most preferred brands that may provide a solution to the problem.

❖ *Evaluation of alternatives*

Hult *et al*. (2013) state that when evaluating the products that are part of the evoked set, the consumer often uses certain objective (such as size) and subjective (such as style) criteria in an attempt to compare the various products. The consumer assigns a certain salience (level of importance) to each criteria and then ranks them in order of importance to determine how well each performs with regard to the most important attributes (Dibb *et al*., 2012). The choice criteria provide the basis for deciding which of the alternative brands to purchase and consist of technical, economic, social and personal criteria (Table 3.1) (Fahy & Jobber, 2012).

Table 3.1

Choice criteria used when evaluating alternatives

Type of criteria	**Examples**
Technical	Reliability Durability Performance Style/looks Comfort Delivery Convenience Taste
Economic	Price Value for money Running costs Residual value Life cycle costs
Social	Status Social belonging Convention Fashion
Personal	Self-image Risk reduction Morals Emotions

Fahy, J. & Jobber, D. (2012). *Foundations of Marketing*. 4th edition. Spain: McGraw-Hill Higher Education. p. 66.

According to Fahy and Jobber (2012), the technical criteria are related to the functionality and performance of a product and include durability, comfort and convenience. Jobber and

Ellis-Chadwick (2013) further add that convenience is often synonymous with the ease of use and reliability is especially important when engaging in industrial purchasing. Kotler and Armstrong (2010) state that convenience, in terms of use and storage of a product, can be enhanced through good packaging. Consumers nowadays are opting for more environmentally-friendly products; therefore, marketers are appealing to these green consumers by using biodegradable packaging which makes the products easier to identify and safer to consume (Perreault *et al*., 2011). Quality is also a crucial evaluative criteria and Fahy and Jobber (2012) outline that many consumers are unwilling to trade quality for price. The style, physical appearance and aesthetical appeal of the product are also essential technical criteria that consumers use when evaluating alternatives (Jobber & Ellis-Chadwick, 2013). It is common for most consumers to justify their purchase decisions in rational, technical terms but Fahy and Jobber (2012) believe that the true motives for purchasing are often much more emotional in nature.

The economic criteria (Table 3.1) relate to the affordability of products and involve the cost aspect of purchase decisions such as price, running costs and perceived value for money. Price is often used as a surrogate indicator of the quality of the product when consumers may have limited knowledge about the product; hence, a product with a higher price may be perceived as a better-quality product.

According to Jobber and Ellis-Chadwick (2013), social norms like fashion and convention (Table 3.1) are essential choice criteria that can result in certain brands being rejected due to being too unconventional or out-of-fashion. Fahy and Jobber (2012) further state that the purchases a person makes have an impact on his/her perceived relationships with other people and that consumer purchases are strongly influenced by the social norms that the person is exposed to. Fahy and Jobber (2012) have found that merely wearing well-known brands of clothing has the effect of generating perceptions of higher status and it is for this reason that the brand name of a product has become such a crucial criteria in the evaluation of alternatives.

Personal criteria (Table 3.1) relate to the psychological impact that the product has on the consumer (Jobber & Ellis-Chadwick, 2013). Self-image is a personal view of one’s self and consumers are inclined to purchase products and brands that reflect these perceptions of themselves (Jobber & Ellis-Chadwick, 2013). Risk reduction can also affect the choice of products or brands which compels risk-averse consumers to select ‘safer’ brand options (Fahy & Jobber, 2012). Ethical criteria have implications for the choice of products purchased as certain consumers may reject brands that were produced by manufacturers who may have offended these consumers’ ethical code of behaviour (Jobber & Ellis-Chadwick, 2013). Elliot and Hamilton (undated cited in Jobber & Ellis-Chadwick, 2013:127) found that many purchase decisions reflect emotional criteria, are experiential and tend to evoke feelings of pride, fun, pleasure, sadness or boredom and that a consumer’s evaluation of alternatives is sometimes led by the desire “to do something different for a change” or to do what they are in the mood to do.

❖ *Purchase*

The purchase stage is the outcome of the evaluation of alternatives and is characterised by the actual purchase of the desired product or the closest alternative thereof, in the event that the product with the highest ranking is not available (Dibb *et al*., 2012). Factors such as price, delivery, warranties, credit arrangements and installation are also considered during this stage when selecting the seller to purchase from (Hult *et al*., 2013).

❖ *Post-purchase behaviour*

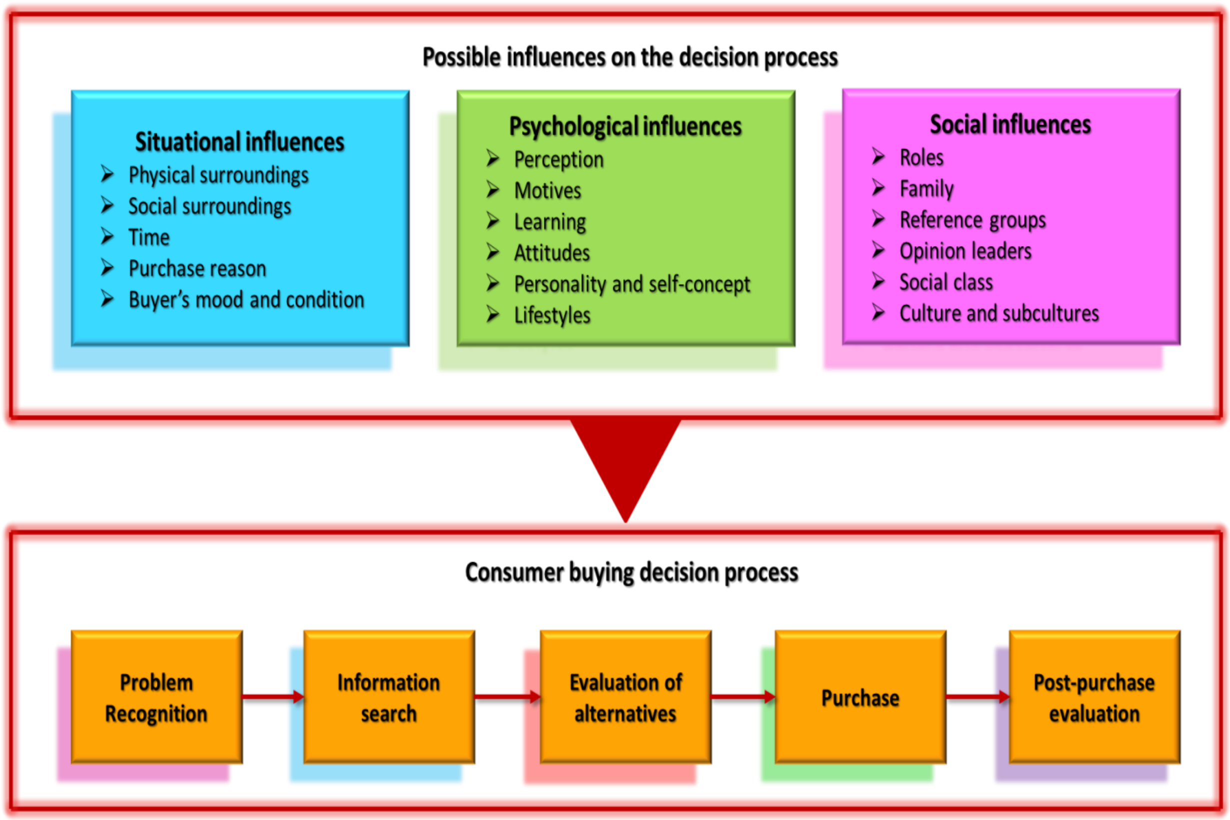
Hult *et al*. (2013) state that after purchasing the selected product or brand, the consumer starts to evaluate whether or not the item’s actual performance meets his/her expectations. The evaluative criteria that was used in making the decision is revisited and the outcome of this stage is either satisfaction or dissatisfaction (Dibb *et al*., 2012). Consumers may experience doubts about whether purchasing the product was the right decision and this inner tension that they feel is called cognitive dissonance (Hult *et al*., 2013). McDaniel *et al*. (2013) outline that ways of reducing dissonance by consumers can include justifying their purchase decision, seeking new information that reinforces favourable notions about the purchase, avoiding contradictory information or simply returning the product. Marketers can also help reduce cognitive dissonance by displaying the product’s superiority over competing brands in advertisements and through the use of guarantees (McDaniel *et al*., 2013).

3.3.2 THE FACTORS THAT INFLUENCE THE CONSUMER BUYING DECISION PROCESS

Buying decisions are not made in isolation but are influenced by several factors (Figure 3.6) and although these factors cannot be directly controlled by marketers, an understanding of how they operate and affect consumer behaviour will be helpful to marketers so that they can better position their products and services in the market (Kotler & Armstrong, 2010).

Figure 3.6

Consumer Buying Decision Process and Possible Influences on the Process



Hult, G.T.M., Pride, W.M. & Ferrell, O.C. (2013). *Marketing Foundations*. 5th edition. China: South-Western, Cengage Learning. p. 169.

3.3.2.1 SITUATIONAL INFLUENCES

Situational factors result from location, time and circumstances that affect the buying decision process and can be classified into five categories, namely, physical surroundings, social surroundings, the time perspective, the reason for purchase and the buyer's momentary moods and conditions (Figure 3.6) (Hult *et al*., 2013). The physical surroundings include the store location, atmosphere, ambience, lighting and sounds that may attract consumers to or repel them from a certain store whereas the social surroundings refer to interactions of those individuals (friends, family and salespeople) who are present during the purchase (Hult *et al*., 2013). Hult *et al*. (2013) state that the buyer's momentary conditions (illness, fatigue or availability of cash) or momentary moods (anxiety, anger, happiness or contentment) have a significant influence on how they engage in the various stages of the consumer decision process.

3.3.2.2 PSYCHOLOGICAL INFLUENCES

Psychological influences determine people's general behaviour and strongly influence how they behave as consumers as well (Figure 3.6) (Hult *et al*., 2013). According to McDaniel *et al*. (2013), psychological influences are the tools that consumers utilise in order to recognise their feelings, gather and analyse information, formulate opinions and thoughts as well as take action.

❖ *Perception*

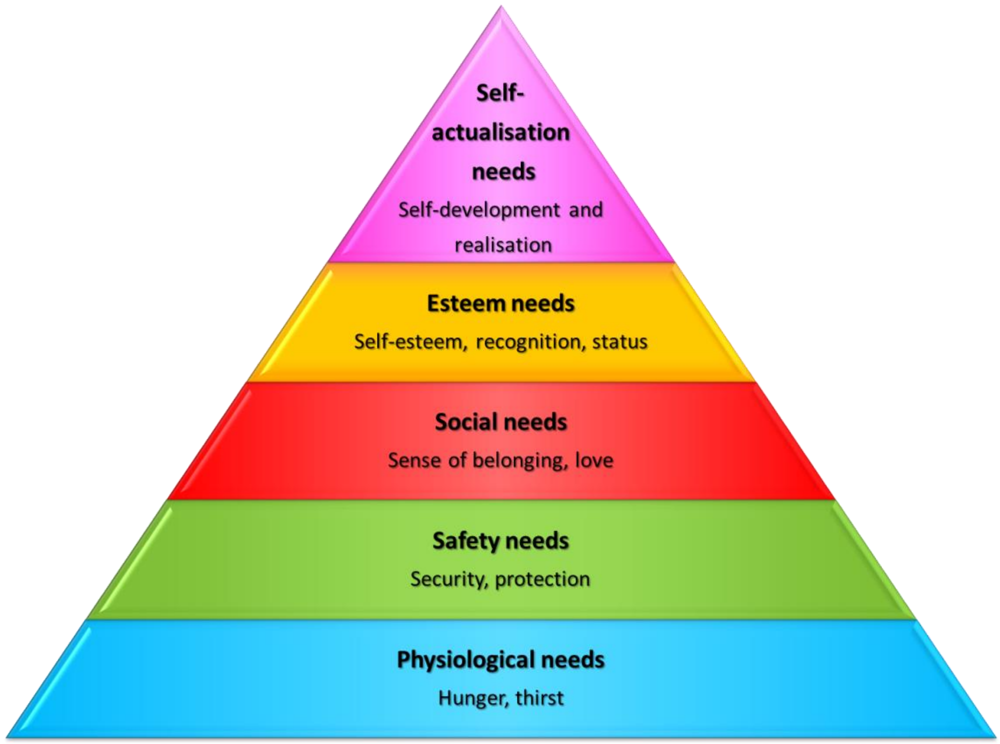
Perception is the process by which people select, organise and interpret information inputs (sensations received through sight, smell, taste, touch and hearing) into a meaningful and coherent picture of the world (Hult *et al*., 2013; Kotler & Armstrong, 2010; McDaniel *et al*., 2013). Due to consumers constantly being bombarded by marketing stimuli, they often use selective exposure to decide which stimuli to pay attention to and which to ignore (Perreault *et al*., 2011). The selective nature of perception may result in two other conditions, namely, selective distortion and selective retention. Selective distortion is the changing or twisting of information that conflicts with their personal feelings and beliefs (Hult *et al*., 2013; McDaniel *et al*., 2013). Selective retention involves remembering only the information inputs that support personal feelings or beliefs and consumers may forget information that may be inconsistent with these beliefs or feelings (Dibb *et al*., 2012; Perreault *et al*., 2011).

❖ *Motives*

Dibb *et al*. (2012) define a motive as the internal, energising force that directs an individual's behaviour towards achieving a goal or satisfying a need and motivation is defined as the set of mechanisms that control the movement towards achieving the goal. According to Abraham Maslow, a clinical psychologist, human beings seek to satisfy five levels of needs, ascending from most important to least important for survival (Figure 3.7) (Kotler & Armstrong, 2010).

Figure 3.7

Maslow's Hierarchy of Needs



Kotler, P. & Armstrong, G. (2010). *Principles of Marketing: Global and Southern African Perspectives*. 1st edition. Cape Town: Pearson Education South Africa. p. 159.

Physiological needs (for food, water, shelter and clothing) are the basic needs that are essential for survival and therefore must be satisfied (Hult *et al*., 2013). The next level of needs in Maslow's hierarchy (Figure 3.7) is safety needs which include security and freedom from physical and emotional pain, fear, discomfort and anxiety (Kotler & Armstrong, 2010). This is followed by social needs which relate to the human requirement for love, affection, need for affiliation and a sense of belonging (McDaniel *et al*., 2013). The next higher level of needs in the hierarchy is esteem needs which include the need for self-respect, status, prestige, fame and recognition for one's accomplishments (McDaniel *et al*., 2013). The last level and the highest human need is self-actualisation which is the need to grow and develop and find self-fulfillment and self-expression (Hult *et al*., 2013).

❖ *Learning*

According to McDaniel *et al*. (2013) learning describes the changes to people's behaviour arising from experience and usually occurs through the interaction of drives, cues, responses and reinforcements. According to McDaniel *et al*. (2013), learning is enhanced through repetition and reinforcement. A consumer, whose needs are satisfied from the purchase decision, experiences positive reinforcement and learns that a repetition of the same behaviour in the future (when the need again arises), will be positively reinforced (McDaniel *et al*., 2013). McDaniel *et al*. (2013) state that stimulus generalisation is a form of learning that assists marketers in introducing new products to well-known family brands because consumers are already familiar with and have knowledge of these brands (McDaniel *et al*., 2013). Stimulus discrimination is the learned ability of consumers to differentiate between similar products or brands, thereby cultivating a brand preference which in turn forms the basis for repeat purchases (McDaniel *et al*., 2013).

❖ *Attitudes*

Hult *et al*. (2013) define an attitude as a person's enduring and consistent evaluation of feelings about, or behavioural tendencies toward, an idea or object. An attitude consists of a cognitive component (the individual's knowledge and information about the idea or object), an affective component (the individual's feeling and emotions toward the idea or object) and a behavioural component (the individual's actions regarding the idea or object). A belief is a person's opinion or descriptive thought about something and is based on knowledge, faith, and opinion (Perreault *et al*., 2011). According to McDaniel *et al*. (2013) consumers have an affinity to develop a set of beliefs about the attributes of a product and through these beliefs they form a brand image (an array of beliefs about a particular brand) which in turn shapes consumers' attitudes toward the product and whether or not to purchase it.

❖ *Personality and self-concept*

According to Hult *et al*. (2013), personality is the set of internal traits, unique psychological characteristics and distinct behavioural tendencies that lead to fairly consistent patterns of behaviour in certain situations. McDaniel *et al*. (2013) state that personality is a wide concept that can be interpreted as a way of organising and grouping people's reactions to situations and can have a crucial influence on the types of products or brands that consumers purchase. Self-concept (or self-image) can be defined as the perception or the view that a person has of himself/herself in terms of attitudes, beliefs, perceptions and self-evaluations (Hult *et al*., 2013; McDaniel *et al*., 2013). McDaniel *et al*. (2013) found that human behaviour is largely shaped by self-concept and that the products that consumers purchase, the brands that they select and the stores that they patronise are reflective of their self-image. It is imperative for marketers to influence the degree to which consumers perceive a product to be self-relevant so that they are motivated to learn about, shop around for and purchase a certain brand (McDaniel *et al*., 2013).

❖ *Lifestyles*

A lifestyle can be defined as a person's pattern or mode of living that is expressed through his/her activities, interests and opinions (Fahy & Jobber, 2012; McDaniel *et al*., 2013). Hult *et al*. (2013) add that lifestyle patterns encompass the ways in which people spend their time, their interaction with others and their overall outlook on life itself. Hult *et al*. (2013) further add that these patterns of living are influenced by personality and demographic factors (age, income, education and social class). O'Brien and Ford (1988 cited in Fahy & Jobber, 2012) found that there is a strong correlation between lifestyles and buying behaviour and companies that target a particular lifestyle group with a certain product offering are quite successful when using advertising that is in line with the beliefs and values of this target market segment.

3.3.2.3 SOCIAL INFLUENCES

Many consumers try to reduce the uncertainty and perceived risk of a purchase, or may try to reduce their search and evaluation efforts by seeking the opinions of others (McDaniel *et al*., 2013). Social influences, therefore, refer to the forces that other people exert on consumers' buying behaviour (Perreault *et al*., 2011).

❖ *Family*

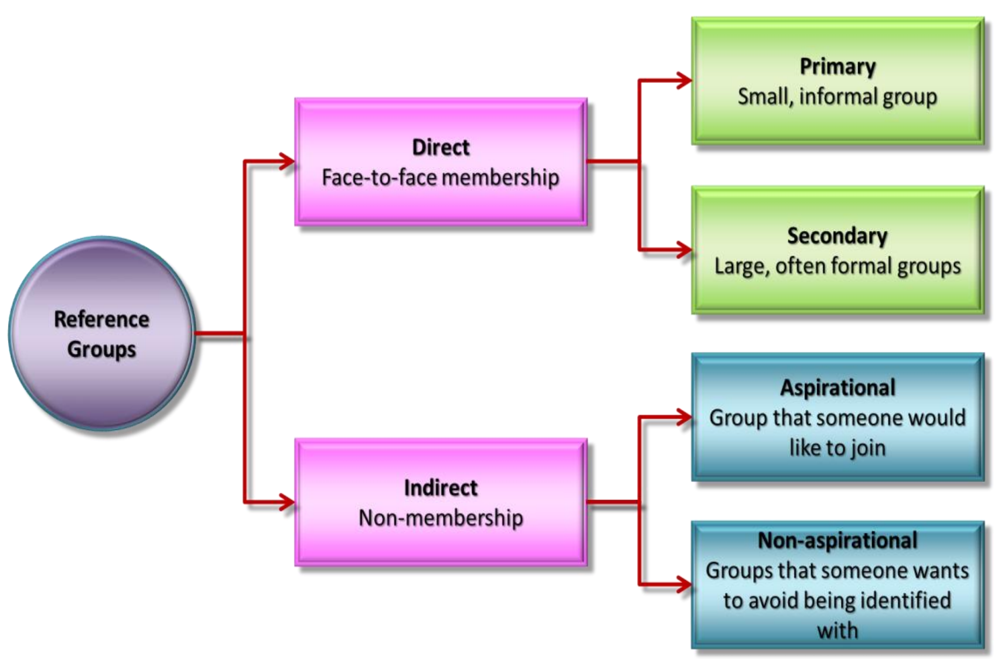
Families often have a strong and direct impact on consumer buying decisions and consumer socialisation (the process through which a person develops the knowledge and skills to function as a consumer) often begins through observation of parents, older siblings and family members within the context of the purchase situation (Hult *et al*., 2013). Children have a tendency to observe and retain the brand preferences and buying practices of the family unit (Hult *et al*., 2013). Family structures and roles within the family often dictate what products and services are purchased and consumed by the various members of the family (Dibb *et al*., 2012).

❖ *Reference Groups*

Reference groups refer to all the formal and informal groups that exert influence on the buying behaviour of an individual and are groups that the individual identifies so strongly with, that he/she adopts the attitudes, values and behaviour of the group's members (Hult *et al*., 2013; Kotler & Armstrong, 2010; McDaniel *et al*., 2013). A reference group may serve as an individual's source of information and point of comparison (Dibb *et al*., 2012). Hult *et al*. (2013) state that the strength of the influence that the reference group has on a person's buying decisions often depends on the product's conspicuousness and the susceptibility of that individual to be influenced by others. According to McDaniel *et al*. (2013), reference groups can also be categorised very broadly as either direct groups (face-to-face membership groups that affect people's lives directly) or indirect groups (non- membership groups that exert influence on people) (Figure 3.8).

Figure 3.8

Types of Reference Groups



McDaniel, C., Lamb, C.W. & Hair, J.F. Jr. (2013). *Introduction to Marketing*. 12th edition. Canada: South-Western, Cengage Learning. p. 209.

Primary membership groups (Figure 3.8) include those groups that the individual interacts with on a regular, informal and often face-to-face basis and may include friends, family and coworkers (McDaniel *et al*., 2013). McDaniel *et al*. (2013) state that in contrast to the primary membership groups, people tend to associate less consistently and more formally with secondary membership groups which includes professional groups, clubs and religious groups. Aspirational reference groups are classified as indirect groups that the individual wants to belong to and a group that a person does not wish to be associated with is termed a dissociative or negative reference group (Hult *et al*., 2013; McDaniel *et al*., 2013).

❖ *Opinion Leaders*

Kotler and Armstrong (2010) describe an opinion leader as someone who exerts a strong social influence on peoples' purchasing habits and behaviour due to his/her specialised knowledge and skills, personality and celebrity status. McDaniel *et al*. (2013) characterise opinion leaders as self-indulgent and status-seeking people who are often first to try a new product or service to appease their curiosity and are prone to exploring unproven but intriguing products and services. Positive word-of-mouth by family, reference groups and opinion leaders is a very effective promotional tool since consumers often rely on the opinions of these trusted individuals (Dibb *et al*., 2012).

❖ *Social Classes*

A social class is an open group of individuals who share similar social rankings, values, attitudes, possessions, occupations, levels of education, wealth, income and language patterns (Dibb *et al*., 2012; Hult *et al*., 2013). McDaniel *et al*. (2013) characterise a social class as a group of people who are considered fairly alike in terms of status and community esteem, who often socialize among themselves, either formally or informally, and who share behavioural norms. Social classes often affect the type, quality and quantity of products that an individual purchases, in addition to its influences on savings, spending patterns and the types of stores that are patronised by consumers (Dibb *et al*., 2012; Hult *et al*., 2013).

❖ *Culture and Subcultures*

Perreault *et al*. (2011) describe culture as the entire set of attitudes, beliefs and ways of doing things by a relatively homogeneous group of people. McDaniel *et al*. (2013) add that culture also comprises values and meaningful symbols that shape human behaviour and are transmitted from one generation to the next. Culture permeates our daily lives and is therefore highly influential in our buying behaviour as well as the manner in which we purchase and use products and services (Hult *et al*., 2013).

Sub-cultures are simply sub-divisions of culture according to geographic regions or locations and human characteristics (such as ethnicity and age) (Dibb *et al*., 2012). McDaniel *et al*. (2013) further explain that subcultures primarily are homogenous groups of people whose attitudes, values and buying decisions are even more similar than they are within the wider culture, thereby resulting in stronger preferences for certain products and brands.

Once an understanding of consumers' needs, purchasing behaviour and consumption patterns has been established, marketers focus on designing an integrated marketing mix strategy that is aimed at satisfying consumers' needs. Marketers need to build profitable customer relationships through the delivery of superior customer value and gratification that will maximise customer loyalty and repeat purchases (Dibb *et al*., 2012; Kotler & Armstrong, 2010). According to McDaniel *et al*. (2013), Customer Relationship Management (CRM) is an organisation-wide business strategy that is designed to optimise revenue, profitability and customer fulfillment. Jobber and Ellis-Chadwick (2013) further describe Customer Relationship Management as the technologies, methodologies and e-commerce capabilities that are utilised by organisations to manage their relations with their customers.

Perreault *et al*. (2011) state that even the most innovative organisations will, at some point, face competition and that the cost of retaining current customers is a lot less in comparison to the costs associated with trying to secure new customers. It is therefore essential to build relationships with customers and this process requires total commitment from everyone within the organisation (Perreault *et al*., 2011). Perreault *et al*. (2011) have developed a cycle which companies need to follow in order to build healthy and long-lasting relationships with customers (Figure 3.9).

Figure 3.9

Satisfying Customers with Superior Customer Value to Build Profitable Relationships

Adapted from Perreault, W.D. Jr., Cannon, J.P. & McCarthy, E.J. (2011). *Basic Marketing: A Marketing Strategy Planning Approach*. 18th edition. New York: McGraw-Hill/Irwin. p. 21.

As evident in Figure 3.9, total company effort is required to satisfy customers and everyone within the organisation needs to band together in order to search for ways to offer superior customer value. Through effective marketing communications, these unique offerings attract customers' attention and entices them to purchase the products or services from the firm. Once the customers' behaviour have been positively reinforced (that is, customers' needs are fully satisfied), they are likely to engage in repeat purchases and become loyal customers of the organisation. The organisation then needs to offer loyalty rewards or incentives to patrons in order to retain them as customers, thereby increasing sales. Once the customer develops an image of the organisation as being trustworthy, he/she is likely to purchase other products or services that the firm has to offer, thereby enabling the firm to build profitable relationships with its customers (Figure 3.9) (Perreault *et al*., 2011).

Businesses need to develop and maintain customer trust and confidence and one of the ways in which an organisation can enhance its image is by constantly performing operations in an ethical manner and displaying good corporate social responsibility. Nickels, McHugh and McHugh (2010) define corporate social responsibility as the concern that organisations have, not just for its owners, but for society as well. It is a commitment towards furthering the welfare of society and ensuring that businesses always maintain integrity, fairness and respect in dealing with their various stakeholders as well as society. Corporate social responsibility involves building sustainable livelihoods and contributing to a better society whilst simultaneously integrating social and environmental concerns into business operations. Hult *et al*. (2013) add that organisations need to strive for marketing citizenship by embracing a strategic emphasis on fulfilling economic, ethical, legal and philanthropic social responsibilities towards their stakeholders (Figure 3.10).

Figure 3.10

The Pyramid of Corporate Social Responsibility

Hult, G.T.M., Pride, W.M. & Ferrell, O.C. (2013). *Marketing Foundations*. 5th edition. China: South-Western, Cengage Learning. p. 82.

All companies have an economic responsibility to generate profits, so as to create employment opportunities for communities, contribute an adequate return on investment for owners and make a contribution towards the growth of the economy (Figure 3.10) (Hult *et al*., 2013). According to Hult *et al*. (2013), marketers have a legal obligation to obey laws and regulations and abide by the principles and standards that delineate acceptable marketing conduct (marketing ethics) as prescribed by stakeholders (Figure 3.10). The philanthropic dimension of corporate social responsibility requires the organisation to be a good corporate citizen, promote human welfare and goodwill, improve the quality of life of society, contribute resources to further the interest of communities, safeguard the ecological environment and promote environmental sustainability (Figure 3.10) (Hult *et al*., 2013).

Kotler and Armstrong (2010) define environmental sustainability as the management approach to devising strategies that simultaneously protect the environment and generate profits for the firm and recommend the use of an environmental sustainability grid (Figure 3.11) to assist organisations in their progress towards environmental sustainability.

Figure 3.11

The Environmental Sustainability Grid

Kotler, P. & Armstrong, G. (2010). *Principles of Marketing: Global and Southern African Perspectives*. 1st edition. Cape Town: Pearson Education South Africa. p. 616.

Pollution prevention (Figure 3.11) is the primary level at which firms develop “green marketing” programmes which involve providing environmentally-friendly products with biodegradable and recyclable packaging and use more energy-efficient operations (Kotler & Armstrong, 2010). At the product stewardship level, firms strive to minimise pollution from production activities, lower costs and also reduce the detrimental effects that the product may have on the environment throughout all of the stages of its life cycle (Kotler & Armstrong, 2010). Firms have a futuristic perspective when considering the new environmental technology and sustainability vision dimensions with the new environmental technology dimension focusing on how best to utilise new technology to lower costs and eliminate pollution (Kotler & Armstrong, 2010). According to Kotler and Armstrong (2010) the sustainability vision dimension looks at how products, services, technology, policies and processes need to evolve in order to achieve environmental sustainability.

With the increase in globalisation, businesses need to also consider the needs of consumers in foreign markets, should they wish to expand operations by penetrating new markets. A global marketing strategy will incorporate selecting a foreign target market and then developing an integrated marketing mix to serve the needs of these foreign target consumers. Marketers need to take cognisance of trade barriers, international legislation, economic stability of the foreign market, culture of the target consumers and language barriers when developing a marketing strategy for the global market. Jones and George (2011) state that firms can either adopt a global strategy (selling standardised products to the foreign market using the same basic marketing approach) or a multi-domestic strategy (customising products and marketing strategies to suit the foreign market conditions) when engaging in international trade. Kotler and Armstrong (2010) argue that with the advancement in communications technology and transportation, the world is evolving into a common marketplace and it would therefore make sense for marketers to adopt a global strategy (‘standardised marketing mix’, as termed by these scholars). Kotler and Armstrong (2010) further argue that the multi-domestic strategy (which these authors have termed ‘adapted marketing mix’) is a more costly alternative but boasts the advantage of being able to capture a larger market share due to the customisation of the products and other marketing mix elements.

3.4 CONCLUSION

Careful consideration is given to the two main components of the marketing strategy, which are the target market/consumers and the integrated marketing mix in order to enable the organisation to develop a competitive edge over its industry rivals by offering consumers superior value and service. Having a thorough understanding of consumer behaviour, the manner in which consumers make decisions and the motivation behind consumer purchasing patterns, is imperative for developing a marketing offering that target consumers will consider very appealing. One of the cornerstones of long-term business growth and sustainability is ensuring that the organisation is able to establish a relationship of mutual trust with its customers. The advocates of the multi-domestic strategy (Jones & George, 2011; Kotler & Armstrong, 2010) advise that it is crucial to customise product and service offerings to suit the needs of different target markets and this sentiment is strongly echoed in the next chapter which deals with understanding the bottom of the pyramid market and subsequently shaping existing products and strategies to suit the needs of this poverty stricken consumer market.

CHAPTER FOUR
THE BOTTOM OF THE PYRAMID PROPOSITION

4.1 INTRODUCTION

In the year 2000, 192 member countries of the United Nations committed themselves to achieving 8 United Nations Millennium Development Goals, the first of which is the eradication of extreme poverty and hunger. This millennium declaration was an unprecedented expression of solidarity in which 192 countries (both rich and poor) pledged to make every plausible endeavour to promote human development and halve poverty by 2015. This mammoth task had raised the question about whether or not the efforts of government, non-governmental organisations (NGOs), aid agencies and the Corporate Social Responsibility (CSR) initiatives of organisations in the private sector were going to be commensurate in ameliorating the plight of approximately 4 billion people who are economically at the bottom of the pyramid (Prahalad, 2005).

Prahalad, an internationally acclaimed business philosopher and strategist, promulgated, in his book entitled *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits,* an alternative approach to poverty reduction which involves a joint collaborative effort by government, NGOs, large domestic firms, multinational corporations (MNCs) and the poverty stricken citizens themselves, to innovate and achieve propitious situations in which the poor are actively participating in economic activities that enable them to create sustainable livelihoods for themselves whilst simultaneously offering businesses the opportunity to earn profits from selling to them.

Prahalad (2005, p. 3) believes that the poor must be viewed as “resilient entrepreneurs and value-conscious consumers” as opposed to the conventional perception of them being helpless victims of ill-fated circumstances. He believes that society and the private sector need to alter their ideology that the poor represent a burden to society and should simply remain the wards of the state. Prahalad (2006 cited in Crabtree, 2007) asserts that, by viewing the poor as consumers, they will be able to derive the benefits of dignity, respect, choice and self-esteem and, hence, will be afforded the opportunity to break out of the poverty trap.

Prahalad and Hart (2002), who are renowned for initiating the concept of selling to the poor and for coining the term B24B (business-to-4-billion), summarise the BOP proposition as follows:

- There is enormous untapped purchasing power at the bottom of the economic pyramid which accounts for approximately two thirds of the world's population.
- Businesses engaging this market can make significant profits by selling products and services to the poor with the focus being on low profit margins and a large volume of sales.
- Selling to the poor enables companies to bring dignity, empowerment and prosperity to them by creating employment opportunities, thus helping to eradicate poverty.
- Large MNCs are best suited to lead the commercialisation of this multitrillion dollar market.

Prahalad and Hart (2002) advocated that MNCs have the necessary financial and physical resources, infrastructure, knowledge, expertise, experience and capabilities to:

- redesign their existing business models to suit the BOP markets;
- create innovative and low-cost product and service offerings that will improve lifestyles, nutrition and well-being of BOP consumers and
- articulate business strategies that will not only be conducive to reaping profits but also form the basis for establishing a competitive advantage and growing market share at the bottom of the pyramid.

Prahalad (2005, p. xii) affirms that the BOP proposition is not merely about "philanthropy and notions of corporate social responsibility" but has the potential to convert the problem of poverty into a lucrative business opportunity that will benefit all the constituents involved. Corporate social responsibility, according to Nickels, McHugh and McHugh (2010), is the concern that an organisation has, not just for its owners, but for society as well. It is a commitment towards furthering the interests and well-being of society and making certain that businesses always maintain integrity, fairness and respect in dealing with their stakeholders and society as well. Prahalad (2006 cited in Crabtree, 2007) believes that corporate social responsibility cannot be integrated into the underlying profit-making business activities of the firm as it will consequently lack sustainability, resources and innovativeness.

Like any unorthodox proposition, Prahalad's BOP perspective has morphed into a contentious issue in which its merits and effective implementation have been supported (Anderson & Billou, 2007; Banerjee, Deaton & Duflo, 2004; Hawken cited in Katz, 2006; Neuwirth, 2012; Pitta, Guesalaga & Marshall, 2008; Prahalad, 2005; Prahalad & Hart, 2002; Sridharan & Viswanathan, 2008; Subrahmanyan & Gomez-Arias, 2008; Tripathi & De, 2007) or questioned (Crabtree, 2007; Davidson, 2009; Gangopadhyay & Wadhwa, 2004; Garrette & Karnani, 2010; Jaiswal, 2007; Karnani, 2007) by business strategists, academics and omniscient scholars. Recent literature and success stories pertaining to the BOP proposition does however suggest that this market can be harnessed by profit-seeking organisations in order to generate profits for themselves by establishing a relationship of trust with BOP consumers and shifting the focus from the highest possible profit margins to the highest possible volume of sales (Anderson & Billou, 2007; Pitta *et al*., 2008; Prahalad & Hart, 2002; Sridharan & Viswanathan, 2008; Subrahmanyan & Gomez-Arias, 2008; Tripathi & De, 2007). The underlying rationale in servicing the needs of the BOP consumers is for MNCs to reduce the per-unit cost of products through the effects of economies of scale, set modest profit margins in order to render their products affordable and industriously increase their volume of sales by tapping into previously 'unreachable' markets by employing creative market development and distribution strategies.

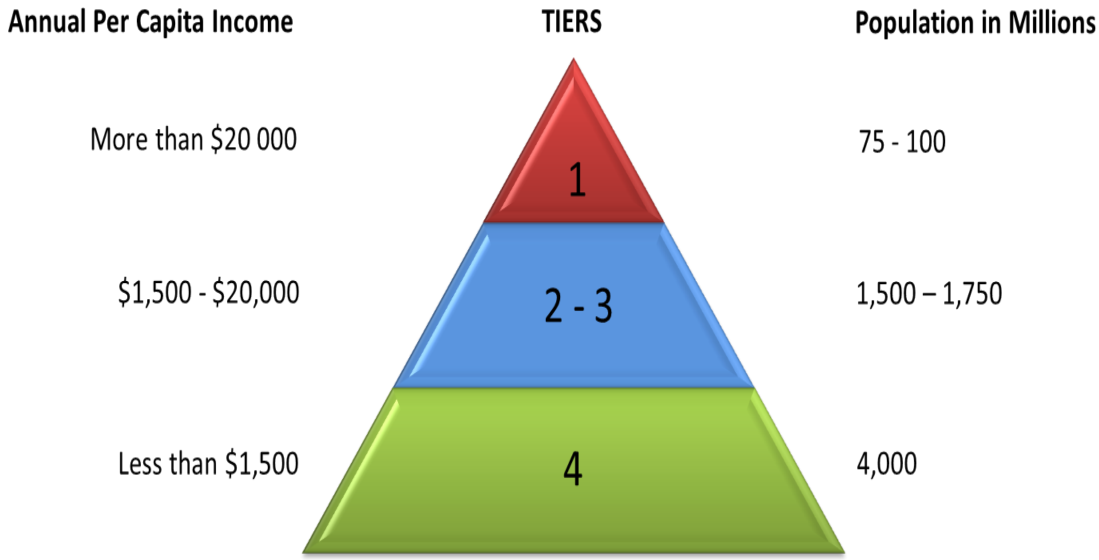
In order to accomplish this, it is imperative for businesses embarking on BOP initiatives to develop an understanding of who the BOP consumers are, how they derived their classification as such, their backgrounds and lifestyles and more importantly, the factors that motivate and shape their behaviour as consumers.

4.2 THE NATURE OF THE BOP MARKET

Prahalad and Hart (2002) used a four-tiered world economic pyramid to represent the global distribution of wealth and the capacity to generate income (Figure 4.1). As depicted in the pyramid (Figure 4.1), Tier 1 comprises the wealthy, affluent middle- and upper-income consumers from developed countries and a small proportion of rich elite consumers from the developing world who have substantial opportunities to generate high levels of income. Tiers 2 and 3 comprises individuals whose annual per capita income (based on purchasing power parity in American dollars) is between $1 500 and $20 000.

Figure 4.1

The Economic Pyramid



Prahalad, C.K. & Hart, L.H. (2002). The Fortune at the Bottom of the Pyramid. *Strategy+Business,* [Online]. 26. Accessed December 2, 2010, from the World Wide Web: http://www.cs.berkeley.edu/~brewer/ict4b/Fortune-BoP.pdf, p. 4.

Jaiswal (2007, p. 6) defines purchasing power parity (PPP) as the "concept that is used to equalize the purchasing power of different currencies in their respective countries for a given amount of goods and services". According to London (2007), purchasing power parity is a measure that equates the price of a basket of identically traded products and services across countries, thereby providing a standardised comparison of real prices. It is also regarded as "a useful metric for comparing incomes, living standards and consumption across countries with different price levels" (Dansk Industri International Business Development, 2007, p. 12).

Tier 4 (Figure 4.1), which has been identified as the bottom of the pyramid, represents the largest proportion of approximately 4 billion people in the pyramid who live on less than $2 per day (Prahalad, 2005) and who earn less than $1 500 per annum, based on purchasing power parity in American dollars. London (2007) uses the term 'base of the pyramid' as opposed to 'bottom of the pyramid' to describe the consumers in Tier 4, but albeit a slight variation in the term, this tier is representative of the poor at the base of the global socio-economic ladder who transact primarily in an informal market economy.

In a collaborative global study by the World Resources Institute (WRI) and the International Finance Corporation (IFC), it was found that the highest prevalence of BOP consumers reside in rural villages, urban slums and shanty towns across Africa, Asia, Eastern Europe, Latin America and the Caribbean (London, 2007). These BOP markets are challenging to reach from a distribution, credit provision and communication point of view and educational levels of these consumers are low to non-existent (Prahalad & Hart, 2002). SadreGhazi (2008) outlined that a sizeable share of the low-income population is illiterate and approximately one fifth of adults worldwide are classified as functionally illiterate.

According to Prahalad and Hart (2002), MNCs need to alter their perceptions of the BOP markets in order to appreciate its true vibrant market potential. Prahalad (2005) vehemently believes that private sector businesses suffer from an intensely entrenched dominant logic concerning BOP consumers, and it is these assumptions (Table 4.1) that deter most profit-seeking businesses from viewing the BOP market as an attractive and viable target market.

Table 4.1

The dominant logic of MNCs as it relates to BOP

Assumption	Implication
The poor are not our target customers; they cannot afford our products or services.	Our cost structure is a given; with our cost structure, we cannot serve the BOP market.
The poor do not have use for products sold in developed countries.	We are committed to a form over functionality. The poor might need sanitation, but cannot afford detergents in formats we offer. Therefore, there is no market in the BOP.
Only developed countries appreciate and pay for technological innovations.	The BOP does not need advanced technology solutions; they will not pay for them. Therefore, the BOP market cannot be a source of innovations.
The BOP market is not critical for long-term growth and vitality of MNCs.	BOP markets are at best an attractive distraction.
Intellectual excitement is in developed markets; it is very hard to recruit managers for BOP markets.	We cannot assign our best people to work on market development in BOP markets.

Prahalad, C.K. (2005). *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits.* New Dehli: Pearson Education/Wharton School Publishing. p. 8.

It is argued that MNCs have only targeted consumers at the top and middle of the economic pyramid and have written off the BOP market as being inaccessible and unprofitable and MNCs have the misconception that, although this market has a substantial number of people, the rewards from servicing them will be exiguous (Table 4.1) (Prahalad & Hart, 2002). According to Prahalad (2005), as evident in Table 4.1, the reluctance on the part of MNCs to target the BOP market is based on certain assumptions that most MNCs make, that is, the poor cannot afford the products and services sold by MNCs, the BOP market has a high cost structure and, therefore, cannot be profitable and only developed markets value innovation and will pay for new technology. Furthermore, there is a common misconception that the BOP market does not have significant purchasing power and, therefore, will not be a lucrative market to serve (Dansk Industri International Business Development, 2007).

4.2.1 THE SIZE OF THE BOP MARKET

The BOP proposition indicates that there is substantial untapped purchasing power at the bottom of the pyramid and that there is great potential for BOP markets to yield soaring profit margins for MNCs. Prahalad (2005) states that there are more than 4 billion people with a per capita income of less than \$2 per day, at purchasing power parity rates, and estimates that the BOP market size is enormous at \$13 trillion. These 4 billion or more people represent a prodigious majority of the population in developing countries of Asia, Africa, Eastern Europe, Latin America and the Caribbean with Asia, Africa and Latin America together, accounting for approximately 94% of the BOP population (World Economic Forum, 2009b). The poorest segment of the BOP market resides in Africa (World Economic Forum, 2009b). Although the World Economic Forum (2009b) cites that the majority of the BOP consumers (68% globally) dwell in rural areas, there are vast regional disparities within the global BOP market with regard to rural and urban concentration. For instance, in Africa and Asia, BOP markets are concentrated predominantly in rural areas whereas in Eastern Europe and Latin America there is a high concentration of BOP markets in urban areas (Dansk Industri International Business Development, 2007).

4.2.2 ACCESS TO BOP MARKETS

One of the dominant assumptions (Table 4.1) that Prahalad and Hart (2002) believe that MNCs make regarding BOP markets is that distribution access to this market is difficult and this serves as a paramount deterrent to servicing the needs of BOP consumers. Prahalad and

Hart (2002) are confident that the problem of MNCs accessing the BOP market can be overcome through designing their distribution systems to cater for the needs of the rural consumers and by partnering with local people and village enterprises in order to improve distribution. Prahalad (2005) cites the success story of Hindustan Lever Limited (Unilever's Indian subsidiary) in achieving a greater penetration of the BOP market in rural areas of India by using a direct distribution network in trying to combat the diarrheal pandemic through creative and unorthodox methods of marketing a soap formulated to cater for the needs of this market. This led to the introduction of Project Shakti, in which women from the BOP markets were trained to become distributors in these markets and these women entrepreneurs, called Shakti Ammas ("empowered mothers"), went out into villages to provide consumers with advice and health education as well as access to the product whilst earning an income for themselves (Prahalad, 2005).

Prahalad (2005) believes that by not servicing the needs of the poor, MNCs are disadvantaging these consumers because they are then subjected to the poverty penalty, which is paying a premium on purchases from local businesses in the BOP market as a result of not having alternative sources of supplies available to them. Mendoza (2008) defines the poverty penalty as the comparatively higher cost that is shouldered by the poor when participating in certain markets, in comparison to the non-poor. According to Mendoza (2008), the poverty penalty can assume at least five possible forms:

- *Poor quality*: products sold to the poor are of an inferior quality compared to those sold to non-poor consumers;
- *Higher price*: products sold to the poor are higher in price compared to similar goods that are sold to non-poor consumers;
- *Non-access*: product prices are so exorbitant that the products become completely unaffordable to poor consumers;
- *Non-usage*: products are priced so excessively or are of such poor quality that poor consumers opt out of consumption and
- *Catastrophic spending burden*: the consumption of the product or service (eg. healthcare) becomes such a necessity that the poor are faced with the arduous decision of how to finance the consumption thereof, as this will categorically result in curtailing spending on other necessities.

Prahalad (2005) argues that the poverty penalty can be eliminated if MNCs, with their large scale and scope of operations as well as management expertise, target BOP markets by offering these consumers a variety of products and services to choose from.

4.2.3 THE BOP MARKETS ARE BRAND-CONSCIOUS

Prahalad (2005) believes that poor people often buy items that would be considered a luxury to them. This notion is supported by Subrahmanyan and Gomez-Arias (2008) who have found that BOP consumers purchase luxury and non-essential items (also known as occasional and festival purchases) in order to satisfy traditional customs and in a bid to keep up with society (Banerjee *et al*., 2004; Banerjee & Duflo, 2007). Casas Bahia, a large retailer in Brazil, for instance, sells top-quality brands like Sony, Toshiba, JVC and Brastemp (Whirlpool) on credit to BOP consumers with low and volatile income streams, thereby affirming that BOP consumers are indeed brand-conscious (Prahalad, 2005). Michael Kline, the founder of Casas Bahia, believes that when BOP customers enter the company's store they have the intention of buying not just a top-quality television set or stove, but are buying a dream, and it is part of the company's mission to ensure that these dreams are fulfilled (Sadri & Sadri, 2011).

Neuwirth (2012) also agrees with Prahalad (2005) that BOP consumers are in fact brand-conscious and are motivated to purchase products of a good quality and affirms that it will be a mistake to assume that poor consumers are naturally inclined to purchasing "cheap" products because of their low and sporadic incomes. Gordon (2008 cited in Louw, 2008) advises that it is imperative for businesses to note that the poor have similar aspirations towards branded consumer products and are just as susceptible to brand advertising as non-poor consumers with the only difference being that the poor lack funds and storage space to purchase large quantities.

Variawa (2010) found, in a study of the South African BOP market, that these low-income consumers are very brand loyal to more expensive brands that are perceived to be of a better quality than the cheaper brands that are available to them. These low-income consumers enjoyed a more fulfilling brand experience with 'premium' brand products compared to that of 'cheaper' brand products (Variawa, 2010).

4.2.4 BOP CONSUMERS READILY ACCEPT ADVANCED TECHNOLOGY

Prahalad (2005) believes that BOP consumers readily accept advanced technology, are getting connected and networked and have a growing need for wireless technology and cellphones. In South Africa, Vodacom and the Nedbank Group launched their joint initiative called M-PESA with the aim of creating a fast, reliable and safe way of transferring money from one person to the next, anywhere in the country, using mobile phone technology. Money can be uploaded onto a Vodacom cell phone at registered M-PESA outlets (retail stores, spazas, community service containers and all Nedbank branches) and then transferred to the cellphone of a recipient anywhere in the country. The receiver, who need not have a bank account, will receive a text message containing a unique transaction pin number that will enable him/her to redeem the cash at any M-PESA outlet or Nedbank ATM (fin24, 2010).

The use of mobile phones by BOP consumers has increased substantially and has proved exceedingly beneficial in terms of medical care, transfer of money by people working away from home to their families, as well as financial services (Vodafone, 2005 cited in Hammond, Kramer, Katz, Tran, & Walker, 2007). The number of mobile subscribers grew more than fivefold in developing countries between 2000 and 2005 with the sub-Saharan African region reporting the fastest growth (World Bank, 2006 cited in Hammond *et al*., 2007). Nigeria's subscriber base grew from 370 000 to approximately 16.8 million in just four years (World Bank, 2006 cited in Hammond *et al*., 2007). In South Africa, it was found that 56% of the households living on less than $2 per day, who reside in urban areas, have access to cellular phones, whilst 38% of the households living on less than $2 per day residing in rural areas, have access to cellular phones (United Nations Development Programme, 2008).

Since BOP consumers have never been a part of the global consumer culture, it is becoming increasingly clear that any attempts to address the needs of this market necessitates an understanding of how they earn their incomes, their consumption patterns, the evaluative criteria used when purchasing products, as well as their access to credit and savings potential.

4.3 CONSUMER BEHAVIOUR AT THE BOTTOM OF THE PYRAMID

Moore (2006 cited in Louw, 2008) asserts that although poor consumers have meager incomes and cannot purchase very large quantities of goods, they are nevertheless still interested in good quality products, access to credit and the lure of brand names as is the case with affluent consumers. BOP consumers have similar desires to middle or upper class consumers and are equally demanding but due to their limited capital, they spend differently (TWORQUE, 2008). Despite their income and resource limitations, BOP consumers are not just motivated by survival and lower-order (physiological) needs but also seek to satisfy higher level needs. They are sophisticated and creative consumers (Subrahmanyan & Gomez-Arias, 2008), who aspire to buy better products. For example, they would rather invest in gas stoves than biomass cookstoves and would select multiple use electricity services to operate televisions and charge cell phones than to purchase single-use products such a solar lanterns (Lall, 2011).

Variawa (2010) outlines that BOP consumers also have the need to broaden their knowledge, improve social relationships, boost their self-esteem as well as communicate, thereby increasing their need for prepaid airtime for cellular phones. Zameer, Saeed and Abass (2012) found that rural consumers are price conscious and unlike urban consumers, they consider price and functionality of mobile phones to be important criteria to use when making a purchase decision and that the style and brand image of the mobile phones have a very low impact on these consumers' purchasing decisions.

4.3.1 INCOME GENERATION BY BOP CONSUMERS

The World Economic Forum (2009b) cited that in 2008, BOP households earned approximately \$2.3 trillion and that, if this growth (about 8% per annum) were to continue, the income would grow to an estimated \$4 trillion by 2015. Bhan and Tait (2008) and Banerjee and Duflo (2007) observed that the majority of consumers in the BOP markets do not have regular jobs with predictable salaries but are nevertheless able to generate some income for themselves and their dependents through growing and selling fresh produce, hawking cigarettes and beverages, selling home-made snacks and items of clothing as well as undertaking menial labour for a daily wage. BOP consumers also resort to temporary migration in the quest to find employment or obtain higher-paying jobs (Bhan & Tait, 2008).

The income generated through informal trade, however, is irregular, erratic and barely sufficient to satisfy even their basic needs and creates a life of uncertainty for these BOP consumers (Banerjee & Duflo, 2007; Bhan & Tait, 2008).

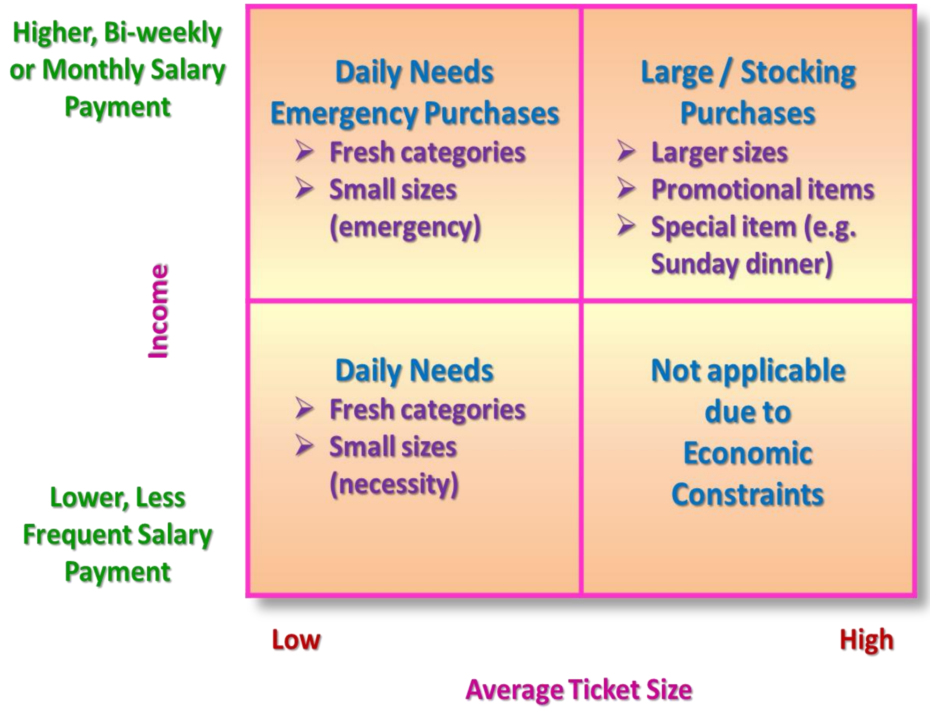
SadreGhazi (2008) and the World Economic Forum (2009b) further outline that the fluctuating daily income as opposed to constant monthly income, makes it extremely difficult for the BOP consumers to make business investments or once-off, high payments for goods and services. SadreGhazi (2008) also asserts that BOP consumers have low disposable incomes which create additional problems of low purchasing power and inaccessibility to credit. As a result of being unable to obtain credit from banks, due to the absence of a stable monthly income, these BOP consumers have to often rely on the services of informal money lenders, thereby incurring excessive interest rates as a result of their lack of credibility (SadreGhazi, 2008).

4.3.2 SPENDING AND CONSUMPTION PATTERNS OF BOP CONSUMERS

Hamilton (2003) found that income size and patterns play a crucial role in shaping the buying decisions of BOP consumers since higher salary payments trigger relatively larger ticket purchases. It was found that consumers in emerging markets who have slightly more stable incomes are able to categorize their purchases according to large (weekly or bi-weekly), daily needs and emergency purchases (Figure 4.2) (Hamilton, 2003). It was also found that BOP consumers with highly erratic incomes tend to purchase items more frequently, as much as several times per day, and that the shopping process of overall emerging consumers is largely dominated by the purchase of daily necessities (Hamilton, 2003). BOP consumers with higher salaries tend to purchase larger sizes and promotional items less frequently and even incur expenditure on special items such as Sunday family dinners (Figure 4.2) (Hamilton, 2003). Hamilton (2003) also found that although larger ticket sizes and package sizes were within the household budget, there was still a preference by certain BOP households to make smaller purchases in order to avoid having too much of their income tied up in products that may not be consumed for some time.

Figure 4.2

Emerging Consumer Income Patterns and Shopping Occasions



Hamilton, B.A. (2003). Creating Value for Emerging Consumers in Retailing. *Online*. Accessed January 20, 2012, from the World Wide Web: https://www.msu.edu/course/aec/841/CoCa_Cola_Retailing%20in%20SA_Executive%2520Summary.pdf, p. 9.

Piacentini, Hibbert and Al-Dajani (2001 cited in Variawa, 2010) found that low-income consumers predominantly sought value for money when doing their core shopping and made frequent use of discount and independent stores, thereby displaying their ability to engage in “smart shopping” when confronting the challenges of providing for themselves and their families.

D’Andrea, Ring, Aleman and Stengel (2006) state that despite being labeled as “poor”, consumers in the emerging markets collectively have a substantial amount of money to spend on consumer products and that these consumers devote a large proportion of their income to household items, basic foodstuff and perishables. Warnholz (2007) cited that rural consumers in India spend approximately 80% (as opposed to 68% by urban consumers) of their income on food, fuel, light, clothing, education and medical expenses.

In the food category, which accounts for approximately two thirds of their basic needs expenditure, cereals, vegetables and dairy products form part of the bulk purchases, whereas only about 5% of the spending in the food category is devoted to processed foods, beverages and refreshments (Warnholz, 2007).

Banerjee and Duflo (2007) have found that the poor spend approximately 2% of their household income on education but the low level of expenditure on education in BOP markets is not attributed to children not attending schools, but to the fact that children from poor households attend public schools or other schools that do not charge any school fees. It was found that very poor parents in Pakistan, however, are spending more money on sending their children to private schools because public schools are now being perceived as dysfunctional (Banerjee & Duflo, 2007).

It was found that African BOP consumers are similar to Indian BOP consumers (TWORQUE, 2008). Variawa (2010) reflected that BOP households in South Africa spend 35% of their household expenditure on food, 11% on housing, water and electricity, 10% each on clothing and transport, 9% on furniture, 6% on recreation, entertainment, personal care and culture, 4% on social protection and other services (such as, funeral costs), 3% each on communication, financial services, transfers to others, 2% each on education and health and 1% on alcohol and tobacco. In terms of monthly rand value, BOP consumers spend R132 per person on food (Variawa, 2010).

Banerjee and Duflo (2007) and Subrahmanyan and Gomez-Arias (2008) highlighted that a larger proportion of the incomes of BOP consumers can be spent on vital nutrition and education but is instead being used to purchase tobacco, alcoholic beverages and on forms of entertainment such as festivals and fairs.

A study of consumption patterns in emerging markets of Argentina, Brazil, Chile, Columbia, Costa Rica and Mexico revealed that poor consumers also purchase “luxury” consumer goods (leading brands of cookies, ice cream, ready-to-eat pizza, hamburger patties, detergents, shampoos, body lotion and makeup) and branded consumer goods (Coca Cola and Tang powdered drinks) (Table 4.2) (Hamilton, 2007).

Table 4.2

What do Emerging Consumers Buy?

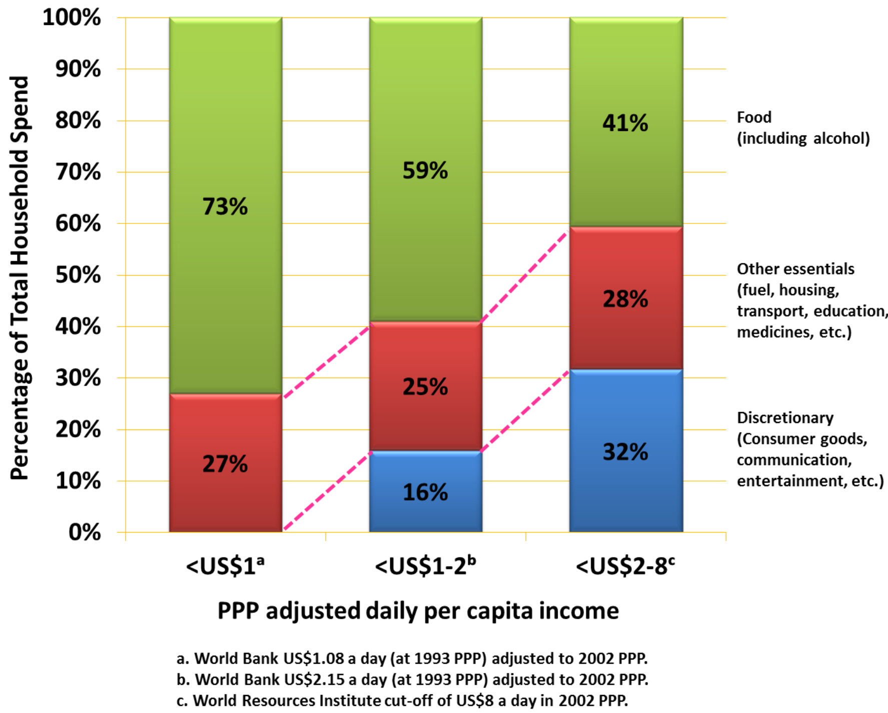
	"Staples"	"Secondary"	"Luxuries"
PACKAGED FOODS	Rice, beans, dry pasta, oil, salt, sugar, tomato sauce, cookies and snacks for kids (value brands) Br: flours (wheat, manioc, corn), canned fish (Class C) Col: lentils	Sweet and salty snacks, some canned food Mex: cereal, snacks Arg: Salty snacks, sweets, candy Ch: dressings, mayonnaise	Canned foods, chocolate candy, cookies (leading brands), cereal Arg: tuna, olives, "alfajores" Br: condensed milk, cake mix Ch: heat of palm Col: Salty snacks (adults)
PERISHABLE FOODS	Fruits and vegetables, eggs, bread, margarine/butter Arg: jelly, cold cuts Mex/Br: Class C: yogurt	Cold cuts, meats Arg:/Ch: Sausages Br: yogurt, cheese, chicken Mex: ground hamburger meat Ch/Col: margarine, chicken	Frozen foods, ice cream Br: frozen lasagna, fried potatoes, hamburger patties Br/Mex: ready-to-eat pizza Mex/Col: seafood
BEVERAGES	Coffee, Juice concentrate Col: chocolate bars Br: value brand sodas Mex: powdered drink mix Arg/Ch: tea	Value brand soda (Arg, Col), Br: powdered drink mix Arg/Br: beer	Coca-Cola Arg/Col: Wine Mex: tequila, rum CR: Gatorade sports drinks Arg/CR: Tang powdered drink
CLEANING PRODUCTS	Powdered laundry detergent, bleach, disinfectant Br:/Col: bar laundry soap Mex: softener, steelwool Arg: floor cleaner	Softener Arg: multipurpose cleaners, air freshener Col: liquid dish detergent	Leading brands in detergent and softener Br: furniture polish
PERSONAL CARE	Toilet paper, soap, toothpaste, sanitary napkins, deodorant, family shampoo, sanitary napkins Mex: diapers Arg/CR: conditioner, cotton	Leading brand shampoo (Arg, Br), conditioners	Leading brands, perfume Br: personal shampoo, facial lotion Ch: makeup Mex: body lotion
Key: Arg: Argentina Col: Colombia	Br: Brazil Mex: Mexico	Ch: Chile	CR: Costa Rica

IBOPE Solution, BAH analysis. In B.A. Hamilton, (2003). *Creating Value for Emerging Consumers in Retailing*. *Online*. Accessed January 20, 2012, from the World Wide Web: https://www.msu.edu/course/aec/841/CoCa_Cola_Retailing%20in%20SA_Executive%2520 Summary.pdf, p. 7.

The BOP market can be further divided into 3 income segments (Figure 4.3) namely, lowest (approximately 1 billion people who live on less than $1 per day), middle (nearly 1.6 billion people who survive on less than $1-$2 per day) and top (about 1.1 billion people who survive on less than $2-$8 per day) (World Economic Forum, 2009b).

Figure 4.3

Rising Incomes lead to increased expenditure on non-food items



The Boston Consulting Group and the World Economic Forum analysis based on information from the World Resources Institute, The Economist Intelligence Unit Population Statistics Database and the IBRD. In World Economic Forum. (2009b). The Next Billions: Unleashing Business Potential in Untapped Markets. *Online*. Accessed February 27, 2012, from the World Wide Web: https://members.weforum.org/pdf/BSSFP/ ExecutiveSummaryUnleashingBusinessPotential.pdf, p. 10.

The lowest level, which comprises individuals who live below the $1 poverty line, struggle to meet basic needs whilst the middle segment, which constitutes the largest group, is able to support their basic needs but has very little discretionary spending power (World Economic Forum, 2009b). The top segment, which has sufficient disposable income to purchase non-essential items, receives little attention from businesses because their income is still deemed to be relatively low and variable (World Economic Forum, 2009b). As the income of BOP consumers increase there is a smaller percentage of the total household expenditure that is apportioned to food items (Figure 4.2) (World Economic Forum, 2009b). As evident from Figure 4.2, the lowest income segment spends approximately 73% on food items, including alcohol, and the middle and top segments spend 59% and 41% respectively. However, as income increases, the middle and top segments apportion 16% and 32% respectively, of expenditure to discretionary purchases, communication and entertainment. The percentage spending on other essential items such as fuel, housing, education and medicines is relatively proportionate across the lowest (27%), middle (25%) and top (28%) segments (World Economic Forum, 2009b).

4.3.3 THE EVALUATIVE CRITERIA USED BY BOP CONSUMERS IN THEIR PURCHASE DECISIONS

Bhan and Tait (2008) observed the BOP consumers' lifestyle and buying behaviour in Africa and concluded that their product choices and decision-making criteria are based on an entirely different array of values than those that determine the design of most consumer products in the market. Their mindsets and purchasing patterns are largely influenced by their local culture, history and the day-to-day experience of survival in the face of adversity.

Low-income consumers prefer premium product brands because they desire value for money and since BOP consumers cannot afford to try the 'new and improved', they prefer to choose the 'tried and tested' or products with positive word-of-mouth in order to reduce risk (Bhan & Tait, 2008). Due to limited access to information about new products, BOP consumers are likely to rely upon the advice and opinions of people that they trust and respect and the favourable product experiences of family and friends has a strong influence on the goods and brands that they purchase (World Economic Forum, 2009b). Hamilton (2003) found that BOP consumers have a great preference for leading brands but that the inability to purchase them leads to frustration. It was also found that BOP consumers are hesitant to try new unfamiliar brands for fear of wasting valuable resources on under-performing products (Hamilton, 2003). BOP consumers are smart shoppers who are unlikely to purchase products that they do not understand or trust and have a preference for spending their limited income on products that are regarded as reliable and superior (World Economic Forum, 2009b). Louw (2008) further adds that the poor have less income to ‘experiment with’ between different brands and are more conscious of how they spend their meager incomes and will, therefore, purchase brands that they can trust thereby leading to high levels of brand trust and loyalty. Varadarajan (2008) believes that the firm’s use of promotional tools such as cents-off coupons and in-store specials may be vital in retaining the patronage of the price sensitive BOP consumers and can reduce the likelihood of brand switching.

Low-income consumers appreciate product packaging as they often re-use it once the produce is consumed. For example, they buy an Energade or Powerade drink that is generally above their budget to keep the packaging bottle and creative cap for carrying drinking tap water for later use. They also prefer creatively repackaged products that ensure smaller quantities as it increases the range of products that they are able to afford and store. Sehrawet and Kundu (2007) found that packaging aids rural consumers in their purchase decisions. The ease of storing the package is an important factor in influencing their purchasing behaviour and these consumers associated better packaging with a better quality product. Other pertinent factors that influenced purchasing decisions were easy-to-carry package sizes, the weight of the packaging, simplicity, transparency and similarity of packaging (Sehrawet & Kundu, 2007).

Dubey and Patel (2004) outlined that smaller packs or sachets of products like shampoos, makeup, snacks, beverages and confectionery have prompted BOP consumers to purchase these products. According to Dubey and Patel (2004), using smaller package sizes boasts the benefits of:

- ❖ Increasing affordability for BOP consumers and attracting middle- and upper-income consumers to purchase these smaller package sizes under certain circumstances, such as for travelling purposes;
- ❖ Affording BOP consumers the opportunity to consume branded products at a low cost;
- ❖ Encouraging trial purchases by BOP consumers;
- ❖ Providing greater variety in foods and beverages for a similar capital outlay;
- ❖ Enabling frequent purchases of products like ice creams, chocolates and cold drinks;
- ❖ Improving convenience in transportation, storage and use.

Convenience and accessibility of products are important determinants of BOP consumers' purchasing behaviour. A South African study on informal trade in townships revealed that spaza shops have become sensitive to the needs of local consumers and have revolutionized their offerings by repackaging consumer products into smaller quantities in order to enhance affordability and convenience, in that these consumers no longer have to walk distances of up to 10 kilometres to purchase cosmetics, spices and groceries (Terblanche, 2010 cited in Variawa, 2010). The study showed, for example, that entrepreneurs were selling sugar by the spoonful as opposed to 500g packages which BOP consumers deemed to be too expensive (Terblanche, 2010 cited in Variawa, 2010).

Evidently, BOP consumers are rational consumers who have shallow budgets. This does not mean that their needs can be easily addressed by removing features or services to make offerings cheaper as this may comprise quality and other valued attributes such as product life. Instead, firms need to use price as a primary driver to design products and ensure that they understand the BOP consumer culture and tailor-make relevant and adaptable products to effectively suit the needs of the BOP market.

4.3.4 ACCESS TO CREDIT AND SAVINGS POTENTIAL OF BOP CONSUMERS

Formal commercial credit was unavailable to BOP consumers up until the mid-1970s when Grameen Bank had pioneered the microfinance initiative to offer financial services to low-income consumers (Pitta *et al*., 2008). These consumers had to previously rely on the financial services of informal money-lenders who charged as much as 4% interest per month on these microloans (Banerjee & Duflo, 2007; Pitta *et al*., 2008). These relatively high interest rates occur not as a result of high default rates but because of the high costs of contract enforcement (Banerjee & Duflo, 2007).

BOP consumers, similar to most consumers, prefer to pay smaller amounts over time, rather than a substantial, upfront payment (Lall, 2011). In addition to not having sufficient funds, this would ensure that they are able to purchase a greater variety rather than to use available resources for just a few products and services. Banerjee and Duflo (2007) found that the potential of BOP consumers to save money at home is very low due to the risk of theft and the vulnerability to temptation, and the fact that these consumers know that they do not possess self-control to save, makes it even less likely for them to save. According to Shukla and Bairiganjan (2011), BOP consumers have a tendency to hold liquid assets (such as land, livestock and gold), have minimal savings (beyond main life-altering events such as marriage and education) and have an inability to handle economic shocks.

It is crucial for companies to acknowledge, when designing product and service offerings, that the global BOP market is quite heterogeneous with unique demands and varied income and spending patterns. There are, however, certain commonalities, such as financial hardship, difficult living conditions and a lack of information for making informed decisions.

Prahalad (2005) maintains that the world’s dynamic, rapidly swelling and lucrative new market surprisingly lies at the BOP and it makes business sense to develop this market. By partnering with the poor, companies can be profitable, meet long-term growth objectives by developing new markets, expand their labour pool, drive innovations that contribute to company competitiveness and strengthen their value chains by expanding distribution at low costs and risk (United Nations Development Programme, 2008). Businesses can improve the lives of the poor through meeting their basic needs, providing employment for them thereby enabling them to become productive, increasing their income, empowering them through dignity and choice and providing a better array of good quality products that will enhance their well-being and health (United Nations Development Programme, 2008).

Why then, has this very appealing proposition morphed into such a contentious debate where its authenticity has been eminently criticised? The critical questions are whether or not there is a fortune at the bottom of the pyramid and whether we can eradicate or minimise poverty through profits.

4.4 CRITICISMS OF THE BOP PROPOSITION

Developing countries are often plagued by problems associated with inefficient regulation, lack of rudimentary infrastructure, widespread corruption, underdeveloped banking and financial structures and exploitation of citizens. The critics (Crabtree, 2007; Davidson, 2009; Gangopadhyay & Wadhwa, 2004; Garrette & Karnani, 2010; Jaiswal, 2007; Karnani, 2007) of the BOP proposition, therefore, feel that the emphasis in these countries should be on ensuring that the basic needs of the poor are fulfilled before these consumers can be looked upon as a lucrative market to serve.

The main criticisms of the BOP proposition can be summarized as follows:

- *Overestimated size of the BOP market*: According to Prahalad (2005), the BOP market consists of approximately 4 billion people with a per capita income of less than \$2 per day at purchasing power parity (PPP) rates and estimates the size of BOP market to be about \$13 trillion. Karnani (2007) and other researchers (Golliath Business News, 2005), however, contradict Prahalad's estimates saying that it is simply an excessive overestimation and concedes that, although the BOP market is indeed colossal in terms of number of consumers, it is relatively small monetarily. According to Karnani's (2007) calculations, the BOP market size is merely \$1.2 trillion after having used the World Bank's estimate of \$1.25 per day as the average consumption of its estimated 2.7 billion globally poor people. Based on these calculations, Jaiswal (2008) further asserts that the people who live on less than \$1 per day, which the World Banks considers to be extreme poverty, cannot be viewed as a profitable market by MNCs and if a fortune did in fact exist, it will be at the lower-middle and middle of the pyramid, certainly not at the bottom. Warnholz (2007) and Crabtree (2007) agree that Prahalad's estimation of the size of the BOP market is imprecise and that the exact figures seem to be of a lesser importance to Prahalad (2005) than the overall direction of his proposition. Warnholz (2007) states that clarity on the classification of the BOP market is important because businesses are likely to use different models to serve those living on less than \$1 per day as compared to the models that are used in servicing the needs of consumers who have comparatively higher earnings. Warnholz (2007) agrees with Jaiswal (2008) that the variable definitions and measurements of the BOP market may very well lead to a movement away from the true bottom of the pyramid to the more lucrative middle of the pyramid.

- *High costs of serving BOP consumers*: The BOP proposition indicates that there is substantial untapped purchasing power at the bottom of the pyramid and that there is potential for BOP markets to yield soaring profit margins for MNCs. Karnani (2007) and other researchers (Goliath Business News, 2005), however, disagree with this viewpoint and perceive the BOP market as being highly unprofitable owing to the price sensitivity of its consumers. They argue that the cost of serving these people will be immense because of their geographical spread and cultural heterogeneity, thereby increasing distribution and marketing costs, and that it will prove formidable for MNCs to exploit economies of scale in this market. Garrette and Karnani (2010) state that the difficulties in distribution to this market coupled with MNCs being forced to create distribution networks from scratch, will result in an escalation in distribution costs. The problem of distribution is exacerbated since MNCs are often ill-equipped to engage in forward integration in terms of distribution especially in unfamiliar environments (Garrette & Karnani, 2010). Furthermore, Karnani (2007) believes that profitability will be affected by poor infrastructure in these markets as well as small-size transactions, which Jaiswal (2007) also does not regard as being workable or as making economic sense, elucidating that it is by selling bigger packages that companies can reduce their processing and transaction costs and not by doing the converse.

- *Lack of education leads to exploitation of BOP consumers*: It is argued that the BOP proposition will ultimately lead to the exploitation of the poor because they are vulnerable by virtue of a lack of education as well as experience in evaluating advertising claims (Davidson, 2009) and are, therefore, susceptible to spending money on unnecessary products like shampoo and televisions instead of spending on high-priority products that will enhance their nutrition, health and education (Karnani, 2007).

- *BOP consumers are price sensitive and cannot afford to purchase luxuries*: Bhan and Tait (2008) believe that low-income consumers prefer superior product brands, not because they are particularly brand conscious but desire value for money. Karnani (2007) supports this aspect of the BOP proposition that poor people desire quality products, lack self-control and give in to temptation (Banerjee & Duflo, 2007; Fafchamps & Shilpi, 2008; Luttmer, 2005). However, Gangopadhyay and Wadhwa (2004) state that the problem lies in the fact that they cannot afford to purchase such products as the poor spend about 80% of their measly income on food, clothing and fuel. Making provision to purchase these luxury items would mean sacrificing the purchase of essential items that are crucial to their well-being. Jaiswal (2007), therefore, proposes a framework for the promotion of selective consumption by BOP consumers in order to avert their “undesirable inclusion” (marketing products to the poor that are unlikely to improve their well-being) and “undesirable exclusion” (not tendering products that will undoubtedly enhance their welfare) in target market selection by the private sector. Prahalad (2005 cited in Davidson, 2009) explains that BOP consumers cannot afford to make mistakes in purchasing decisions and are, therefore, more inclined to purchasing branded products that are reputable and whose quality they can trust. However, brands gain recognition and respect through extensive and expensive advertising and other forms of promotion, the costs of which are borne by consumers in the form of higher product prices. Davidson (2009), therefore, questions the ethical implications of selling premium brands to BOP consumers, especially for classes of products where there are no significant functional differences between the branded product and the cheaper, unbranded, generic counterpart.

- *Single-serve packages to enhance affordability of products is a fallacy*: The BOP proposition advocates the use of smaller-unit packages in order to encourage consumption, create affordability and offer a greater choice to BOP consumers. Researchers (Goliath Business News, 2005) believe this claim of increased affordability to be a fallacy and Karnani (2007) articulates that although small packages increase convenience and assists the poor in managing cash flows, it does not increase affordability and asserts that the only way to do so is to reduce the price per use which he believes is not achievable by using sachet packaging. Byron (2007 cited in Davidson, 2009) states that single-serve packages may cost more than larger packages from a per-ounce basis which leads critics (Davidson, 2009; Jaiswal, 2007; Karnani, 2007) to believe that the poor are being misled into thinking that the smaller packages are cheaper whilst the true reality is that they are paying more on a per unit basis. Further to this, Karnani (2007) points out that smaller unit packaging places additional burden on the environment with regard to pollution. In addition, Hawken (cited in Katz, 2006) argues that what the poor want are rights and not foil packaging. Ireland (2008) agrees with Karnani (2007) that sachets and smaller package sizes are conducive to promoting impulse purchases by BOP consumers who, owing to lack of security and banking services, find it difficult to save money.

- *Financing schemes for BOP consumers does not increase affordability*: Prahalad and Hart (2002) outline that by providing BOP consumers with access to credit, their purchasing power will be increased, thereby enhancing affordability of commodities. Karnani (2007) believes that providing credit to BOP consumers does not change the affordability of a product, even though it does provide some non-economic value to them in the form of increased self-esteem, social cohesion and empowerment. Microcredit was found to have worsened poverty through the superfluous burden of debt (Hulme & Mosley, 1996 cited in Karnani, 2007) and although it reduces vulnerability through leveling consumption, it does not alleviate poverty (Morduch, 1998 cited in Karnani, 2007).

- *The only realistic way to reduce prices is to reduce cost and quality*: Prahalad (2005) advocates that it is imperative for companies to reduce prices without reducing quality when serving the BOP market and he believes that the poor have a right to determine how to spend their limited income on products in a way that will maximise their utility, and the act of selling low-quality products to them is extremely disrespectful. However, researchers (Garrette & Karnani, 2010; Jaiswal, 2007; Karnani, 2007) consider this BOP proposition to be too ambitious claiming that the only realistic way to reduce the price to the consumer is by reducing the cost to the producer and business process redesign will seldom reduce cost by over 50% without reducing quality (Goliath Business News, 2005). Furthermore, Karnani (2007) opposes Prahalad's conviction by stating that improvements in technology can reduce prices without reducing quality in products like computers and in the telecommunications sector but this is not the case for most other product categories and that there has to be a cost-quality trade-off that is acceptable to the poor. He cites the example of Nirma (a cheap detergent powder that contained no whitener, perfume or softener and one that was very harsh on the skin) as being more successful in the Indian BOP market than Hindustan Lever Limited's Surf, purely because it was the cheaper alternative and he strongly believes that poor people do like inexpensive, low-quality products.

- *Small to medium-sized local enterprises are better suited to serving BOP markets than MNCs*: Karnani (2007) believes that local enterprises are best suited to selling to the poor because BOP markets, with their weak infrastructures, are geographically and culturally fragmented and, therefore, unable to generate significant economies of scale.

- *Treat the BOP as producers rather than consumers*: Jaiswal (2007) and Karnani (2007) believe that BOP consumers should be viewed as producers rather than consumers and that the best way to alleviate poverty is to raise their income by emphasising buying from them as opposed to selling to them. Jaiswal (2007) cited the example of Amul, a large dairy in India which assisted local farmers by centralising its high-tech milk processing facilities so that it is easily accessible to farmers who previously incurred losses due to travelling long distances, only to have their milk spoil due to inappropriate and non-refrigerated storage whilst in transit.

- *De-emphasis of the role of government in providing basic services and infrastructure*: Karnani (2009) disagrees with the affirmation made by the BOP proposition that the private sector needs to play the leading role in poverty alleviation, stating that this will inadvertently lead to an under-emphasis of the role and responsibility of the government in poverty reduction. Karnani (2009) also asserts that it is the government's prerogative to provide basic services such as infrastructure, public health, safety and education which are important for increasing the productivity and employability of BOP consumers. Karnani (2009) is of the opinion that the BOP proposition will cause a distraction in correcting the failure of the government to provide these crucial services.

- *Disassociation of the BOP concept from Corporate Social Responsibility*: Davidson (2009) argues that Prahalad incorrectly distances his concept of BOP from corporate social responsibility when he should in fact disassociate the concept from charity. In fact, Davidson (2009) believes that engagement with the BOP can be successful only if the core elements of corporate social responsibility are understood and included into the BOP strategy from its inception.

The criticisms of the BOP proposition focus primarily on the fact that the BOP market will not be a lucrative market due to the population being highly dispersed, the transportation infrastructure being abysmal or non-existent, household incomes being meager and sporadic and the adversities in creating brand trust and awareness because traditional marketing efforts will simply not work in BOP markets. A critical understanding of the challenges of doing business at the bottom of the pyramid is necessary in order to devise effective strategies to overcome the obstacles.

4.5 CHALLENGES IN SERVICING THE NEEDS OF BOP CONSUMERS

Careful consideration must be given to the design of the distribution network when decisions are being made to market products and services to rural markets. Ineffective transportation infrastructures and a lack of roads make it difficult and expensive to distribute products to BOP markets (Vachani & Smith, 2007 cited in Debelak, 2011). Neuwirth (2012) cautions that owing to the low population density of BOP markets, companies may be faced with mounting inventory holding and transportation costs in an attempt to make their products available to BOP consumers and to effectively manage the sales points in numerous villages. Debelak (2011) identifies deficient communication, a lack of water and electricity and the difficulty in managing existing distribution networks due to their complexity and decentralization as further distribution challenges faced by companies.

BOP consumers' insufficient and sporadic incomes, low purchasing power and their lack of access to credit are the major impediments to their affordability of products and services. Simanis (2011 cited in Debelak, 2011) concedes that it is quite challenging for companies to reduce prices of products and services, especially when the built-in cost structure that is associated with distributing commodities to a dispersed market, is relatively high.

Marketing communication to BOP markets is another challenge due to their lack of access to conventional mass media channels, cultural and linguistic diversity and the high illiteracy rates of consumers in this market. Viswanathan, Sridharan and Ritchie (2010 cited in Debelek, 2011) state that illiterate consumers have a tendency to resist planning their purchases and changing their purchasing habits and also experience great difficulty in evaluating the advantages and disadvantages of various product choices.

The lack of brand trust is an important challenge that businesses need to overcome in order to be successful in BOP ventures. Brand differentiation and awareness is crucial as BOP consumers are less likely to try new brands on the market. Therefore, businesses need to clearly demonstrate the merits of offering their brands to these consumers. A thorough understanding of the BOP consumers is necessary in order to design products that are capable of satisfying their needs, withstanding the harsh conditions of the BOP locations, increasing their welfare and promoting their dignity and self-esteem.

Prahalad (2005) believes that the BOP proposition, if correctly implemented, will overcome the challenges of servicing the needs of BOP consumers, will prove beneficial for all constituents involved, and will most definitely reduce the level of global poverty.

4.6 IMPLEMENTATION OF THE BOP PROPOSITION

Businesses embarking on BOP initiatives need to firstly develop a thorough understanding of consumers in the BOP markets as these consumers differ significantly from those in developed markets in terms of their income, spending patterns and savings potential. A thorough understanding of the behaviour of BOP consumers and their decision-making process when purchasing products is also crucial (Chikweche, Stanton & Fletcher, 2012).

Companies serving BOP markets need to drastically redesign their current business models with the core focus being on offering low-cost, good-quality and innovative products and services that are aimed at improving the lifestyles and health of BOP consumers whilst simultaneously reaping profits for the companies. Bhan and Tait (2008) warn businesses not to have the expectation that BOP consumers will conform to current business processes and systems but advise firms to reach out and connect to this market by investigating what appeals to them.

MNCs also need to collaborate with local entrepreneurs and be able to create new sources of competitive advantage and wealth. Jones and George (2011) define competitive advantage as the ability that one organisation has to outperform other organisations by producing desired products and services more efficiently and effectively than its competitors can.

Prahalad and Hart (2002) state that managers need to develop a commercial infrastructure that is tailored to the needs and adversities of the BOP markets. Such an infrastructure should be viewed as an investment rather than a philanthropic or social responsibility obligation. In developing this commercial infrastructure, four elements (creating buying power, shaping aspirations, improving access and tailoring local solutions) need to be taken into account and each of these elements requires innovation in technology and management processes (Figure 4.4). The four elements of the commercial infrastructure (Figure 4.4) are essential for ensuring a favourable outcome for all constituents involved in serving the BOP market.

Figure 4.4

The Commercial Infrastructure at the Bottom of the Pyramid

Prahalad, C.K. & Hart, L.H. (2002). The Fortune at the Bottom of the Pyramid. *Strategy+Business,* [Online]. 26. Accessed December 2, 2010, from the World Wide Web: http://www.cs.berkeley.edu/~brewer/ict4b/Fortune-BoP.pdf, p. 8.

❖ *Creating buying power*

Prahalad and Hart (2002) acknowledge that the major constraint on the purchasing power of the poor is the fact that they are underemployed and unable to support themselves and their families. Providing BOP consumers with access to credit and increasing their potential for larger earnings are two interventions that are instrumental in increasing their buying power. Partnering with BOP consumers has the advantages of extending 'reach' within the BOP markets, utilising local knowledge and established networks to distribute products and creating employment opportunities for the poor thereby improving their standard of living.

- *Shaping aspirations*

It is imperative for MNCs to provide extensive product awareness and they need to utilise marketing initiatives that educate consumers about the life-enhancing benefits and the correct usage of products. Understanding the benefits of consuming these products will have a positive influence on the product choices of BOP consumers (Prahalad & Hart, 2002).

- *Improving access*

Prahalad and Hart (2002) advise businesses to develop distribution and communication links to cater for the needs of the BOP consumers and suggest that partnering with local businesses, NGOs and training and empowering BOP consumers to serve as distributors are part of a workable solution to improving access to this market. Utilising internet kiosks, wireless technology and mobile phones promises a means for MNC's to stay connected to this market and be better able to service their needs.

- *Tailoring local solutions*

BOP markets need to be nurtured in a way that promotes their well-being, whilst simultaneously generating wealth for MNCs. Providing innovative, high-quality products in affordable single-serve packages is a strong recommendation made by Prahalad and Hart (2002) as a way of promoting the dignity, pride, health and self-esteem of these consumers. MNCs must be able to design innovative and user-friendly products that specifically cater for the needs of BOP consumers, taking into account their purchasing habits, income, lifestyles and surroundings.

In order to successfully penetrate BOP markets, MNCs need to modify their current business practices and marketing strategies. Sridharan and Viswanathan (2008) share Prahalad's (2005) sentiments that the traditional 4Ps (product, price, place and promotion) Framework is deemed inadequate when marketing to BOP consumers because it is too focused on the management of the internal resources of the organisation and is not cultivated around the needs of BOP consumers. Anderson and Billou (2007) postulate that in addition to creating a commercial infrastructure (Figure 4.4), MNCs also need to embrace the 4As (availability, affordability, acceptability and awareness) Framework (Figure 4.5) so that they will be successful in reaching the approximately 4 billion people at the bottom of the economic pyramid.

Figure 4.5

The 4As Framework

Anderson, J. & Billou, N. (2007). Serving the World's Poor: Innovation at the Base of the Economic Pyramid. *Journal of Business Strategy,* [Online]. 28(2), 14-21. Accessed January 13, 2010, from the World Wide Web: http://www.emeraldinsight.com/Insight/ViewContent Servlet?Filename=/published/emeraldfulltextarticle/pdf/2880280204.pdf, p. 14.

❖ *Availability*

Availability refers to the extent to which consumers in BOP markets are able to readily purchase and utilise products and services (Anderson & Billou, 2007). According to Prahalad (2005), one of the primary impediments of serving BOP markets is the fact that these markets are largely fragmented and create major challenges in terms of distribution of goods and services. Kirchgeorg and Winn (2006) further add that the highly fragmented distribution channels are synonymous with weak infrastructure and suggest that companies can overcome the insurmountable distribution obstacles by creating efficient and reliable distribution systems. Sridharan and Viswanathan (2008) agree with Prahalad and Hart (2002) and Kirchgeorg and Winn (2006) that local businesses and entrepreneurs enjoy the trust and patronage of BOP consumers and should, therefore, be used as business partners in the distribution of goods and services. Vodacom identified aspiring entrepreneurs in Africa after tracking cell phones with an unusually high number of calls, believing that the owners were renting out their phones in order to generate income. The company offered these individuals an opportunity to operate their own franchised phone kiosks and receive one third of the revenues. This scheme proved very lucrative for Vodacom whose network now has approximately 5 000 kiosks (Pfeiffer & Massen, 2010).

Tripathi and De (2007) further suggest that MNCs need to enlist the cooperation of BOP citizens themselves in order to gain access to previously untapped BOP markets whilst affording these citizens an opportunity to generate an income. The idea behind this is to alter the standard retail environment by building an entrepreneurial spirit within the BOP market. This concept worked well for the Danone Group in the distribution of their Danimal Yoghurt in and around Soweto, by using micro-entrepreneurs who were dubbed "Dani Ladies", to distribute the yoghurt to targeted consumers (Thieme, 2010). These micro-entrepreneurs benefit by gaining a sense of empowerment and from creating a livelihood to sustain themselves and their families.

❖ *Affordability*

To enhance affordability of products, MNCs need to focus on reducing production costs and provide flexible payment schemes to impoverished consumers who have very low disposable incomes and survive on a daily wage (Pitta *et al*., 2008). Prahalad's (2005) suggestion to improving affordability is for companies to sell on credit to BOP consumers like in the case of Casas Bahia, a company which sold high-quality appliances to the BOP market in Brazil and reported a default rate of 8.5% compared to the over 15% of its competitor organisations. Another suggestion by Prahalad (2005) for enhancing affordability is for financial institutions to offer microcredit to BOP consumers and Pitta *et al*. (2008) believe that private companies that partner with commercial banks can develop a competitive advantage by providing BOP consumers with options of how and when to pay for their products and services.

Chatterjee (2009) believes that the low disposable incomes and high price sensitivity of BOP consumers warrant the use of 'single-use' packaging and collaborative purchasing schemes in order to augment affordability. Anderson and Billou (2007) deliberate that whilst single-serve sachets may not represent the most economical way of purchasing products, they do heighten affordability by way of low purchase prices. In order for companies to leverage scale effects, they could opt for increasing their market base for single-serve sachets by selling them for promotional purposes to retailers serving the non-BOP market as well as hotels, hospitals and airlines who require smaller quantities of consumer products. In addition to developing the over-the-air recharge technology to enhance availability, Smart Communications Inc. offered airtime in sachet-like packages of very small denominations in the Philippines and within a period of ten months, the new pricing packages were an enormous success through generating approximately three million top-ups per day and a daily revenue of more than $2 million (Anderson & Billou, 2007).

❖ *Acceptability*

Products must be creatively designed to cater for the specific needs and climatic conditions of BOP markets and deliver both tangible (value for money) and intangible (high self-esteem and financial independence) benefits to consumers (Tripathi & De, 2007). Recognising the need for low-income Indian woman to maintain well-groomed hair to enrich their appearance and self-esteem and their preference for a single soap for both body and hair, Hindustan Lever Limited created a low-priced general purpose soap with unique ingredients for healthy hair, called Breeze 2-in-1, which was sold in small towns and rural areas (Anderson & Markides, 2006). Danone took the nutritional deficiencies and living conditions of children from low-income households in South Africa into account when it developed and marketed Danimal yoghurt, which is rich in Vitamin A, iron and zinc and can be stored for up to a month without refrigeration, to children in Soweto (Thieme, 2010).

It is critical to develop an understanding of BOP consumers' needs and take cognizance of their product knowledge and level of education when developing products for them. The high levels of illiteracy in India had resulted in ICICI Bank and Citibank developing practical biometric ATMs which featured fingerprint authentication and voice-enabled navigation which was easy for BOP consumers to use. These banks also scrapped the minimum account balances requirement in order to encourage poor consumers to open up bank accounts for savings purposes (Pfeiffer & Massen, 2010).

❖ *Awareness*

Due to the low literacy rates of BOP consumers and their inaccessibility to traditional advertising media, Subrahmanyan and Gomez-Arias (2008) proposed that MNCs use billboards and word-of-mouth campaigns to create awareness of their products and Tripathi and De (2007) suggested that credible sources of information like village doctors, well-respected elders and school principals should be utilised in these word-of-mouth initiatives. Hindustan Lever Limited, in an attempt to build brand awareness, made use of magicians, dancers and actors to promote their products like toothpaste and soap. Under the company's Project Bharat, vans were deployed to villages in order to sell small packs consisting of various toiletries to BOP consumers. Videos featuring correct usage of the products and the benefits thereof were shown to these consumers (Tripathi & De, 2007).

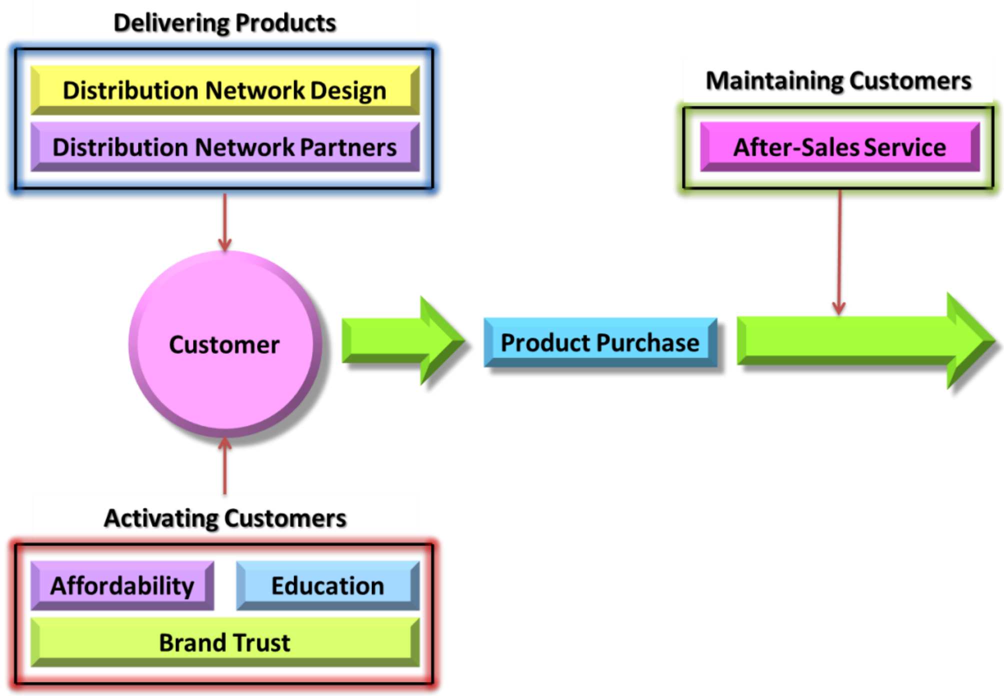
By developing an understanding of the usage of products, and an appreciation for brands, BOP consumers will eventually cultivate a high degree of trust and patronage to these branded products. Neuwirth (2012) devised a framework for a marketing channel strategy in rural, emerging markets (Figure 4.6) which he believes is necessary for companies with unknown brands to use, in order to build brand awareness and trust amongst BOP consumers.

The framework focuses on three aspects namely, activating customers, delivering products and maintaining customers. Neuwirth (2012) advises that companies need to conduct research into target market behaviour, identify gaps in the knowledge of these consumers and then devise educational initiatives that will help in the delivery of the company's message. Shrinking package sizes, using layaway programs and offering consumer financing are the suggestions made by Neuwirth (2012) for increasing affordability of products. It was found that "piggybacking" on established brands in the BOP market and partnering with trusted NGOs is useful in gaining the consumers' trust in new brands and "piggybacking" on established and effective distribution networks, through the formation of partnerships with other MNCs in the market, will reduce the costs and challenges associated with distribution (Neuwirth, 2012). Neurwirth (2012) recommends that the network design must be matched to the product being sold. For example, if the company is selling fast moving consumer goods then a "hub-and-spoke" model needs to be utilised in which the products are delivered to a central distribution point (the hub) where they are sold to independent traders or entrepreneurs (the spokes) who in turn go out into the villages and sell the products to BOP consumers.

Neuwirth (2012) believes that offering a good quality after-sales service is essential for building brand trust and brand loyalty as well as a favourable company reputation through positive word-of-mouth from satisfied BOP customers.

Figure 4.6

Framework for Marketing Channel Strategy in Rural Emerging Markets



Neuwirth, B. (2012). Marketing Channel Strategies in Rural Emerging Markets: Unlocking Business Potential. *Online*. Accessed July 21, 2012, from the World Wide Web: http://www.kellogg.northwestern.edu/.../...pdf, p. 27.

Prahalad (2005) encourages MNCs to challenge their core beliefs in the basics of economics and states that the basic economics of emerging markets are based on small unit packages, low profit margins per unit, high volumes of sales and a high return on capital employed. With this philosophy in mind, Prahalad (2005) has identified 12 principles that constitute the building blocks of innovation for BOP markets. These 12 principles focus on overcoming the challenges of servicing the needs of BOP consumers and offers insight into the successful strategies that can be adopted by businesses that are planning to venture into BOP markets.

Prahalad’s (2005) 12 principles of innovation for BOP markets include:

❖ *Focus on price performance of products and services*

Prahalad (2005) advocates that serving the BOP markets is not simply about lowering prices but is also about product performance in terms of quality and usage. According to the World Economic Forum (2009b), BOP consumers are value-conscious consumers who do not necessarily have a preference for ‘cheaper or stripped-down versions’ of more expensive offerings but desire high-quality products that they can trust and understand how to use, even if acquiring the products at a slightly higher price results in them having to ration their use thereof.

Procter and Gamble realised that due to cash constraints, their BOP consumers in Mexico did not purchase fabric softener for their clothes because they could not afford to buy both washing powder and fabric softener (Rost & Ydrén, 2006). As a response to this, Procter and Gamble created a formula using their Ariel brand of washing powder together with their Downy brand of fabric softener to develop a new product called ‘Ariel with a Touch of Downy’ which evolved into a BOP market success since consumers were gaining a ‘2-in-1’ deal for the price of one (Rost & Ydrén, 2006).

Another strategy that transforms this principle of innovation into workability for BOP markets is the concept of product bundling. Procter and Gamble collaborated with companies like Kelloggs and Danone in the creation of a breakfast product bundle which consists of a nutritional breakfast cereal (provided by Kelloggs) with yoghurt (supplied by Danone) and a fibre drink, Metamucil (supplied by Procter and Gamble) (Rost & Ydrén, 2006).

❖ *Innovation requires hybrid solutions*

Innovations for serving the poor require scalable, price-performance-enhancing solutions in which new technology is creatively blended with the existing infrastructure of BOP markets (Prahalad, 2005). Mobile telephony and wireless networks that create greater ease in the transmission of information and communication is now regarded as the key to successfully engaging with BOP consumers (United Nations Development Programme, 2008). Mobile banking or M-Banking offers financial services to millions of people, who previously lacked bank accounts, through the use of mobile telephones which can also be used to facilitate retail purchases, payment of bills as well as quasi-deposits into accounts. M-Banking has freed consumers from infrastructural constraints such as the need for physical bank branches or access to a wired network in order to transact and this phenomenon is spreading across most developing countries (United Nations Development Programme, 2008).

In South Africa, simple identification systems based on the use of smart cards (which contain microprocessors that hold important data) are facilitating payment processes, for both vendors and consumers. The Amanz'abantu ("water for the people") smart card system allows rural villagers in the Eastern Cape to access up to 25 litres of free, clean water per day from shared taps by using smart cards. Any extra water required can then be obtained for a low cost by uploading money onto the smart cards using card readers in village shops (United Nations Development Programme, 2008).

Utilising internet kiosks has enabled farmers in India to improve their bargaining power as well as eliminate the need for middlemen. Information and Communication Technology's (ITC's) e-Choupal initiative allowed Indian farmers to access information on computers via the e-Choupal networks in order to assist them in deciding when and how much of their products to sell, thereby helping them improve profit margins (Prahalad, 2005).

❖ *Scale of operations*

Since the scale of operations is imperative for achieving profitability, an innovation must be transferable across countries, cultures and languages (Rost & Ydrén, 2006). Expanding the scale of operations requires a decentralised and localised approach in which successful ways of doing business are adapted and transferred from one region to another using a new set of partners and collaborators, and a strong local focus must be maintained as this is crucial for success (World Economic Forum, 2009a).

Training by MNCs becomes inherent in extending scale of operations in BOP markets. In Indonesia, for instance, Unilever (with the assistance of a local university and certain researchers) was able to find a group of farmers who agreed to produce black soybeans in exchange for a secure market for the product, access to credit as well as technical assistance with regard to producing good quality soybeans. This arrangement created a win-win situation for both Unilever and the farmers in that the profits were shared between the parties, middlemen were eliminated and a better return on investment and labour was achieved (Rost & Ydrén, 2006). Training the poor to be trainers also has positive spin-offs in that the benefit of instruction extends far beyond the initial circle of trainees and local trainers are trusted by the community and are, therefore, better able to channel the messages across as they are able to speak the local language. Farmer-to-farmer training in the agricultural sector has proven to be effective as business practices are adapted to local conditions and farmers take their trained peers' advice seriously.

Prahalad (2005) advises MNCs to form collaborative business arrangements with local entrepreneurs and empower them with the knowledge and skills that will harness the full profit potential of their business ideas. It's becoming common practice in BOP markets for companies to provide local retailers with technical and retail management skills that are crucial for the expansion of scale of operations. In Ghana, traditional money collectors, known as Susu collectors, teamed up with Barclays Bank and were given network training on financial credit and risk management and delinquency management in order to offer low-income consumers a wider range of safer savings and loan options (World Economic Forum, 2009a).

❖ *Sustainable Development: Eco-Friendly*

Innovations must be sustainable, ecologically-friendly and be able to reduce resource wastage (Prahalad, 2005). Companies can lessen their costs, establish a socially responsible reputation in BOP markets and protect future raw material sources by introducing strategies that minimise the detrimental impact on the environment. Grameen Danone Foods in Bangladesh designed a factory to use harvested rainwater, solar power and biogas to manufacture their yoghurt, Shakti Doi ('energy yoghurt'). This yoghurt has sufficient nutrients to meet up to 3% of a child's daily nutritional requirements and is packaged in biodegradable cups made from cornstarch (World Economic Forum, 2009a).

Companies are encouraged to utilise renewable energy technologies in order to do business in a more environmentally sustainable way. Sadia, a food processing company in Brazil, has integrated environmental sustainability into its revenue design with its eco-friendly Sustainable Swine Production Programme. More than 3500 swine producers were provided with biogesters which use bacteria to ferment swine waste in closed reservoirs in order to convert the resultant methane gas into carbon dioxide, thereby reducing greenhouse gas emissions. These producers earn carbon points under the Kyoto Protocol Clean Development Mechanism which can be traded with other companies. The gases produced in this process can be used as a source of energy thereby lowering the operating costs of producers and the by-product of the fermentation process can be utilised as crop fertilizer and a food source for fish breeding (United Nations Development Programme, 2008). In the Shuangcheng district in China, Nestlé also uses farm-based biogesters to provide low-cost energy to farm households whilst providing a sustainable way of dealing with storage of cow manure. By 2007, approximately 4000 cheap, adequately-sized biogas digesters had been installed on 74 farms (World Economic Forum, 2009a).

CocoTech, a company that produces geotextiles in the Philippines, used coconut husks to produce biodegradable nets that help to settle vegetation in the soil and prevent soil erosion after the company realised that coconut production in the Philippines had resulted in approximately 6 billion kilograms of coconut husk waste per annum and contributed considerably to greenhouse gas emissions. The cocofibre is much cheaper than imported synthetic materials that were previously used and the company employs people from the rural areas, thereby providing them with a means to earning an income (United Nations Development Programme, 2008).

Being able to curb pollution is of paramount importance when designing innovations. With this objective in mind, BK Environmental Innovations, an organisation based in Hyderabad, India, has created edible cutlery called "bakeys". The cutlery is environmentally-friendly and will be able to disintegrate within a day if consumers choose not to eat them after use. Plastic utensils which contributed to the problem of pollution, as a result of being discarded after a single use, had spawned the idea of creating edible cutlery. The company employs impoverished individuals to assist with production, thereby providing them with a means to earning an income. In order to enhance aesthetical appeal of the product, the pulp from different vegetables is added during production, so as to create an array of attractive colours (Shah, 2009).

In India, the organisation Sulabh uses sanitation technologies in the form of a two-pit water toilet to dry sewage. Seeping water from the pit walls are filtered and does not contaminate ground water and the solid waste that is dried to form lumps is then removed (United Nations Development Programme, 2008).

❖ *Focus on a deep understanding of functionality and not just form*

Prahalad and Hart (2002) believe that it is not possible to simply take products that were developed for non-BOP markets and sell them at lower prices to BOP consumers in emerging markets. Businesses need to take cognisance of the nature and functioning of BOP markets in order to design practical products that will enhance welfare.

Due to nutritional deficiencies, fortified foods in the form of staples that are enriched with micronutrients such as iron and Vitamin A are being developed for BOP consumers to help them overcome health problems (World Economic Forum, 2009a). Brittania, an Indian food manufacturer that produces iron-fortified biscuits called Banana Biscuits, was able to position itself as a food company with a nutritional focus after working in a joint effort with the Naandi Foundation (a public trust that focuses on children's rights to nutrition) and the Global Alliance for Improved Nutrition (GAIN) to gain valuable insight into the needs of the BOP market. Brittania is currently using this insight to explore the development of additional product lines of fortified foods for low-income, as well as their affluent consumers (World Economic Forum, 2009). GAIN was also involved in another collaborative initiative with China's Centre for Disease Control (CDC) and Zhenji (a soy manufacturer) to combat iron deficiency by introducing an affordable soy sauce that is fortified in iron. The product was priced at just 1 cent above that of traditional soy sauce products and is a much cheaper alternative to iron-deficiency anaemia (IDA) medicinal treatments (World Economic Forum, 2009a).

A deep understanding of how BOP consumers use products can lead to innovative creations in which businesses design multi-purpose products that are highly differentiated from competing products. Haier, an appliance manufacturer based in China, redesigned washing machines in order to accommodate washing potatoes and other vegetables after realising that rural consumers, who grew potatoes in the Sichuan region in China, were using their washing machines for rinsing the mud off potatoes in addition to doing laundry. Haier's engineers modified the washing machines by installing wider pipes in order to prevent clogging by vegetable peels and potatoes and affixed instructions onto the newly-developed washing machines pertaining to the cleaning of potatoes and other vegetables. The company later developed another washing machine that makes cheese from goats' milk (Anderson & Billou, 2007).

The BOP proposition advocates the use of smaller-unit packages in order to create affordability, encourage consumption and offer greater variety of choice to BOP consumers. D'Andrea (2004 cited in Pitta *et al*., 2008) supports the use of sachet packaging and found that BOP consumers have a preference for purchasing products in smaller quantities as opposed to large packages purely because of income and household space constraints.

❖ *Process Innovations*

In a market where formal infrastructure is non-existent, innovations must focus on creating a logistics infrastructure and a manufacturing concern that take cognisance of prevailing market conditions (Prahalad, 2005). It is imperative for businesses that serve BOP consumers to reconfigure product supply chains. Sourcing resources and raw materials from local producers is fast becoming the norm with companies targeting BOP markets. This approach boasts the advantages of reducing costs of reaching BOP consumers, providing customised products that match local preferences, providing income to local producers by expanding their supply base and creating trust and credibility of the company and its brands (World Economic Forum, 2009).

Commercialising local raw materials proved fruitful for brewer, SABMiller in Uganda and Zambia where the company redesigned its supply chain to accommodate the availability of local supply of sorghum from small-scale farmers in the production of its Eagle Lager brand (World Economic Forum, 2009a). The company sources sorghum from about 8 000 small-scale farmers in Uganda and about 2 500 in Zambia by working through cooperatives, commodities brokers and NGOs who assist the company in transferring agricultural knowledge and business skills to BOP producers (United Nations Development Programme, 2008).

Establishing cooperatives enables MNCs to bridge the gap between their companies and BOP producers thereby creating economies of scale that will not be available to individual producers (World Economic Forum, 2009a). Amul, a large dairy in India, collects milk twice a day from villagers (who are paid daily) at its collection centre and was responsible for establishing a viable market for these farmers' milk supplies (Prahalad, 2005).

Educating and training new recruits from BOP markets is crucial to maximising output of MNCs as well as capitalising on lower labour costs. Training poor people can help deliver high-quality products, as was the case with Denmore Garment Manufacturers in Guyana, where illiterate women from poor backgrounds were employed and trained in order to equip them with the necessary skills to carry out production activities within the firm (United Nations Development Programme, 2008).

❖ *Deskilling of work*

In most BOP markets, there is a lack of talents and skills and it is, therefore, vital for MNCs to deskill work in order for it to be easily understood by employees from these markets. Denmore produces textiles predominantly for exports to the United States and teaches illiterate women how to read and write their names, count and read labels and garment specifications. Multi-skilled training allows these employees to learn the simple, easy-to-understand steps involved in the entire manufacturing process in order to help them respond quickly and efficiently to tight deadlines and schedules (United Nations Development Programme, 2008).

❖ *Education of customers*

According to Prahalad (2005), innovation in BOP markets requires MNCs to educate consumers on the benefits and correct usage of the products and he advises that more creative approaches to customer education and advertising need to be adopted in 'media-dark' areas of the BOP markets. Since many BOP consumers are unfamiliar with commercial products, they will be reluctant to use them without the advice or recommendations of trusted reference groups such as family and friends. A useful marketing tool to overcome this constraint is to use peer marketing in which the benefits of using the products are communicated to BOP consumers by individuals from their own villages.

Another useful tool in creating awareness of products whilst simultaneously educating consumers on its merits, is the use of demonstrations which allows the BOP consumers to witness the effects of the products instead of relying on hearsay. This strategy was adopted by Hindustan Lever Limited in its Lifebuoy Swasthya Chetna (Lifebuoy Glowing Health) Programme which was aimed at teaching BOP consumers in India that a "visual clean is NOT a safe clean" and demonstrated the benefits of washing their hands with the company's brand of Lifebuoy soap (Prahalad, 2005, p. 227). This health education programme was estimated to have benefited about 70 million people living in rural areas in India (United Nations Development Programme, 2008). The demonstrations involved using glow-germ powder (which represented germs), a black light and a black viewing box. Pairs of consumers were asked to participate in the demonstrations in which glow-germ powder had been applied to the hands of both the participants, one of which was then asked to wash his/her hands with plain water whilst the other washed with Lifebuoy soap and water. When participants placed their hands in the viewing box under the black light, the hands of the participant who washed with water only showed many spots of glow-germ residue than the participant who washed with the soap and water. Hindustan Lever Limited was able to show consumers that utilising soap helps to eliminate germs and bacteria (Prahalad, 2005).

Due to the detrimental health effects of inhaling black carbon from indoor cooking fires, TERI produced a cooking stove that significantly reduced the amount of black carbon that Indian women inhaled during the preparation of meals. Marketing efforts by TERI to showcase the health benefits of this stove failed to resonate with these BOP consumers because they could just not understand how the traditional process of cooking food on an open wood fire, which was used for many generations, was now dangerous for their health. The company had to then alter its educational message to promote the efficiency of the stove in considerably reducing cooking time, and producing more heat to boil water at a much faster rate that an open fire. This new approach resulted in the adoption and appreciation of this product by the target market (Neuwirth, 2012).

Businesses must have the interests of BOP consumers at heart and marketing efforts need to be carried out responsibly, taking cognisance of their prevailing living conditions and lifestyles. Nestlé faced world-wide criticism in the late 1970s for marketing its infant formula to poor mothers in emerging markets who had neither the income nor the understanding of how to utilise the product correctly. Nestlé generously distributed free samples to these consumers without first ensuring that clean water was accessible to them in order to mix the powdered formula. Nestlé did not warn these mothers that their own milk containing essential antigens would dry up after a few days of using only the formula to feed their babies and also overlooked the issue of whether or not these mothers could afford the formula once their free samples were finished. Slogans such as "Nestlé Kills Babies" were published by critics and this eventually led to the development of a code of conduct which eliminated conspicuously bad marketing tactics (Davidson, 2009).

❖ *Designing products for hostile infrastructure*

Prahalad (2005) advises that products must be designed with the hostile environment within which it will be used in mind. In addition to being able to withstand dust, noise and unsanitary conditions, products must also be able to accommodate the low quality of infrastructure in terms of electricity (blackouts) and water (bacterial and viral pollution). Banga and Mahajan (2005 cited in Rost & Ydrén, 2006) used the example of the Oral B Brush Up, which is a disposable textured teeth wiper that is worn on a person's finger and allows him/her to clean his/her teeth, as a useful innovation for the BOP markets. Such a concept was developed for non-BOP markets as a quick way of freshening up but this concept can be adopted in BOP markets as an alternative way of dental care to the conventional brushing of teeth which requires access to clean water which is not always readily available in these markets. Hindustan Lever Limited developed a low-cost washing powder that worked well with less water after realising that a lack of water was a serious problem that plagued many BOP consumers in certain regions (Subrahmanyan & Gomez-Arias, 2008).

MIT Media Labs (2005 cited in Rost & Ydrén, 2006) took the inaccessibility of electricity and living conditions in poor countries into account when it developed the "$100 laptop" which was designed to use an innovative power supply in the form of a wind-up crank in a bid to help educate school children in these markets. In Mali, Électricité de France set up rural energy companies which provided electricity to rural areas using diesel generators, thereby eliminating the need for kerosene lamps, improving the quality of indoor air and reducing respiratory problems (United Nations Development Programme, 2008).

Hindustan Lever Limited realised that Iodine Deficiency Disorder (IDD), which is the principal cause of mental disorders and diseases such as goiter, can be overcome if people in developing countries gained their required daily dose of iodine which was added to salt.

However, through the harsh conditions of transportation, storage and cooking, the salt often lost its iodine content. The company then developed a relatively inexpensive process called microencapsulation in the production of its Annapurna brand of salt. This process ensures that the salt content does not dissolve during transportation and storage and is only released once the salt has been ingested. After educating BOP consumers about the detrimental effects of iodine deficiency and the benefits of consuming Annapurna iodated salt, the company was quite successful in selling its product to the Indian BOP market (Prahalad, 2005).

❖ *Customer interfaces*

According to Prahalad (2005), the design of the customer interface must be carefully planned after significant research has been conducted into the consumers' language preferences, cultural influences and receptiveness to using new technology. Elekra, a Mexican retailer uses fingerprint recognition that enables customers to utilise in-store ATMs so that they need not have the daunting task of remembering their nine-digit ID codes (Prahalad, 2005).

❖ *Distribution: Accessing the customer*

One of the main challenges of commercial enterprises in BOP markets is reaching consumers. Poor infrastructure in terms of roads and warehousing creates impediments with regard to distribution and raises costs. Businesses need to utilise existing informal distribution channels in order to broaden their reach and reduce costs of serving BOP markets. Hindustan Lever Limited outsources the 'last mile' of its distribution network to women from the BOP markets (Shakti Ammas) who receive company products through the mail and then sell them throughout their own neighbourhoods (World Economic Forum, 2009a). Hindustan Lever Limited has also set up distribution networks that use bicycles, motorbikes, canoes and ox-carts to deliver products to remote areas (Debelak, 2011). Neuwirth (2012) suggests that in addition to utilising rural entrepreneurs to expedite the last-mile in terms of product delivery and sales, companies need to aggregate consumer demand into convenient central locations in order to decrease inventory and transportation costs.

Establishing local service providers enables companies to reduce costs in areas with inadequate physical infrastructure and logistics networks, thereby enabling them to respond quickly to customers' needs. As opposed to setting up clinics in rural areas, Pésinet Health Care in Mali innovated a cost-effective way to deliver health care in which it trained qualified local representatives to perform basic check-ups and communicate this information electronically to doctors in the cities. The services provided were more affordable to patients and assisted in reducing the infant mortality rate in the country (World Economic Forum, 2009b).

Innovative distribution channels must not only reduce costs but enhance value as well. Arvind Mills in India introduced "Ruf and Tuf" ready-to-make kits of denim jeans components (denim, zippers, rivets and patch) which were priced at around $6 after realising that BOP consumers in India could not afford the ready-made denim jeans which were priced between $24 and $40 a pair. These kits were distributed through a network of about 4 000 tailors who marketed the kits extensively in small rural towns and villages (Prahalad, 2005).

❖ *Focus on the broad architecture*

Prahalad (2005) believes that MNCs need to challenge the conventional wisdom of doing business in order to pioneer innovative ways of gaining economies of scale, speed, tremendously high quality and extraordinarily low costs of serving BOP markets. Accessing these markets creatively and designing affordable products for them will thwart the long-held assumption that BOP markets are not viable. Providing micro-credit and easy payment systems will enhance affordability of products and services. Micro-financing through group lending schemes boasts the advantage of a low default rate as the defaulting borrowers in the group not only prevent themselves from obtaining future loans but other members of the group as well. Since the failure to repay the loans results in shame and social exclusion, the incentive to repay is quite high (United Nations Development Programme, 2008). In Fiji, a collaborative effort by the United Nations Development Programme and ANZ Bank has resulted in the establishment of a rural banking service in which 6 mobile banks travel regularly to approximately 250 villages to provide BOP consumers with access to finance and banking services (United Nations Development Programme, 2008). Four major banks (Absa, Nedbank, First National Bank and Standard Bank) in South Africa partnered with each other and the state-owned Postbank to bring low-cost, easy-to-use financial and banking services (automated teller machines and savings accounts called "Mzansi") within

15 kilometres of every South African and this partnership served about 3.3 million South Africans from 2004 to 2006 (United Nations Development Programme, 2008).

Prahalad (2005) is confident that these 12 principles of innovation will help to shape the creative strategies for active engagement at the bottom of the pyramid and lead to profitability for MNCs and satisfaction of the needs of BOP consumers.

4.7 CONCLUSION

The review of the literature on the bottom of the pyramid confirms that BOP markets can be targeted to reduce poverty through profits by successfully implementing Prahalad's Bottom of the Pyramid (BOP) proposition. Careful consideration must be given to understanding the nature and living conditions of BOP markets in order to present a market offering that enhances the dignity, health and lifestyles of consumers. It is vital for businesses to act quickly in servicing the needs of the BOP markets in order to capitalise on the first-mover advantage and then work towards creating brand loyalty amongst these consumers.

The following chapter encompasses this study's objectives, research design, description of the population, the appropriate sample and the sampling techniques to be used. In addition, the subsequent chapter provides an elucidation of the study's research instrument and the validity and reliability thereof, as well as the data analysis techniques that will be utilised for the study.

CHAPTER FIVE
RESEARCH METHODOLOGY

5.1 INTRODUCTION

According to Sekaran and Bougie (2010), research can simplistically be defined as a process of attaining solutions to a problem after an in-depth study and analysis of the situational factors. Business research can be described as an organised, scientific, data-based, critical, objective, systematic inquiry or investigation into a specific problem that is encountered in the work setting, with the aim of providing valuable information that will enable the resolution of managerial problems (Cooper & Schindler, 2008; Sekaran & Bougie, 2010). Cooper and Schindler (2008) state that today's dynamic business environment is changing dramatically and that these changes have created a need for new knowledge that should be taken cognisance of by managers when evaluating decisions. Sekaran and Bougie (2010) further add that research will provide the necessary knowledge and information to guide managers in making informed decisions so that problems can be dealt with successfully.

In order for organisations to effectively deal with business matters related to customer satisfaction, information on consumers' needs and their purchase behaviour requires investigation in order to articulate strategies that will help satisfy consumers' wants, build market share and increase brand loyalty. Marketing research is therefore critical in providing pertinent, precise and timely information that forms the basis for sound decision-making. Marketing research can be defined as the systematic design, collection, analysis and reporting of data that is relevant to a specific marketing situation facing an organisation and serves to link the organisation with its market environment (Kotler & Armstrong, 2010; Kumar, Aaker & Day, 1999). This research study aims to understand the needs and consumer behavioural patterns of the South African BOP consumers so that multinational corporations (MNCs) can devise appropriate marketing strategies that can be used to service this market effectively.

This chapter encompasses a discussion on the sampling technique as well as the data collection method that was adopted for this study. A description of the population and the sample used in this study will be provided. A comprehensive elucidation of the analysis of data will be undertaken, lending particular attention to the nature of descriptive and inferential statistics. Statistical analysis of the questionnaire, which is the research instrument of this study, will also be deliberated in this chapter.

5.2 PROBLEM STATEMENT

Will Prahalad's BOP proposition be viable within the South Africa context; how must prevailing strategies be altered in order for MNCs to profitably serve the needs of the BOP consumers in South Africa and what creative strategies need to be articulated in order to form the basis for a model of active engagement and competitive advantage at the bottom of the pyramid?

5.3 OBJECTIVES OF THE STUDY

The objectives of this study are to:

1. Undertake an opportunity and feasibility analysis of Bottom of the Pyramid (BOP) consumers in South Africa to ascertain whether they represent a lucrative market that is large enough for MNCs to serve profitably. In this regard the study will:

- Investigate the BOP consumer spending patterns and buying behaviour to uncover the proportion of income that is spent on basic consumer products and other categories of products and services.
- Determine whether BOP consumers are brand conscious and whether there is potential for MNCs to create brand loyalty amongst these consumers.
- Investigate the ability of BOP consumers to pay off their debt obligations and to determine their savings potential, that is, their willingness and ability to set aside money for a rainy day.
- Investigate the evaluative criteria (eg. quality, quantity, price and packaging) that are used by BOP consumers when making the decision to purchase the products that they do.
- Determine the willingness of BOP consumers to work in collaboration with MNCs to facilitate distribution and/or marketing of products and services to consumers in inaccessible areas.

2. Articulate creative strategies (based on the findings of the opportunity and feasibility analysis above), as part of a model for active engagement and competitive advantage that will enable a win-win engagement between the MNCs and the BOP consumers in South Africa.

5.4 SAMPLING TECHNIQUE AND DESCRIPTION OF THE SAMPLE

This is an empirical research study that adopts the quantitative research approach as this approach will enable the researcher to measure and analyse data using statistics which will be conducive to testing the hypotheses of the study. Furthermore, the researcher will be able to generalise the research findings with the use of the quantitative research approach. The size and geographical fragmentation of the BOP population and the language barriers faced by the researcher warrants the use of quantitative research.

❖ *Population and sample size*

According to Sekaran and Bougie (2010), a population can be defined as an entire group of individuals, things of interest and events that the researcher desires to investigate. Quinlan (2011) states that in social science research, the entire population is often too large to research and lies beyond the scope of the researcher and therefore warrants the selection of a sample. Sekaran and Bougie (2010) agree with Quinlan (2011) that the sampling process begins with a succinct definition of the population in terms of elements, geographical boundaries and the time available for the research. A sample, which is a subset of the entire population, is selected from the population through an appropriate sampling technique and care has to be taken to ensure that the characteristics of the sample are representative of the whole population (Sekaran & Bougie, 2010). Blumberg, Cooper and Schindler (2008) further add that effective sampling enables researchers to select some of the elements of the population and thereafter draw conclusions about the entire population. Sampling boasts the advantages of lowering research costs, increasing the accuracy of results and increasing the speed of data collection (Blumberg, Cooper and Schindler, 2008). Sekaran and Bougie (2010) and Quinlan (2011) state that a sampling frame, which is a complete list or chart of all of the constituents of the population, is used to select the sampling units of the study but caution that available sampling frames may not always be contemporary, up-to-date, complete or accurate.

❖ *Types of sampling*

There are two types of sampling techniques, namely, probability and non-probability sampling (Cooper & Schindler, 2008). Probability sampling designs are utilised when the representativeness of the sample is crucial in the interest of wider generalisability (Sekaran & Bougie, 2010). In probability sampling, the elements in the population have a known non-zero chance of being selected as sample subjects (Blumberg, Cooper & Schindler, 2008; Sekaran & Bougie, 2010). According to Quinlan (2011), probability sampling is based on the theories of the mathematics of probability and this technique, if correctly used, will be able to yield accurate results whilst working with only a fraction of the total population of a study. The different types of probability sampling techniques that can be used are simple random sampling, systematic sampling, stratified sampling, cluster sampling, area sampling and double sampling.

This study will adopt the area sampling technique for the population under investigation. According to Blumberg, Cooper and Schindler (2008), area sampling is the most important form of cluster sampling which involves the division of the entire population into groups of elements which can be randomly selected for the study. The area sampling technique is efficient in reducing excessive sampling costs and is suitable in the instances where practical sampling frames for individual elements are unavailable (Cooper & Schindler, 2008). Sekaran and Bougie (2010) further add that the area sampling technique is appropriately suited to research in which the goal is confined to a certain locality or area. As mentioned previously, the population for this study consists of South African BOP consumers residing specifically within the rural areas, districts or municipalities of South Africa.

With the non-probability sampling technique, the choice of subjects is often arbitrary and left to the discretion of the field workers and this is likely to create greater opportunities for bias to enter the sample selection process (Cooper & Schindler, 2008). The various types of non-probability sampling techniques that can be used are convenience sampling, judgement (or purposive) sampling, quota sampling and snowball sampling (Blumberg, Cooper & Schindler, 2008).

❖ *Sampling method for the study*

As previously stated, the population for this study will include South African BOP consumers living in relative poverty within the rural areas of South Africa. Upon request to the South Africa Institute of Race Relations, the researcher was provided with a Desktop Research Service report which outlined the 2012 relative poverty statistics for the 278 districts and municipalities in South Africa. The population sizes and rates of poverty for each of the districts and municipalities (which were categorized according to provinces) were provided and based on these figures, the researcher was able to calculate the number of people living in relative poverty in each of these regions (last column in Table 5.1). The researcher defined the population for the study as those individuals residing in districts with a poverty rate of 70% or more but owing to the fact that there are provinces with a higher prevalence of poverty than others, the researcher further defined the population to include individuals from the top three municipalities with the highest poverty rates (above 70%) per province. This however, presented a problem in that the top three municipalities in certain provinces (Gauteng, Free State and Western Cape) had poverty rates below 70%. Based on the researcher's decision to include BOP consumers from all 9 provinces in South Africa, just the municipality with the highest poverty rate was selected for Gauteng, Free State and Western Cape. A summary of the population for this study has been provided in Table 5.1.

Table 5.1

The number of people living in relative poverty per rural district and municipality in South Africa

Province	Municipality	Poverty rate (%)	Population (n)	Population living in poverty (n)
Eastern Cape				
1	Matatiele	97.8	203 843	199 358
2	Mnquma	85.5	122 778	104 975
3	Alfred Nzo District Municipality	83.2	801 344	666 718
				971 051
Free State				
1	Mohokare	70.2	34 146	23 970
				23 970

Table 5.1 continued

The number of people living in relative poverty per rural district and municipality in South Africa

Province	Municipality	Poverty rate (%)	Population (n)	Population living in poverty (n)
Gauteng				
1	Westonaria	47.1	111 767	52 642
				52 642
KwaZulu-Natal				
1	Ingwe	90.5	100 548	90 996
2	Kwa Sani	88.4	12 898	11 402
3	Impendle	85.1	33 105	28 172
				130 570
Limpopo				
1	Makhuduthamaga	75.4	274 358	206 866
2	Blouberg	73.5	162 629	119 532
3	Aganang	72.1	131 164	94 569
				420 967
Mpumalanga				
1	Bushbuckridge	79.8	541 248	431 916
2	Dipaleseng	71.1	42 390	30 139
				462 055
North West				
1	Ratlou	75.4	107 339	80 934
2	Kgetlengrivier	75.0	51 049	38 287
3	City of Matlosana	74.0	398 676	295 020
				414 241
Northern Cape				
1	Khai-Ma	75.0	12 465	9 349
2	Joe Morolong	73.8	89 530	66 073
				75 422
Western Cape				
1	Laingsberg	66.4	8 289	5 504
				5 504
Total population living in poverty (n)				**2 556 422**

As previously mentioned, the area sampling approach was used for this study. Based on this sampling design, homogeneous clusters of BOP consumers in South Africa have been identified according to the different municipalities (Table 5.1). The sample size for the study was calculated using an online Sample Size Calculator (Sample Size Calculator, 2014). The population for this study (2 556 422 subjects), a confidence level of 95% and a confidence interval of 4% were used to generate a sample size of 600 subjects (Sample Size Calculator, 2014). Due to time constraints and exorbitant costs associated with data collection, the researcher decided to conduct fieldwork in the provinces with the highest prevalence of people living in relative poverty (Eastern Cape, KwaZulu-Natal and Limpopo). The researcher acknowledged that the rural areas within these selected provinces housed predominantly Black South Africans and in order to gain a diverse perspective from the inclusion of another racial group in South Africa, Western Cape was included in the sample as the rural regions within this province consisted primarily of Coloured South Africans. The justification for the selection of the provinces with the highest prevalence of people living in relative poverty (Eastern Cape, KwaZulu-Natal and Limpopo) was further enhanced by the poverty statistics reflected in Table 5.2.

Table 5.2

Poverty rate by district and metropolitan municipality, 2011

Province	Municipality	* Poverty rate (%)
Eastern Cape		
	Cacadu	60.4
	Amathole	76.1
	Chris Hani	73.3
	Joe Gqabi	75.6
	O.R.Tambo	75.8
	Alfred Nzo	78.8
	Buffalo City Metropolitan (East London and King William's Town)	60.4
	Nelson Mandela Bay Metropolitan (Port-Elizabeth)	55.0
Free State		
	Xhariep	67.1
	Lejweleputswa	62.8
	Thabo Mofutsanyane	69.1
	Fezile Dabi	61.2
	Mangaung Metropolitan (Bloemfontein)	54.4
Gauteng		
	Sedibeng	57.1
	West Rand	52.9
	Ekurhuleni Metropolitan (East Rand)	52.4
	Johannesburg Metropolitan	49.4
	Tshwane Metropolitan (Pretoria)	45.3
KwaZulu-Natal		
	Ugu	67.7
	Umgungundlovu	60.9
	Uthukela	69.7
	Umkhanyakude	72.8
	Uthungulu	62.9
	Sisonke	74.7
	Umzinyathi	73.6
	Amajuba	65.3
	Zululand	69.2
	iLembe	69.0
	eThekwini Metropolitan (Durban)	55.4
Limpopo		
	Mopani	74.0
	Vhembe	74.2
	Capricorn	68.2
	Waterberg	61.9

Table 5.2 continued

Poverty rate by district and metropolitan municipality, 2011

Province	**Municipality**	*** Poverty rate (%)**
Limpopo		
	Greater Sekhukhune	72.0
Mpumalanga		
	Gert Sibande	60.1
	Nkangala	55.5
	Ehlanzeni	67.6
North West		
	Bojanala	58.1
	Ngaka Modiri Molema	67.8
	Dr Ruth Segomotsi Mompati	72.3
	Dr Kenneth Kaunda	59.5
Northern Cape		
	Namakwa	51.7
	Pixley ka Seme	58.2
	Siyanda	52.6
	Frances Baard	56.3
	John Taolo Gaetsewe	62.4
Western Cape		
	West Coast	46.7
	Cape Winelands	47.9
	Overberg	49.8
	Eden	50.2
	Central Karoo	57.2
	Cape Town Metropolitan	44.0

**** The poverty rate in this table refers to the proportion of households in the municipality with a monthly income below R2 300 in 2011.***

The Gaffney Group cited in the *South African Institute of Race Relations: South Africa Survey (2013)*. Municipal Poverty: Poverty rate by district and metropolitan municipality, 2011. *Online*. Accessed March 16, 2015, from the World Wide Web: http://irr.org.za/reports-and-publications/south-africa-survey/south-africa-survey-online-2012-2013/downloads/2013-survey-assets-incomes.pdf, p. 346-347.

As evident in Table 5.2, there are multiple municipalities within Eastern Cape (Amathole, Chris Hani, Joe Gqabi, O.R.Tambo, Alfred Nzo), KwaZulu-Natal (Umkhanyakude, Sisonke, Umzinyathi) and Limpopo (Mopani, Vhembe, Greater Sekhukhune) that have poverty rates in excess of 70%; hence the decision to draw samples from these provinces together with the Western Cape is justified. Consequently, the sample for this study consists of people from the regions with the highest prevalence of poverty in South Africa.

As mentioned previously, the minimum sample for this study was calculated as 600 subjects. However, the researcher received 631 correctly completed questionnaires. The biographical details of the 631 respondents are outlined in Table 5.3.

Table 5.3

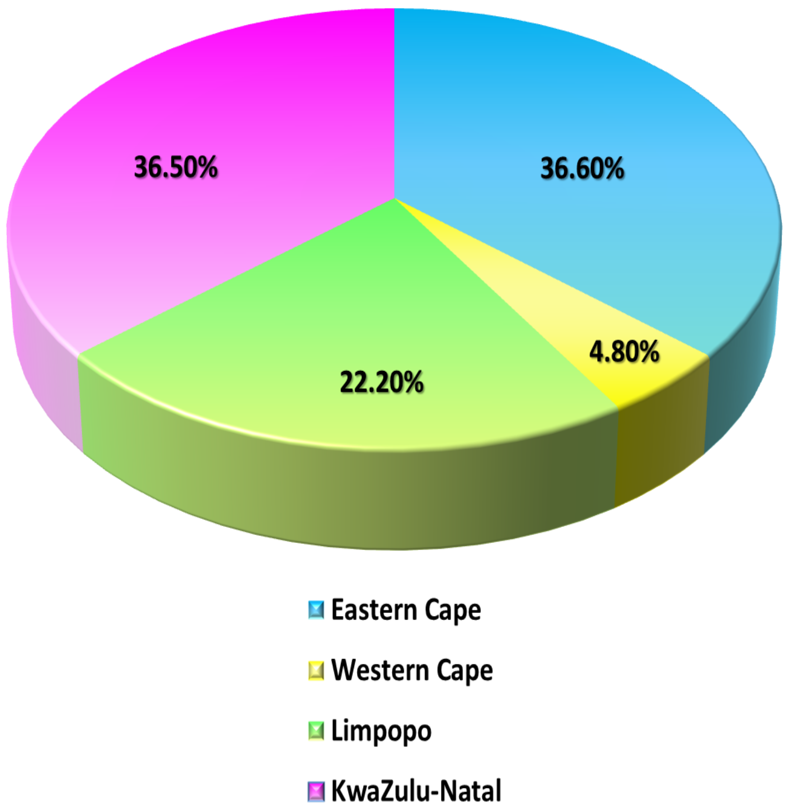
Frequency distribution of biographical variables

		n	%
Region	1.0	231	36.6%
	2.0	30	4.8%
	3.0	140	22.2%
	4.0	230	36.5%
	Total	**631**	**100.0%**
Gender	Male	262	41.5%
	Female	369	58.5%
	Total	**631**	**100.0%**
Age in Years	18-29	132	20.9%
	30-39	141	22.3%
	40-49	140	22.2%
	50-59	111	17.6%
	60 and over	107	17.0%
	Total	**631**	**100.0%**
Race	African	601	95.2%
	Coloured	30	4.8%
	Total	631	100.0%
Highest Educational Qualification	No education	96	15.2%
	Primary school	221	35.0%
	High school	239	37.9%
	Diploma	59	9.4%
	Degree	16	2.5%
	Total	**631**	**100.0%**
Monthly income	Under R250	61	9.7%
	R251-R500	132	20.9%
	R501-R1000	131	20.8%
	R1001-R1500	167	26.5%
	R1501-R2000	71	11.3%
	Above R2000	69	10.9%
	Total	**631**	**100.0%**
Number of people living in households	1-3	184	29.2%
	4-6	236	37.4%
	7-9	153	24.2%
	10 or more	58	9.2%
	Total	**631**	**100.0%**

As evident in Table 5.3, the biographical variables included region, gender, race, age, highest educational qualification, monthly income and the number of people living in households.

Figure 5.1 provides a graphical depiction of the percentages of respondents from each of the selected provinces.

Figure 5.1
Composition of Sample by Regions/Provinces

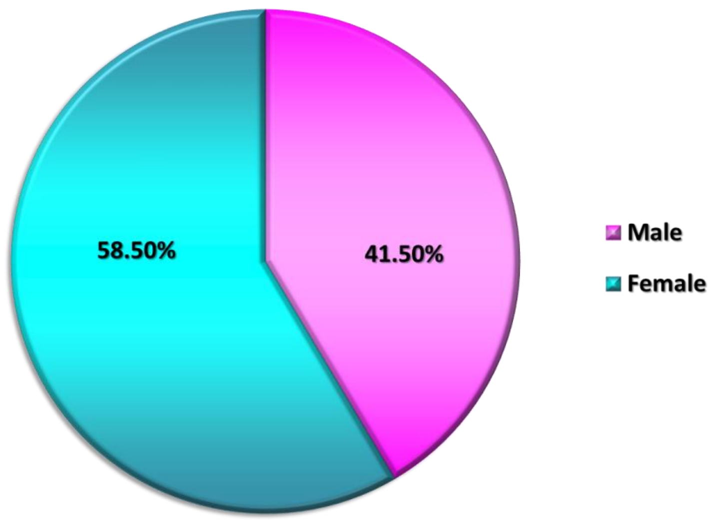


The highest proportions of respondents for this study are from the Eastern Cape (36.6%) and KwaZulu-Natal (36.5%). The Limpopo province has a proportion of 22.2% of the respondents and 4.8% of the respondents for this study are from the Western Cape.

According to the statistics from Table 5.3, 369 female and 262 male respondents participated in this study thereby indicating that there are 107 more female respondents than males in this study. Figure 5.2 provides an illustration of the gender proportions of the 631 respondents of this study.

Figure 5.2

Composition of Sample: Gender

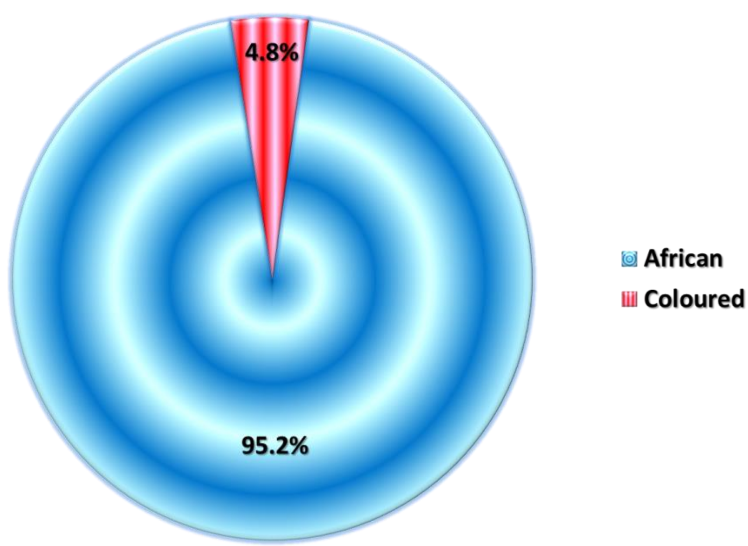


As evident in Figure 5.2, the majority of the respondents are females (58.5%) whilst 41.5% of the respondents are males.

Figure 5.3 provides a graphical representation of the percentages of respondents according to race groups.

Figure 5.3

Composition of Sample: Race

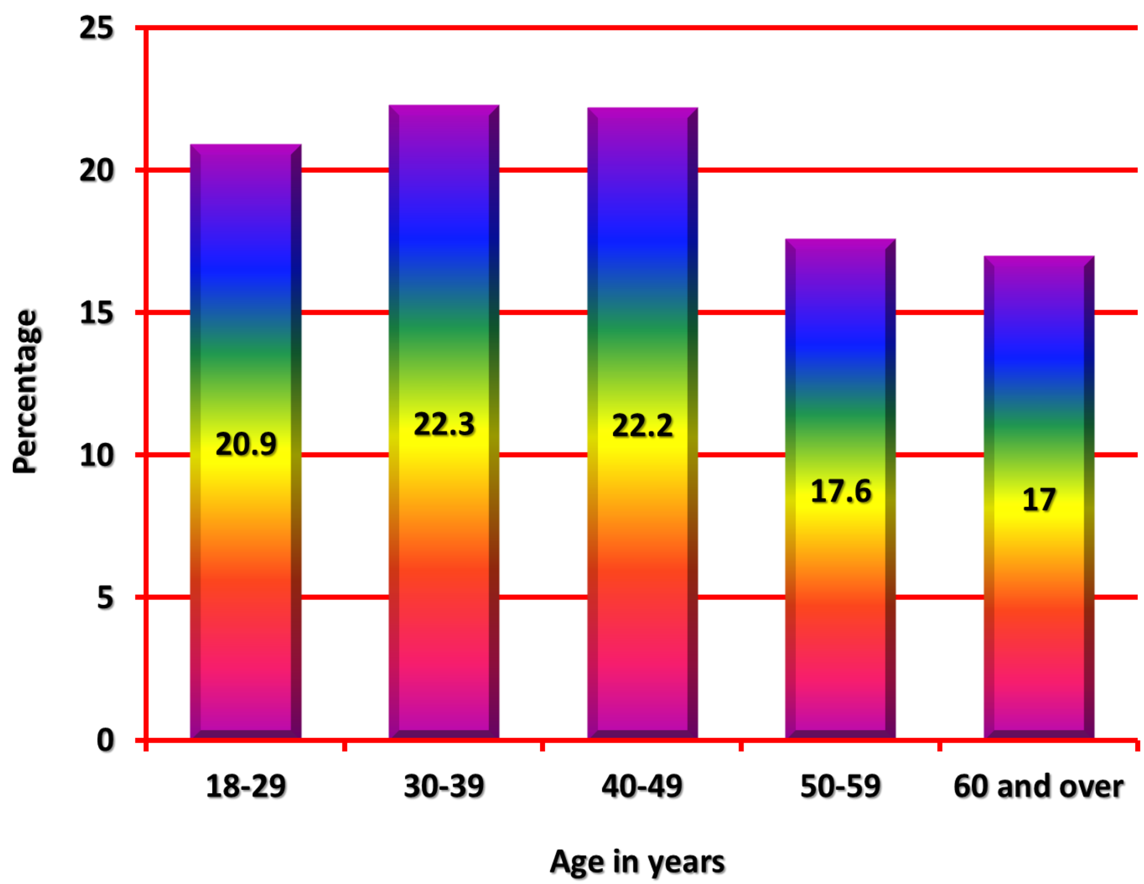


As evident in Figure 5.3, the sample of this study comprises respondents from just two race groups. Black South Africans account for 95.2% of the respondents whilst Coloured South Africans constitute the remaining 4.8% of the respondents of this study.

Figure 5.4 provides a graphical depiction of the percentages of respondents from the various age categories of the study.

Figure 5.4

Composition of Sample: Age in years



As evident in Figure 5.4, the highest proportions of respondents are from the 30-39 years (22.3%) and 40-49 years (22.2%) age group categories. The 18-29 years age category has a proportion of 20.9% of the respondents, followed by the 50-59 years (17.6%) and 60 years and over (17%) age categories.

A graphical portrayal of the educational qualifications is presented in Figure 5.5

Figure 5.5

Composition of Sample: Highest Educational Qualification

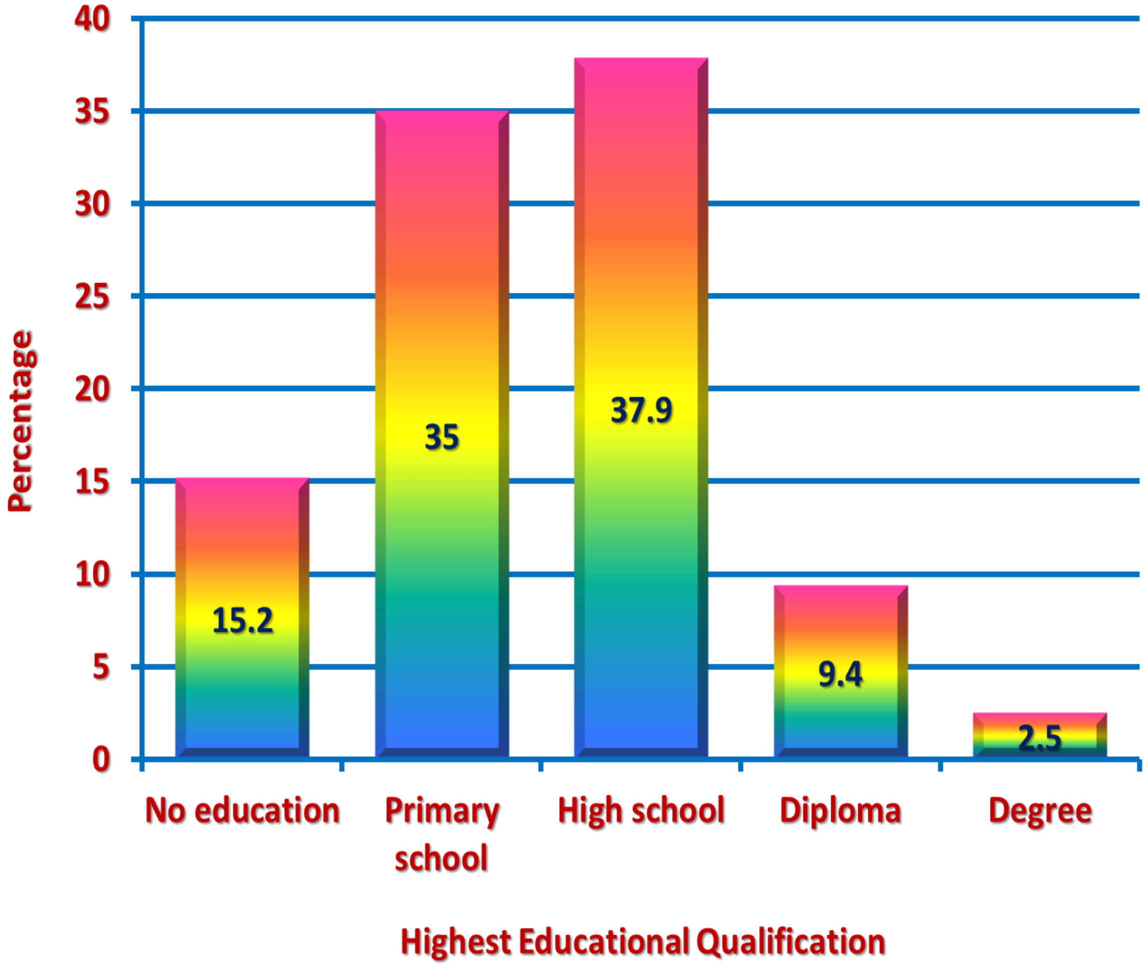
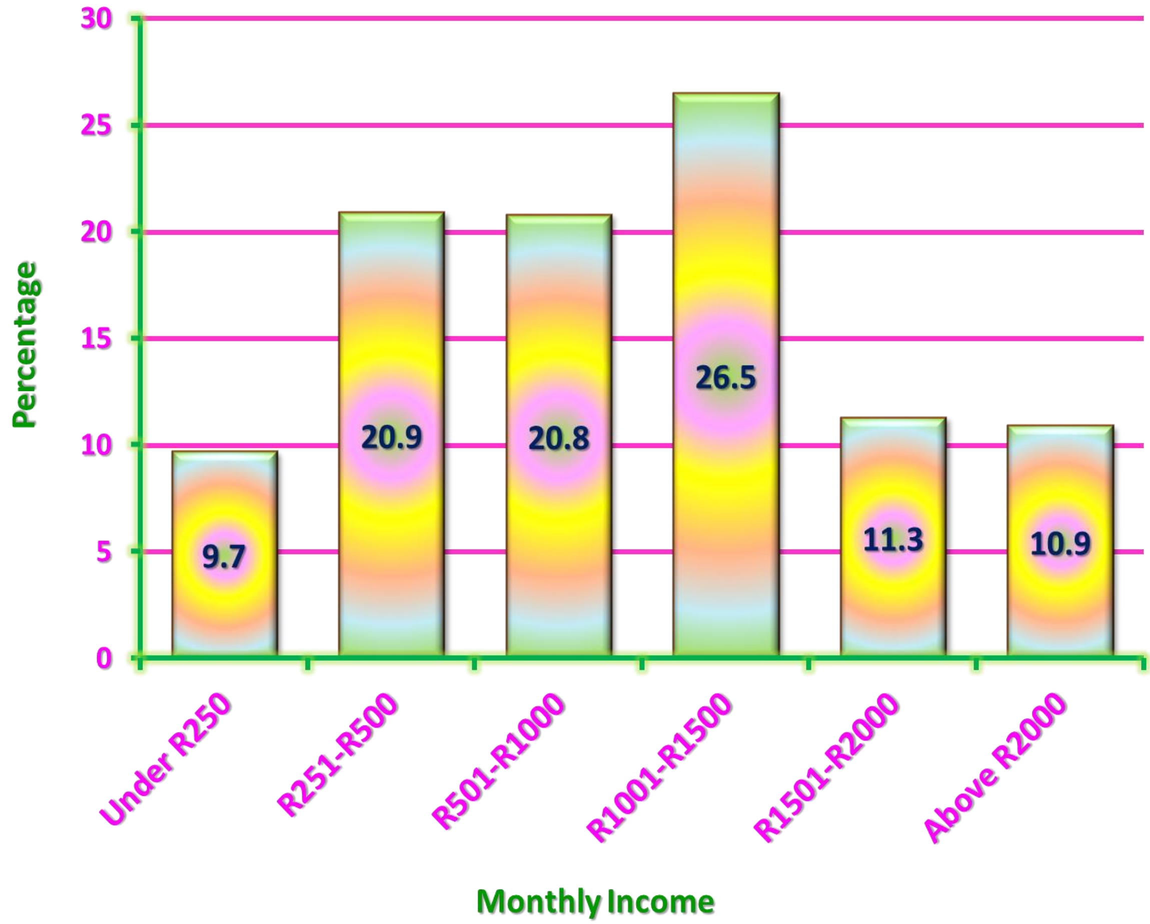


Figure 5.5 reflects that the majority of the respondents (37.9%) have a high school educational background. Thirty-five percent of the respondents are in possession of a primary school educational qualification whilst 15.2% of respondents have no formal education. Respondents who have diploma qualifications account for 9.4% of the sample and a meagre 2.5% of the respondents of this study are graduates with degree qualifications.

Figure 5.6 renders a graphical depiction of the monthly income categories of the respondents of this study.

Figure 5.6

Composition of Sample: Monthly Income



As apparent in Figure 5.6, the majority of the respondents (26.5%) earn between R1001 and R1500 per month, followed by the R251-R500 (20.9%) and R501-R1000 (20.8%) monthly income categories. Respondent who earn between R1501 and R2000 per month comprise 11.3% of the sample whilst 10.9% of the respondents earn above R2000 per month. Respondents who earn below R250 per month account for 9.7% of the sample for this study. It should be noted that the population for this study is defined in terms of people living in relative poverty which means that these individuals reside in households with incomes lower than the poverty income and varies in accordance to household sizes. Evidently, the larger the size of the household, the more income is required in order to keep its members out of poverty.

Figure 5.7 provides an illustration of the household-size categories of the respondents of this study.

Figure 5.7

Composition of Sample: Number of people living in households

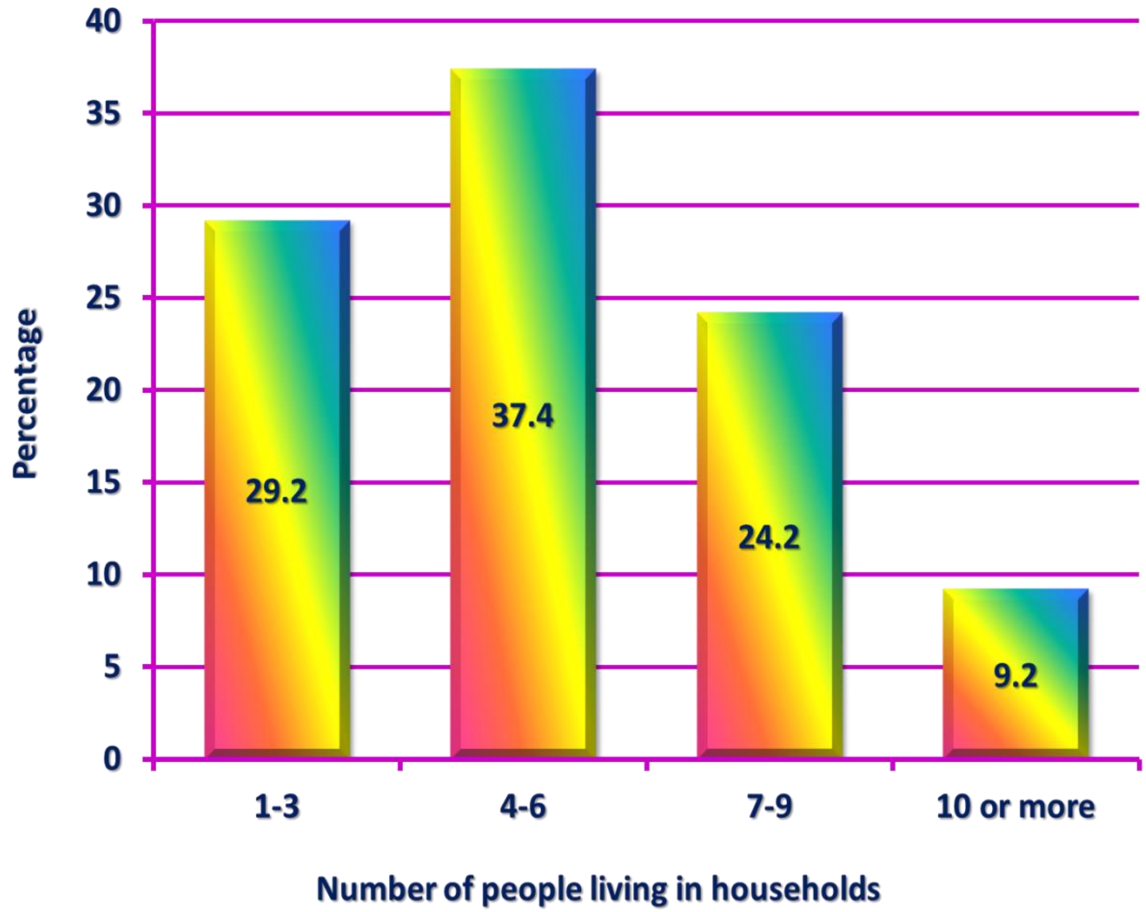


Figure 5.7 illustrates that the bulk of the respondents (37.4%) live in households comprising 4-6 individuals. Respondents living in households of 1-3 people constitute 29.2% of the sample and respondents residing in households of 7-9 individuals represent 24.2% of the sample of this study. Respondents dwelling in households of 10 or more individuals comprise 9.2% of the sample of this study.

A detailed discussion on the research instrument and the construction thereof, as well as how the data was collected and analysed will subsequently be provided.

5.5 DATA COLLECTION

According to Sekaran and Bougie (2010), the exactitude and effectiveness of a research project is highly dependent on the source of the information and the manner in which data is collected. The sources of data will firstly be outlined, thereafter, followed by an elucidation of the data collection method for this study.

5.5.1 SOURCES OF DATA

Data can be obtained from primary or secondary sources. Primary data is a term that is used to describe information that has been obtained first-hand by the investigator on the variables of significance for the explicit purpose of the study (Sekaran & Bougie, 2010). Primary sources of data include observation, interviews, focus groups, panels, questionnaires and internet research (Quinlan, 2011). According to Blumberg, Cooper and Schindler (2008), secondary data encompasses information that has previously been collected and recorded by other people for other research intentions. Sekaran and Bougie (2010) outline that secondary sources of data include case studies, periodicals, books, journal articles, government publications, statistical abstracts, census data, the media, databases and annual reports of companies. Sekaran and Bougie (2010) state that seeking secondary data sources has the advantage of saving time and costs associated with information acquisition. However, Blumberg, Cooper and Schindler (2008) assert that the major drawback of relying on secondary data is that data may be inadequate, inaccurate and obsolete. The data collection method that will be adopted for this study is a questionnaire.

5.5.2 QUESTIONNAIRES

A questionnaire consists of a pre-formulated set of written questions to which respondents are requested to record their answers, which ordinarily comprises closely related alternatives (Sekaran & Bougie, 2010). Bryman and Bell (2007) agree with Sekaran and Bougie (2010) that a questionnaire is a suitable research instrument in the instance where the researcher is aware of precisely what is required about the topic under investigation and how the variables of interest ought to be measured. Questionnaires can be administered personally, through mail or distributed electronically. In this study, questionnaires were administered personally and trained fieldworkers assisted respondents to complete the questionnaires. This approach was suitable owing to the fact that these respondents have limited education or are illiterate and required assistance in the completion of the questionnaire. Further to this, the advantage of using the personally administered questionnaires is that a good rapport can be established with respondents and any doubts can be clarified by the fieldworkers (Sekaran & Bougie, 2010). A team of fieldworkers from the four selected provinces (Eastern Cape, Western Cape, Limpopo and KwaZulu-Natal) were recruited and trained by the researcher in terms of the requirements of the data collection process. The advantage of having trained fieldworkers assist respondents in completing the questionnaire was that a low-response rate and incomplete questionnaires were avoided in this study.

❖ *Construction of the questionnaire*

Sekaran and Bougie (2010) advise that the language of the questionnaire must suit the level of understanding of the respondents and that the choice of words selected must be dependent on the level of education of respondents. It is for this reason that the researcher compiled a very simple questionnaire with statements that were very easy to understand by the BOP respondents of this study (Appendix 1). Further to this, the questionnaire was translated by a reputable company into three African languages of preference (isi-Zulu, Tshivenda and Xhosa) for the various provinces (Appendices 2-4). The researcher was provided with a Translation Certificate (Appendix 5) that certifies that the original questionnaire was translated into the different languages by expert translators and that the content retained the same meaning as the original English version.

Closed-ended questions were utilised in the questionnaire. Zikmund (2003) outlined that the advantage of using closed-ended questions is that it assists respondents in answering questions easily and speedily. Sekaran and Bougie (2010) further add that closed-ended questions boast the benefits of easy coding of responses. The educational levels of respondents and the magnitude of this study (sample of 600 elements) warrants the use of closed-ended questions. The researcher chose not to utilise open-ended questions in the research instrument because of the lengthy time and exorbitant costs involved in the translation of the responses into English.

The questions were both positively and negatively worded in order to avoid respondents mechanically circling responses on one end of the scale. The questionnaire (Appendix 1) is divided into two sections. Section A of the questionnaire uses a nominal scale to record the biographical details (age, highest educational qualification, monthly income and number of people living in a household, gender and race) of the BOP consumers. Nominal scales allow a researcher to assign subjects to various categories or subgroups (Sekaran & Bougie, 2010). Section B of the questionnaire uses an ordinal scale in which consumers were requested to rank certain variables in order of importance to them, as well as an interval scale in the form of a 5-point Likert scale. This scale ranges from:

(1) Strongly Disagree (SD)

(2) Disagree (D)

(3) Neither Agree nor Disagree (N)

(4) Agree (A) to

(5) Strongly Agree (SA)

An ordinal scale that uses a rank-order system, categorizes information in a meaningful way that is of pertinence to the respondent, thereby allowing the researcher to identify the variables that are comparatively more important than others (Sekaran & Bougie, 2010). A Likert scale measures the strength and direction of a respondent's opinions and feelings towards certain variables and is simple and easy to construct (Sekaran & Bougie, 2010).

The nature of the variables of interest of this study, as outlined in Section B of the questionnaire (Appendix 1), is subjective whereby the respondents' beliefs, perceptions, attitudes and behavioural patterns were measured. The variables of interest (key dimensions of the study) include BOP consumers' perceptions of:

- branding;
- savings potential and ability to pay off debt;
- price and affordability of products;
- quality of products;
- appearance and acceptability of products;
- adaptability of existing products to their living conditions;
- functionality and performance of products;
- packaging and quantity of products;
- advertising and awareness of products;
- accessibility and availability of products and
- partnering with MNCs.

❖ *In-house pretesting and pilot testing*

It is imperative to pretest the research instrument in order to ensure that respondents are able to comprehend the questions so as to avoid inadequacies and ambiguity in the questions (Kumar, Aaker & Day, 1999). A pilot test was conducted (prior to the actual commencement of the study) on a small group of 15 BOP consumers from the KwaZulu-Natal region. The rationale for conducting the pilot test was to investigate the feasibility of the proposed procedure, as well as detect possible shortcomings and flaws in the measurement procedures. The suitability of the design of the questionnaire was also tested and it was not necessary to implement any changes before the actual commencement of this study.

❖ *Validity and reliability*

When undertaking a research study, the researcher needs to be certain that he/she is measuring the correct concepts and not something else. Therefore, it is imperative to apply certain tests of validity in order to test the goodness of measures. According to Sekaran and Bougie (2010), validity can be sub-divided into three broad headings, namely, content validity, criterion validity and construct validity. For the purpose of this study, the researcher will use content validity and face validity as a validity measure. Content validity ensures that the measure includes a sufficient and representative collection of items that tap the concept. The more the scale items represent the domain or universe of the concept being measured, the greater the content validity (Sekaran & Bougie, 2010). The items in the questionnaires were included based on recurring patterns that emerged when conducting the literature review so as to ensure content and face validity. Sekaran and Bougie (2010) state that face validity is deemed as a basic and minimum index of content validity and that the items intended to measure a concept, do, on the face of it, look like they measure the concept.

The reliability of a measure reflects the degree to which the measure is without bias (error free) and, hence, ensures dependable measurement across time and across the numerous items in the instrument (Sekaran & Bougie, 2010). Quinlan (2011) concurs with Sekaran and Bougie (2010) that reliability is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the “goodness” of a measure. For this research study, reliability was ensured through consistency in the processes that were used to administer the research instrument to sample respondents.

After the questionnaires were administered in the different provinces, they were batched and posted to the researcher who, on receipt thereof, checked that these questionnaires were completed correctly. The trained fieldworkers ensured that respondents answered all questions and followed the researcher's instructions when completing the questionnaires. The researcher had designed a pre-coded questionnaire for the study. Coding, which involves assigning numbers to participants' responses so that these responses can be entered into a database, is the first step in the data preparation process (Sekaran & Bougie, 2010). To facilitate this process, a coded template sheet was designed to meet these requirements and data from the completed questionnaires were captured in SPSS Data Editor (Special Package for Social Sciences).

5.6 DATA ANALYSIS

The data collected will subsequently be analysed using both descriptive and inferential statistics. Descriptive statistics will allow for the presentation of results through frequencies, measures of central tendency and dispersion (Cooper & Schindler, 2008; Sekaran & Bougie, 2010). The three measures of central tendency are mean, median and mode. Measures of dispersion comprise the range, standard deviation, variance and minimum and maximum values. Inferential statistics will include the use of Pearson's chi-square correlation, Spearman's rank-order correlation, Kruskal-Wallis t-Test, Kruskal-Wallis one-way ANOVA and Mann-Whitney U-Test.

5.6.1 DESCRIPTIVE STATISTICS

Descriptive statistics are used to explain the rudimentary features of the data in a study. According to Kumar, Aaker and Day (1999), it provides simple summaries about the sample and the measures. Frequency distributions, measures of central tendency and measures of dispersion are the most common tools used for descriptive statistics.

❖ *Frequencies and percentages*

According to Sekaran and Bougie (2010), frequencies basically refer to the number of times a certain phenomenon occurs, from which the percentage and cumulative percentage of their occurrence can simply be calculated. Frequencies can also be visually presented by bar charts, histograms or pie charts which help to vividly interpret the data (Sekaran & Bougie, 2010; Zikmund, 2003). Percentages are beneficial to showing relative relationships between variables and are widely used as they reveal the importance of illustrations more clearly than original data (Wiid & Diggines, 2009).

❖ *Measures of central tendency*

There are 3 measures of central tendency: the mean, the median and the mode.

The Mean

The mean or average is a measure of central tendency that offers a general picture of the data (Sekaran & Bougie, 2010). According to Wiid and Diggines (2009), it is the sum of all the values divided by the number of values. In terms of the questionnaire of this study, frequency analyses and mean analyses will be conducted for Section B which includes the key dimensions (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/acceptability, adaptability of existing products, functionality/ performance, packaging/quantity, advertising/awareness, accessibility/availability and partnering with MNCs) of the study.

The Median

The median is the middle value within a distribution set. The values are arranged from low to high or vice versa in order to determine the median. In the instance where the sample consists of an equal number of respondents, the median is calculated by dividing the sum of the two middle numbers by two (Wiid & Diggines, 2009).

The Mode

The mode is the value that appears most recurrently in a series of data. In a graphic representation of the data distribution, the mode is always the highest point of the distribution graph (Cooper & Schindler, 2008; Sekaran & Bougie, 2010; Zikmund, 2000).

❖ *Measures of dispersion*

Measures of dispersion reflect how the data is spread around the measure of central tendency (Wiid & Diggines, 2009; Zikmund, 2000). A researcher is often keen on knowing about the variability that exists in a set of observations. Similarly to the measures of central tendency, the measures of dispersion are also unique to nominal and interval data (Sekaran

& Bougie, 2010; Zikmund, 2000). The three measures of dispersion connected with the mean are the range, variance and standard deviation.

- *The Range*

The range refers to the difference in the extreme values in a set of observations and is the difference between the highest and lowest values within a distribution set (Sekaran & Bougie, 2010).

- *The Variance*

According to Sekaran and Bougie (2010, p. 317), “the variance is calculated by subtracting the mean for each of the observations in the data set, taking the square of the difference and dividing the total of these by the number of observations”. The variance provides an indication of how dispersed the data in a data set is (Zikmund, 2003).

- *The Standard Deviation*

The standard deviation describes what the average distance of the distribution values are from the mean score value and offers an index of the spread of a distribution of variability in the data (Sekaran & Bougie, 2010). It is a commonly used measure of dispersion and is simply the square root of the variance (Cooper & Schindler, 2008; Sekaran & Bougie, 2010; Wiid & Diggines, 2009). In this study, this measure of dispersion will be used to assess the extent to which BOP consumers’ perceptions vary in terms of the key dimensions (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/ acceptability, adaptability of existing products, functionality/performance, packaging/ quantity, advertising/awareness, accessibility/availability and partnering with MNCs) of the study.

5.6.2 INFERENTIAL STATISTICS

Inferential statistics consist of statistical approaches that are used to test hypotheses that relate to relationships between variables. Inferential statistics strive to reach conclusions that extend beyond the immediate data alone and is utilised to make inferences to more general conditions (Cooper & Schindler, 2008).

❖ *Pearson's Chi-square Correlation*

The Pearson correlation matrix indicates the direction, intensity and significance of the bivariate relationships of all the variables in the study and is appropriate for interval and ratio-scaled variables (Sekaran & Bougie, 2010). Pearson's correlation coefficient (r) is used to reveal whether two variables are related or correlated to one another and the chi-square test statistic allows researchers to assess whether or not a relationship exists between two categorical variables, and further determine whether the relationship between the two variables is systematic or due to chance. Correlation always fluctuates between -1 and +1 and if the correlation is greater than zero, then the variables are termed positively or directly related, meaning that as the one variable increases, so too does the other and vice versa. A correlation coefficient of less than zero means that there is a negative correlation or relationship between two variables where the one variable increases as the other variable decreases and vice versa.

Pearson's chi-squared test is ordinarily employed to evaluate two types of comparison, namely, tests of goodness of fit and tests of independence. A test of goodness of fit is relied upon to establish whether or not an observed frequency distribution diverges from a theoretical distribution. As the name suggests, the test of independence assesses whether paired observations on two variables are independent of each other. It is imperative when determining correlation coefficients to be aware of whether the correlation is in fact significant or not at the 1% and 5% levels of significance.

For this study, chi-square correlation analysis will be undertaken in order to determine the relationships and intercorrelations amongst the key dimensions (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/acceptability, adaptability of existing products, functionality/performance, packaging/quantity, advertising/awareness, accessibility/availability and partnering with MNCs) of the study. Further to this, correlation analysis will be used to determine any relationships between the BOP consumers' ability to pay off debt and the biographical variables of the respondents.

❖ *Spearman's Rank-order correlation*

Spearman's rank correlation coefficient (Spearman's rho), which is named after Charles Spearman, is a nonparametric measure of statistical dependence between two variables.

Spearman's rank correlation coefficient is used to identify and examine the strength of a relationship between two sets of data and is often used as a statistical method to assist with either proving or disproving a hypothesis. According to Blumberg, Cooper and Schindler (2008), the Spearman's rho correlation is a popular ordinal measure that correlates ranks between two ordered variables.

In terms of this study, Spearman's rank-order correlation will be used to examine the relationship between the categories of consumer spending and each of the biographical variables (age, highest educational qualification, monthly income and number of people living in a household, gender and race), respectively. Additionally, Spearman's rank-order correlation will be used to examine the relationship between the evaluative criterion (price/affordability, quality, appearance/acceptability, packaging/quantity, accessibility/ availability, brand preference, adaptability of existing products, functionality/performance and advertising/ awareness) that is relied upon to make purchase decisions and each of the biographical variables (age, highest educational qualification, monthly income and number of people living in a household, gender and race), respectively.

❖ *Kruskal-Wallis t-Test*

There are certain instances when a researcher would be keen on knowing if two groups are different from each other on a particular interval-scaled or ratio-scaled variable of interest. A t-test is conducted in order to ascertain if there are any significant differences in the means for two groups in the variable of interest. A nominal variable that is split into two subgroups is then tested to determine whether or not there is a significant difference in the means between the two split groups on a dependent variable which is measured on an interval or ratio scale (Sekaran & Bougie, 2010).

In this study, the Kruskal-Wallis t-test will be used to determine whether or not the means of the two split groups (male and female) are significantly different from one another with regard to the key dimensions (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/acceptability, adaptability of existing products, functionality/performance, packaging/quantity, advertising/awareness, accessibility/ availability and partnering with MNCs) of the study and the evaluative criterion (price/affordability, quality, appearance/acceptability, packaging/quantity, accessibility/

availability, brand preference, adaptability of existing products, functionality/performance and advertising/awareness) that influences BOP consumers' purchase decisions, respectively.

❖ *Kruskal-Wallis One-way ANOVA*

The one-way analysis of variance (ANOVA) is used to ascertain whether there are any significant disparities between the means of two or more independent (unrelated) groups. The one-way ANOVA is used in instances where there is just one categorical independent or predictor variable. According to Cooper and Schindler (2008), it is a parametric test that uses a single-factor, fixed-effects model to evaluate the effects of one factor on a continuous dependent variable. Researchers need to take cognisance of the fact that the one-way ANOVA is regarded as an omnibus test statistic which shows that there are at least two groups that are different but does not divulge which specific groups were significantly different from each other.

The result of ANOVA for this study will determine whether or not the means of the BOP consumers (varying in age, highest educational qualification, monthly income and number of people living in a household) are significantly different from one another with respect to the key dimensions (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/acceptability, adaptability of existing products, functionality/ performance, packaging/quantity, advertising/awareness, accessibility/ availability and partnering with MNCs) of the study, respectively. The result of ANOVA will also show whether or not the means of the BOP consumers (varying in age, highest educational qualification, monthly income and number of people living in a household) are significantly different from one another with respect to the evaluative criterion (price/affordability, quality, appearance/acceptability, packaging/quantity, accessibility/ availability, brand preference, adaptability of existing products, functionality/performance and advertising/awareness) that influences BOP consumers' purchase decisions, respectively.

❖ *Mann-Whitney U-Test*

The Mann-Whitney U-test is used to contrast divergences between two independent groups when the dependent variable is either continuous or ordinal, but not normally distributed. The Mann-Whitney U-test is often considered the nonparametric substitute to the independent t-test but unlike the independent-samples t-test, the Mann-Whitney U-test allows the researcher to draw different inferences about the data depending on the assumptions made by the researcher about the data's distribution.

For the purposes of this study, the Mann-Whitney U-test will be used to analyse the differences in the perceptions of male and female BOP consumers regarding the evaluative criterion (price/affordability, quality, appearance/acceptability, packaging/quantity, accessibility/availability, brand preference, adaptability of existing products, functionality/ performance and advertising/ awareness) that influence purchase decisions, respectively. Further to this, differences in the perceptions of African and Coloured BOP consumers regarding the evaluative criterion will also be analysed using the Mann-Whitney U-test. The Mann-Whitney U-test will also be utilised in analysing the differences in the perceptions of male and female BOP consumers regarding the key dimensions (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/acceptability, adaptability of existing products, functionality/performance, packaging/quantity, advertising/awareness, accessibility/availability and partnering with MNCs) of the study, respectively.

5.7 STATISTICAL ANALYSIS OF THE QUESTIONNAIRE

Statistical analysis of the questionnaire will be undertaken to establish the validity and reliability of the questionnaire which Sekaran and Bougie (2010) refer to as the testing of the goodness of data. Validity will be tested using Factor Analysis and reliability will be tested by using Cronbach's Coefficient Alpha.

❖ *Validity and Factor Analysis*

Validity endeavors to ensure that the concept set out to be measured is indeed being measured and that the measurement of unnecessary concepts is avoided (Sekaran & Bougie, 2010). According to Quinlan (2011), validity in research is concerned with how logical, valid, truthful, robust, sound, reasonable, meaningful and useful the research is. Factorial validity can be determined by submitting the data for factor analysis. The results of factor analysis, which is a multivariate technique, will corroborate whether or not the theorised dimensions emerge. Factor analysis is employed to represent a vast number of mathematical procedures for evaluating the interrelationships amongst a set of variables. Factor analysis assists in reducing a considerable number of variables to a meaningful, interpretable and manageable set of factors (Sekaran & Bougie, 2010). It is important to ensure that all respondents are aware of the researcher's purpose of the study which involves understanding the current behavioural and consumption patterns of South African BOP consumers residing in rural areas.

❖ *Reliability and Cronbach's Coefficient Alpha*

The reliability of the questionnaire will be determined by testing for both stability and consistency. Cronbach's Coefficient Alpha is a popular reliability test that is utilised for the purpose of establishing internal consistency of the questionnaire and denotes how well the items in a set are positively correlated to one another. Cronbach's Coefficient Alpha is computed in terms of the mean intercorrelations amongst the items measuring the concept. The closer Cronbach's Coefficient Alpha is to 1, the higher the interval consistency of reliability (Sekaran & Bougie, 2010). For the purposes of this study, the consistency will indicate to the researcher how appropriately the items measuring the different aspects in the questionnaire will fit together as a set.

5.8 CONCLUSION

This chapter explored the research methodology of this study where the problem statement and objectives of the study were succinctly outlined. The population for this study was also clearly defined and an explanation on how the sample was calculated and drawn was provided. Further to this, the biographical details of the 631 sample subjects of this study were graphically illustrated in this chapter. Details of the data collection method and how the research instrument was designed were delineated in this chapter. The data generated by the questionnaire will be analysed by the researcher using descriptive and inferential statistics and both types of statistics have been explored in this chapter. In addition, the measures to ensure reliability and validity of the instruments have been detailed. The next chapter will present the results of the study.

CHAPTER SIX
PRESENTATION OF RESULTS

6.1 INTRODUCTION

An extensive literature review was undertaken on poverty from both a global and South African perspective, followed by a review of conventional marketing practices which included a discussion on consumer behaviour and finally, a review on the Bottom of the Pyramid (BOP) proposition. An empirical study, following a planned methodology was then undertaken, the details of which were outlined in the Research Methodology chapter. For the purposes of this study, the BOP market in South African is defined as those living in relative poverty, specifically within the rural areas of South Africa. The data received from the BOP consumers' questionnaires was captured on Microsoft Excel, Version 2010 and thereafter processed using SPSS, Version 21 (SPSS Inc., Chicago, Illinois, USA). In this chapter, the data will be analysed using descriptive and inferential statistics and will be presented in narrative, tabular and graphical forms.

6.2 PRESENTATION OF RESULTS

Descriptive and inferential statistics were utilised to analyse the data obtained from the BOP consumers' questionnaires.

6.2.1 DESCRIPTIVE STATISTICS

6.2.1.1 IMPORTANCE THAT BOP CONSUMERS ATTACH TO THE KEY DIMENSIONS OF THE STUDY

The results obtained relating to the key dimensions of the study will be presented using descriptive statistics. BOP consumers were asked to rate their perceptions of the various key dimensions of the study using a 1 – 5 point Likert scale. The higher the mean score, the more positively the dimension is viewed (Table 6.1).

Table 6.1

Descriptive Statistics: Key Dimensions of the Study

Key Dimensions of the Study	Mean	95% Confidence Interval for Mean		Std Dev.	Min.	Max.
		Lower Bound	Upper Bound			
Branding	3.598	3.553	3.643	0.573	1.636	5.000
Savings potential/ability to pay off debt	3.319	3.274	3.363	0.565	1.714	5.000
Price/affordability	3.427	3.370	3.483	0.721	1.333	5.000
Quality	2.855	2.782	2.927	0.930	1.000	5.000
Appearance/ acceptability	3.813	3.746	3.880	0.861	1.000	5.000
Adaptability of existing products	3.910	3.852	3.969	0.754	1.500	5.000
Functionality/ performance	2.911	2.830	2.993	1.045	1.000	5.000
Packaging/quantity	3.069	3.010	3.127	0.751	1.000	5.000
Advertising/awareness	3.477	3.422	3.532	0.701	1.000	5.000
Accessibility/availability	2.245	2.173	2.316	0.914	1.000	5.000
Partnering with MNCs	3.814	3.744	3.883	0.884	1.000	5.000

Table 6.1 indicates that BOP consumers attach varying degrees of importance to the key dimensions of the study which, in descending level of mean score values, are:-

- ❖ Adaptability of existing products (Mean = 3.910)
- ❖ Partnering with MNCs (Mean = 3.814)
- ❖ Appearance/acceptability (Mean = 3.813)
- ❖ Branding (Mean = 3.598)
- ❖ Advertising/awareness (Mean = 3.477)
- ❖ Price/affordability (Mean = 3.427)
- ❖ Savings potential/ability to pay off debt (Mean = 3.319)
- ❖ Packaging/quantity (Mean = 3.069)
- ❖ Functionality/performance (Mean = 2.911)
- ❖ Quality (Mean = 2.855)
- ❖ Accessibility/availability (Mean = 2.245)

It is evident from Table 6.1 that BOP consumers attach the greatest level of importance to adaptability of existing products and partnering with MNCs and the least level of importance to quality and accessibility/availability.

In order to analyse how they view each of these dimensions (Table 6.1), frequency analyses were conducted. This involved the examination of the frequency distribution of the results for each of the scale items in order to determine whether or not the data was normally distributed.

In terms of *adaptability of existing products* to suit the needs of BOP consumers, 49.9% of the BOP consumers agree and a further 26.5% strongly agree that they do not buy products that are not designed for their living conditions. Furthermore, the majority of the BOP consumers (79.7%) confirm that they purchase products with multiple uses in order to derive maximum value-for-money from their purchases.

With regard to *active engagement and partnering with MNCs*, 41.7% of the BOP consumers agree and a further 25.8% strongly agree that they are willing to engage in distribution activities on behalf of MNCs in rural districts and villages. Furthermore, 31.5% of the respondents agree and an additional 34.1% strongly agree that they trust MNCs and are receptive to the prospect of being employed by these companies. In addition, the majority of BOP consumers (77.6%) are convinced that collaborating with MNCs will enhance their well-being and lifestyles.

The results of the study reveal that *appearance and aesthetical appeal* are important factors to consider when these BOP consumers make their purchase decisions, as 33.3% agree and a further 30.9% strongly agree that they refrain from purchasing products that they regard as unattractive. In terms of *acceptability of products*, the majority of BOP consumers (79%) are of the opinion that the products that they consider readily acceptable are the ones that are simple and easy to use.

Various aspects of *branding* were investigated in this study. The results of the study reveal that there is a high degree of brand awareness amongst BOP consumers as the majority (88%) are strongly aware of the existence of different brands of items that they purchase. In terms of brand differentiation, 55.3% of the BOP consumers agree and a further 28.5% strongly agree that they are able to easily differentiate between the various brands based on the brands' logos, design and/or colouring. The results of the study reveal that the majority of BOP consumers (86.1%) are able to easily recognize the packaging of the products that they customarily purchase. In terms of brand loyalty, 46.6% of the respondents agree and a further 27.1% strongly agree that they have purchased the same brand of an item in five consecutive instances and the results also reveal that 43.1% of the BOP consumers agree and a further 20% strongly agree that they do not change brands often. The degree of brand loyalty does alter once price becomes a factor for consideration, as 32.8% of the BOP consumers agree and an additional 17.3% strongly agree that they purchase their preferred brands irrespective of price increases; however, 27.4% of the respondents disagree that they continue to purchase their preferred brands once the prices have escalated. In terms of brand trust, 46% of BOP consumers agree and an additional 16.2% strongly agree that they prefer to purchase the same brands in order to avoid the potential risk of wasting money on unfamiliar brands that may be unsatisfactory. However, 20.1% of respondents disagree that they engage in repeat purchases of the same brands in an attempt to avoid the wastage of resources on untried brands. In terms of deriving value-for-money from the purchase of customary brands, 45.3% of respondents agree and a further 13.3% strongly agree that they acquire good value-for-money from the purchase of their preferred brands. The results of the study reveal that there is a lack of trust where new brands are concerned, as 34.1% of the BOP consumers disagree and a further 16.5% strongly disagree that they are accustomed to purchasing new brands of products that have unfamiliar levels of quality. In terms of preference for good quality brands, 38.7% of BOP consumers agree and an additional 16.6% strongly agree that they do not mind paying premium prices for the brands that they consider to be of a good quality. However, 20.9% of respondents disagree that they are inclined to pay extra for brands that are perceived as good quality. The majority of respondents (75.1%) are convinced that using a good quality brand will enhance their confidence and self-esteem.

In terms of *product awareness* and marketing communications, 44.8% of the BOP consumers agree and a further 19% strongly agree that they purchase products based on the recommendations of family and friends. With regard to *advertising*, 44.7% of the respondents agree and a further 17.7% strongly agree that they are inclined to purchase a product if the advertisement demonstrates correct usage thereof. However, 19.3% of the respondents disagree that they engage in product purchases after watching an advertisement that demonstrates the correct usage of these products. The results of the study reveal that 44.4% of the BOP consumers agree and a further 20.6% strongly agree that they are likely to purchase a product if they are educated, through effective marketing communication initiatives, on the benefits that the product will present to them. In terms of promotional incentives, 31.5% of the BOP consumers agree and 20.3% disagree that they are inclined to purchase products that are accompanied by promotional coupons in order to obtain a discount on these products.

With regard to *price and affordability*, 33.4% of the BOP consumers disagree and an additional 13% strongly disagree that they are unaccustomed to purchasing high-priced products that are perceived as better-quality products. When the prices of products that are usually purchased increases, 42.5% of the BOP consumers agree and a further 15.5% strongly agree that they switch to products that are cheaper in price, however, 16.5% of respondents disagree that they engage in brand switching. Thirty-three percent of BOP consumers agree that they purchase the cheapest products that are available to them. In terms of the affordability of good quality products, the majority of respondents (75.9%) attest to the fact that they will be inclined to purchase good quality brands if their prices were much lower than they currently are. As far as BOP consumers' affordability of good quality products is concerned, 35.8% of BOP consumers agree and a further 24.1% strongly agree that they would be able to afford purchasing good quality products if they were given the opportunity to make incremental payments over a period of time. In terms of payment options, 47.4% of respondents agree and an additional 19.8% strongly agree that they prefer to make small payments over a period of time as opposed to a lump sum once-off payment.

In terms of *savings potential*, 37.4% of BOP consumers agree and a further 27.1% strongly agree that they are reluctant to carry around cash with them and are likely to spend cash resources that are physically in their possession, in order to avoid the risk of losing these resources in a burglary or a theft incident. The results of the study show that 44.4% of the respondents agree and an additional 15.4% strongly agree that they regularly deposit money into their bank accounts. The results of the study also reveal that 35.5% of BOP consumers agree and a further 17.1% strongly agree that they do save money for special occasions, like Christmas; however, 22.5% of the respondents disagreed with engaging in such practices. In terms of utilising the services of local money-lenders, 37.2% of the BOP consumers agree that they borrow money from money-lenders in their communities. In this regard, 24.9% of the respondents disagree and a further 30% strongly disagree that the interest rates charged by these money-lenders are affordable. The results of the study reveal that the majority of the BOP consumers (81%) strongly affirm that being able to save will ultimately lead to a better future and improved lifestyles.

In terms of *quantity and package sizes*, 35.3% of the BOP consumers agree that buying smaller packages of goods allows for better storage within households as these smaller packages require less storage space and 36.6% of the respondents admit to buying smaller packages as the prices are comparatively lower than larger packages. The results of the study also reveal that the majority of respondents (69.7%) admit that they are enticed to purchase products that are packaged in containers in order to reuse these containers after their contents have been depleted. In terms of purchasing luxury beauty and hair-care products, 36.5% of BOP consumers agree and a further 7.9% strongly agree that they do engage in purchasing beauty and hair-care products for special occasions. The results of the study show that 37.1% of respondents agree and a further 13.5% strongly agree that buying smaller quantities of goods enables them to purchase an assortment of products with their meagre incomes. The results of the study reveal that 40.9% of the BOP consumers disagree and a further 23.6% strongly disagree that they refrain from purchasing large quantities of products in order to reap savings at a later stage.

In terms of the *functionality and performance of products*, 39.3% of BOP consumers disagree and a further 11.3% strongly disagree that the products that they ordinarily purchase are durable or long-lasting and 31.9% of the respondents disagree that the products that they purchase are defect-free.

With regard to *quality*, 39.8% of BOP consumers disagree and a further 15.2% strongly disagree that they currently purchase good quality products because they can afford them, whilst 21.4% of the respondents agree that they are currently able to afford the purchase of good quality products. The results of the study reveal that 31.9% of the BOP consumers disagree and a further 14.7% strongly disagree that they are fully satisfied with the products that they presently purchase. The results of the study also reveal that 30.6% of the BOP consumers agree that they derive value-for-money from their current purchases.

The results of the study reveal that products are not easily accessible to BOP consumers who reside in rural areas and that the local rural stores and spaza shops keep a very limited assortment of products. In terms of *accessibility of products*, the majority of respondents (75.4%) denounce that they have to a short distance to travel in order to purchase products from their nearest supermarket. In terms of *availability of products*, 40.7% of the BOP consumers disagree and a further 21.9% strongly disagree that the spaza shops, that are located in close proximity of their households, carry a wide variety of products to choose from.

6.2.1.2 BRAND TRIAL AND BRAND SWITCHING

Two important aspects of branding, namely, brand trial and brand switching were also assessed in order to determine whether or not there is potential for MNCs to create brand loyalty amongst BOP consumers (Table 6.2).

Table 6.2

Descriptive Statistics: Brand Trial and Brand Switching

Dimensions of the Study	Mean	95% Confidence Interval for Mean		Std Dev.	Min.	Max.
		Lower Bound	Upper Bound			
Brand Trial	2.71	2.62	2.81	1.204	1	5
Brand Switching	3.39	3.30	3.49	1.189	1	5

In terms of the brand trial and brand switching sub-dimensions, the higher the mean score, the more positively the sub-dimension is viewed (Table 6.2). Against a maximum attainable score of 5, it is evident from Table 6.2 that BOP consumers engage in more brand switching (Mean = 3.39) than brand trial (Mean = 2.71).

Frequency analyses were conducted in order to analyse how these BOP consumers view each of these sub-dimensions. The results of the study reveal that 34.1% of the BOP consumers disagree and a further 16.5% strongly disagree that they are inclined to purchase new brands of products that have unfamiliar levels of quality, thereby confirming that there is a lack of trust where new brands are concerned. When the prices of products that are usually purchased increases, 42.5% of the BOP consumers agree and a further 15.5% strongly agree that they switch to products that are cheaper in price; however, 16.5% of respondents disagree that they engage in brand switching.

6.2.1.3 ABILITY TO PAY OFF DEBT

Two crucial aspects of BOP consumers' ability to pay off debt (instalment payments and incremental payments for good quality purchases) were evaluated using descriptive statistics (Table 6.3).

Table 6.3

Descriptive Statistics: Ability to Pay off Debt

Dimensions of the Study	Mean	95% Confidence Interval for Mean		Std Dev.	Min.	Max.
		Lower Bound	Upper Bound			
Instalment Payments	3.50	3.40	3.60	1.236	1	5
Incremental payments for good quality purchases	3.63	3.54	3.71	1.091	1	5

In terms of BOP consumers' ability to pay off debt (Table 6.3), the higher the mean score, the more positively the sub-dimension is viewed. Table 6.3 indicates that BOP consumers attach varying degrees of importance to the sub-dimensions of their ability to pay off debt, which, in descending level of mean score values, are:-

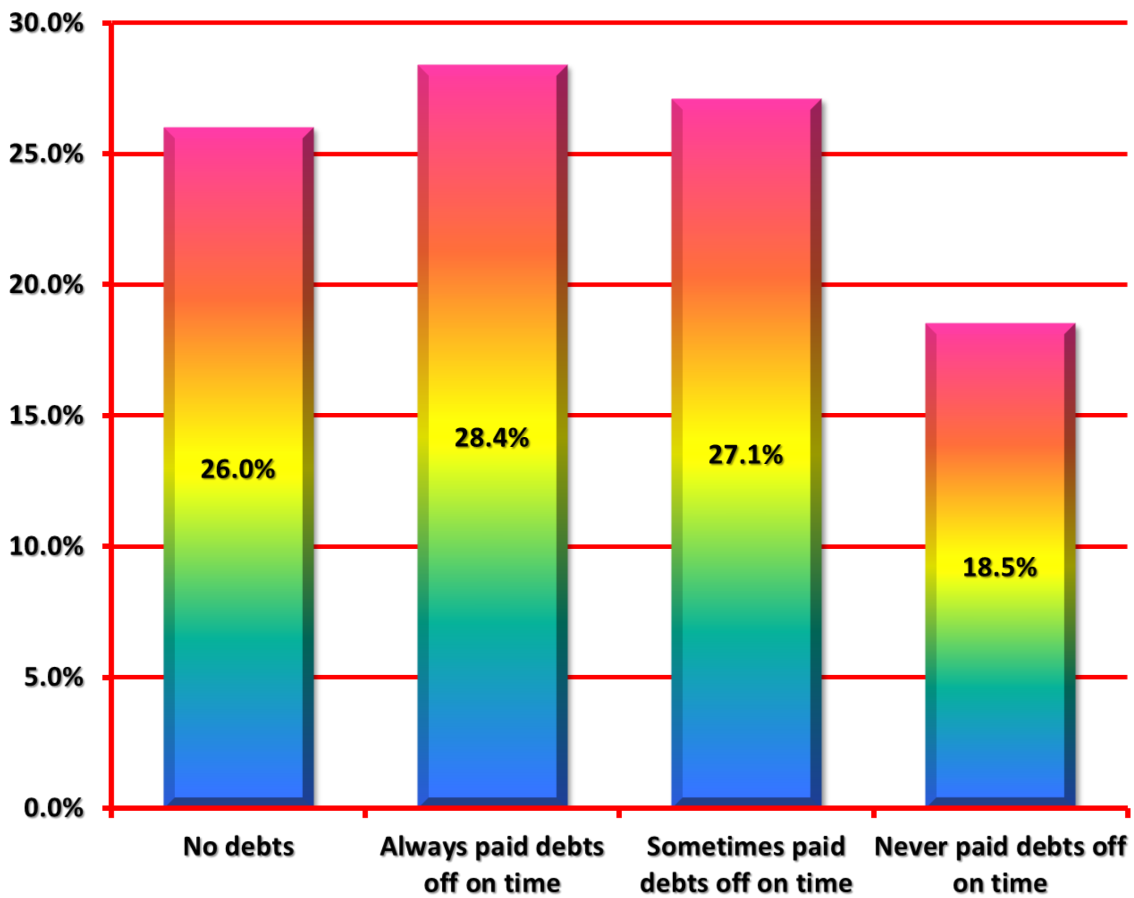
❖ Incremental payments for good quality purchases (Mean = 3.63)
❖ Instalment Payments (Mean = 3.5)

In order to analyse how the BOP consumers view each of these sub-dimensions, frequency analyses were conducted. In terms of incremental payments for good quality purchases, 35.8% of BOP consumers agree and a further 24.1% strongly agree that they would be able to purchase products of a good quality if they were afforded the opportunity to make incremental payments over a period of time. In terms of payment options, 47.4% of respondents agree and an additional 19.8% strongly agree that they prefer to make small payments over a period of time as opposed to a lump sum once-off payment.

BOP consumers' ability to pay off debt was further investigated in order to ascertain whether or not they were able to pay off their debts timeously in the past year (Figure 6.1). Respondents were asked to indicate whether they had incurred debts in the past year and for those who had, they were required to select the response that best described their ability to pay off these debts.

Figure 6.1

Descriptive Statistics: Ability to Pay off Debt on Time in the Past Year



As evident in Figure 6.1, 26% of the respondents did not incur any debts, 28.4% of the respondents were always able to pay off debts on time, 27.1% of respondents were only sometimes able to pay off debts on time and 18.5% of respondents were never able to pay off debts on time in the past year.

6.2.1.4 SPENDING PATTERNS AND BUYING BEHAVIOUR OF BOP CONSUMERS

The BOP consumers' spending patterns and buying behaviour were assessed in order to uncover the proportion of income that is spent on basic consumer products and other categories of products and services (Table 6.4). The higher the mean score value, the greater the proportion of income that BOP consumers accord to the categories of products and services.

Table 6.4

Descriptive Statistics: Spending Patterns and Buying Behaviour of BOP Consumers

Basic consumer products and services	Mean	95% Confidence Interval for Mean		Std Dev.	Min.	Max.
		Lower Bound	Upper Bound			
Food and groceries	4.814	4.767	4.860	0.5926	1	5
Telecommunications (cellphone airtime)	2.627	2.491	2.763	1.2538	1	5
Transport	2.743	2.640	2.847	1.1277	1	5
Alcohol and Cigarettes	2.652	2.489	2.816	1.1925	1	5
Education	2.780	2.670	2.890	1.1037	1	5
Festivals, Entertainment, Recreation & Luxuries	2.136	1.961	2.312	1.1030	1	5
Clothing, Toiletries & Footwear	2.339	2.246	2.433	1.0535	1	5
Health	2.547	2.423	2.671	1.2509	1	5
Other	2.290	2.007	2.572	1.4731	1	5

Table 6.4 indicates that BOP consumers spend their income on the various categories of basic consumer product and services in varying degrees which, in descending level of spending are:-

- ❖ Food and groceries (Mean = 4.814)
- ❖ Education (Mean = 2.780)
- ❖ Transport (Mean = 2.743)
- ❖ Alcohol and Cigarettes (Mean = 2.652)
- ❖ Telecommunications (cellphone airtime) (Mean = 2.627)
- ❖ Health (Mean = 2.547)
- ❖ Clothing, Toiletries & Footwear (Mean = 2.339)

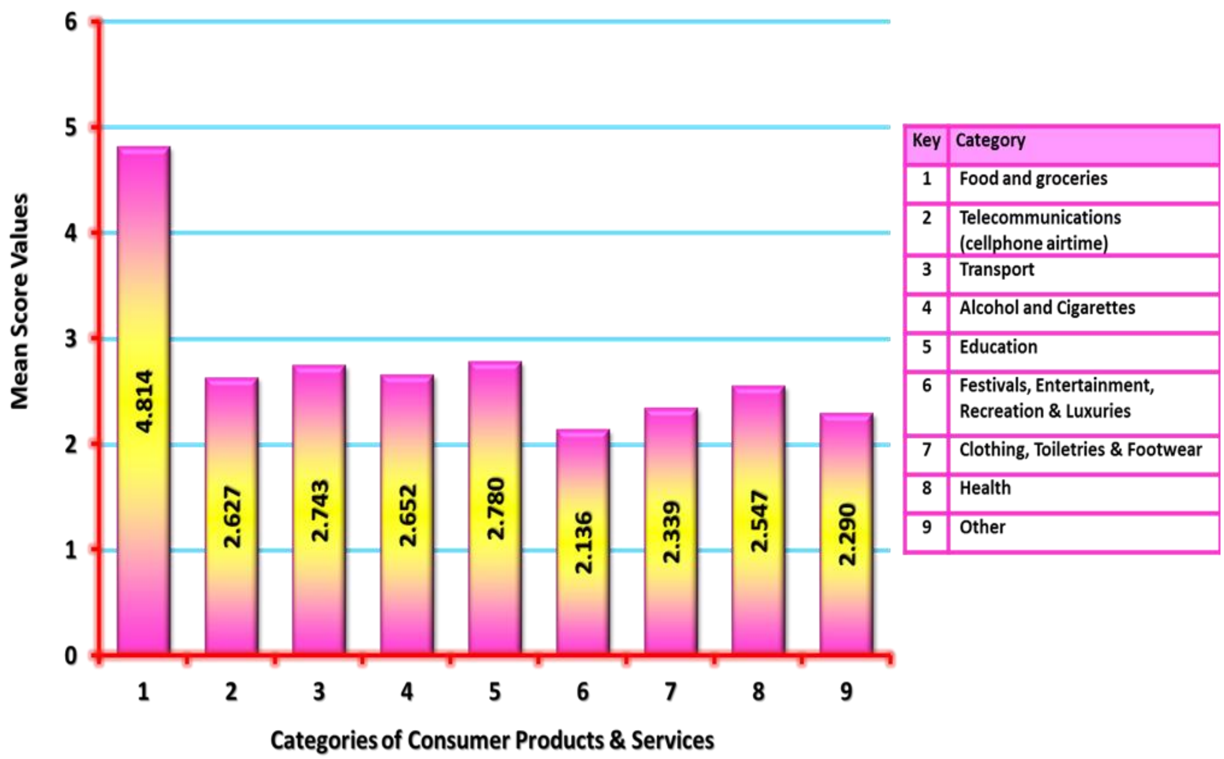
❖ Other (Mean = 2.290)

❖ Festivals, Entertainment, Recreation & Luxuries (Mean = 2.136)

The mean score values for the various categories of basic consumer product and services are represented graphically in Figure 6.2.

Figure 6.2

Descriptive Statistics: Mean Score Values of the Categories of Consumer Goods and Services



As evident in Figure 6.2, the largest proportion of BOP consumers' income is spent on the Food and groceries category (Mean = 4.814), followed by Education (Mean = 2.780) and Transport categories (Mean = 2.743). According to the results of the study, the fourth largest category of BOP consumer spending is Alcohol and Cigarettes (Mean = 2.652) and the least amount of income is spent on the Festivals, Entertainment, Recreation and Luxuries category (Mean = 2.136).

6.2.1.5 LUXURY PURCHASES AND ASPIRING FOR BETTER LIFESTYLES

An investigation into whether or not BOP consumers purchase products considered to be luxury items was also undertaken (Table 6.5). The higher the mean score value, the more positively BOP consumers respond to purchasing luxury products and trying to secure better lifestyles.

Table 6.5

Descriptive Statistics: Luxury Purchases and Better Lifestyles

Dimensions of the Study	Mean	95% Confidence Interval for Mean		Std Dev.	Min.	Max.
		Lower Bound	Upper Bound			
Luxury Purchases and Better Lifestyles	3.656	3.609	3.703	0.602	1.8	5.0

Against a maximum attainable score of 5, it is evident from Table 6.5 that BOP consumers engage in a fair degree of luxury purchases and aspiring for better lifestyles (Mean = 3.656). In order to analyse this further, frequency analyses were conducted. In terms of luxury purchases, 36.5% of BOP consumers agree and a further 7.9% strongly agree that they pamper themselves by purchasing beauty and hair-care products to be used for special occasions. On the subject of special occasions, like Christmas, 35.5% of respondents agree and an additional 17.1% strongly agree that they save money so that they are able to purchase luxury items to enjoy the festivities. The results of the study also reveal that 41% of BOP consumers agree and a further 34.1% strongly agree that purchasing good quality brands enhances their self-esteem and confidence.

In terms of securing better lifestyles in the future, 34.5% of the respondents agree and a further 43.1% strongly agree that collaborating with MNCs will enable them to improve their lifestyles in the future. BOP consumers view these companies as sources of employment and income, thereby enabling them to better satisfy their needs and save money for the future. The results of the study reveal that 46.3% of the BOP consumers agree and a further 34.7% strongly agree that their ability to save money and build cash resources will ultimately lead to a better future lifestyle.

6.2.1.6 EVALUATIVE CRITERIA

The evaluative criteria (price/affordability, quality, appearance/acceptability, packaging/ quantity, accessibility/availability, brand preference, adaptability of existing products, functionality/performance and advertising/awareness) that influence BOP consumers' purchase decisions of products and services were evaluated using descriptive statistics (Table 6.6).

Table 6.6

Descriptive Statistics: Evaluative Criteria that Influence BOP Consumers' Purchase Decisions

Evaluative Criteria	Mean	95% Confidence Interval for Mean		Std Dev.	Min.	Max.
		Lower Bound	Upper Bound			
Price/affordability	3.255	3.219	3.292	0.473	2.10	4.80
Quality	3.181	3.151	3.210	0.378	2.14	4.43
Appearance/acceptability	3.707	3.647	3.767	0.769	1.75	5.00
Packaging/quantity	3.191	3.140	3.243	0.660	1.50	5.00
Accessibility/availability	2.667	2.612	2.721	0.697	1.00	5.00
Brand preference	3.536	3.484	3.589	0.672	1.38	5.00
Adaptability of existing products	3.910	3.852	3.969	0.754	1.50	5.00
Functionality/performance	2.911	2.830	2.993	1.045	1.00	5.00
Advertising/awareness	3.477	3.422	3.532	0.701	1.00	5.00

Table 6.6 indicates that BOP consumers attach varying degrees of importance to the evaluative criteria that influence purchase decisions which, in descending level of mean score values, are:-

- Adaptability of existing products (Mean = 3.910)
- Appearance/acceptability (Mean = 3.707)
- Brand preference (Mean = 3.536)
- Advertising/awareness (Mean = 3.477)
- Price/affordability (Mean = 3.255)
- Packaging/quantity (Mean = 3.191)
- Quality (Mean = 3.181)

- ❖ Functionality/performance (Mean = 2.911)
- ❖ Accessibility/availability (Mean = 2.667)

Against a maximum attainable score of 5, it is evident from Table 6.6 that BOP consumers attach the highest degree of importance to adaptability of existing products and appearance/acceptability and the lowest degree of importance to functionality/performance and accessibility/availability.

The evaluative criteria (price of product, quality of product, product brands, performance of the product, packaging sizes of the product, appearance of the product, multi-purpose design of products, convenience of buying the product and products that were recently advertised) that BOP consumers adopt that are most important to them when making their purchase decisions were evaluated using descriptive statistics (Table 6.7). Respondents were asked to rank-order the criterion in order of importance to them. The higher the mean score value, the more important the criterion is to BOP consumers when making their purchase decisions.

Table 6.7

Descriptive Statistics: Most Important Evaluative Criteria Used by BOP Consumers in Purchase Decisions

Evaluative Criteria	Mean	95% Confidence Interval for Mean		Std Dev.	Min.	Max.
		Lower Bound	Upper Bound			
The price of product	4.341	4.264	4.418	0.9584	2	5
The quality of product	3.805	3.725	3.886	0.9293	2	5
The product brands	3.472	3.357	3.587	0.9899	2	5
The performance of the product	3.072	2.978	3.167	0.9095	2	5
The packaging sizes of the product	2.962	2.848	3.076	0.9362	2	5
The appearance of the product	2.670	2.548	2.793	0.8331	2	5
The multi-purpose design of products	3.090	2.918	3.262	1.1238	2	5
The convenience of buying the product	2.543	2.382	2.705	0.8787	2	5
The products that were recently advertised	2.684	2.368	3.000	0.9616	2	5

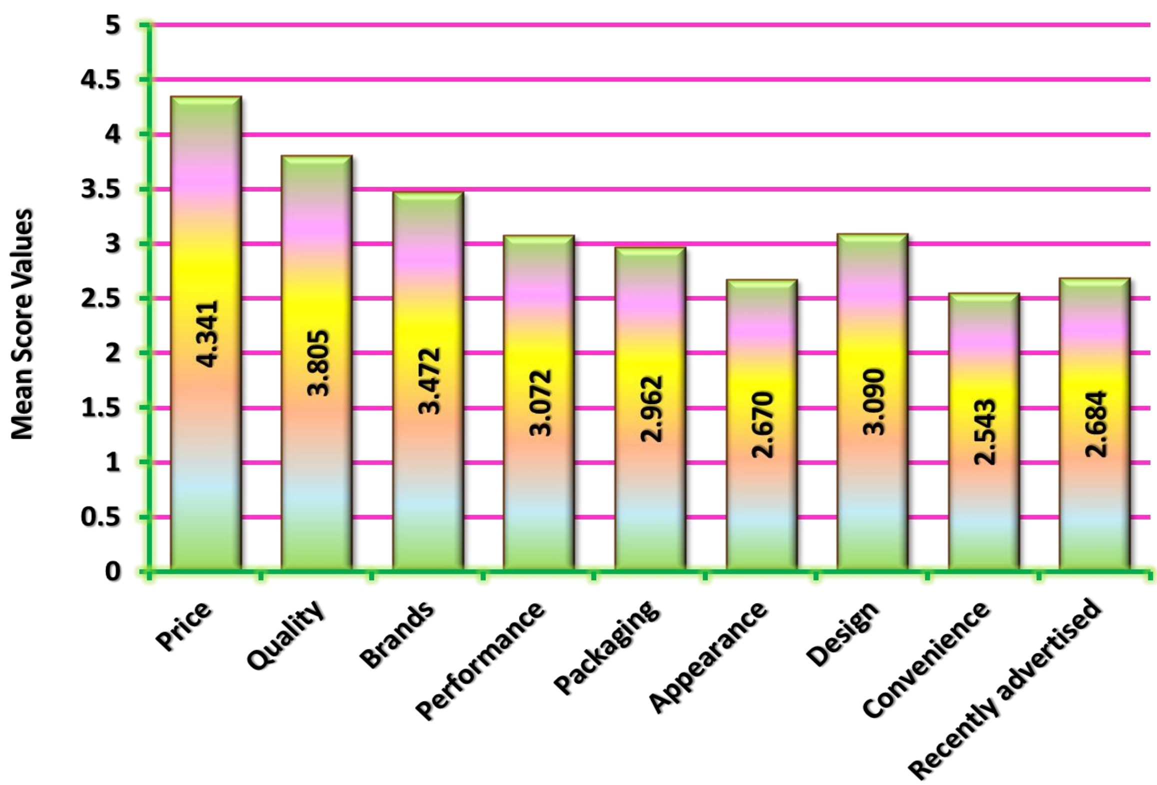
Table 6.7 indicates that BOP consumers attach varying degrees of importance to the evaluative criteria that are used in purchase decisions which, in descending level of mean score values, are:-

- ❖ The price of product (Mean = 4.341)
- ❖ The quality of product (Mean = 3.805)
- ❖ The product brands (Mean = 3.472)
- ❖ The multi-purpose design of products (Mean = 3.090)
- ❖ The performance of the product (Mean = 3.072)
- ❖ The packaging sizes of the product (Mean = 2.962)
- ❖ The products that were recently advertised (Mean = 2.684)
- ❖ The appearance of the product (Mean = 2.670)
- ❖ The convenience of buying the product (Mean = 2.543)

The mean score values for the most important evaluative criteria that are used in purchase decisions are represented graphically in Figure 6.3.

Figure 6.3

Descriptive Statistics: Mean Score Values of the Most Important Evaluative Criteria Used by BOP Consumers for Decision-making



As evident in Figure 6.3 the most important criterion used by BOP consumers in their purchase decisions is the price of product (Mean = 4.341), followed by the quality of product (Mean = 3.805). The product brands (Mean = 3.472) has the third highest level of importance to BOP consumers and the results of the study reveal that the convenience of buying the product (Mean = 2.543) has the least level of importance to these consumers when making purchase decisions.

The results obtained relating to the key dimensions of the study will be presented using inferential statistics as well.

6.2.2 INFERENTIAL STATISTICS

Inferential statistics were conducted for the BOP consumers' questionnaires.

6.2.2.1 BOP CONSUMERS' PERCEPTIONS OF THE KEY DIMENSION OF THE STUDY

Hypothesis 1:

There exists significant intercorrelations amongst the key dimensions (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/acceptability, adaptability of existing products, functionality/performance, packaging/quantity, advertising/awareness, accessibility/availability and partnering with MNCs) of the study relating to BOP consumers respectively (Table 6.8).

Table 6.8

Correlation: Key Dimensions of the Study

Dimensions of the Study	r / **p**	Branding	Savings potential/ ability to pay debt	Price/ affordability	Quality	Appearance/ acceptability	Adaptability of existing products	Functionality/ performance	Packaging/ quantity	Advertising/ awareness	Accessibility/ availability	Partnering with MNCs
Branding	r **p**	1.000										
Savings potential/ability to pay off debt	r **p**	0.255 **0.000***	1.000									
Price/ affordability	r **p**	-0.083 **0.038****	-0.155 **0.000***	1.000								
Quality	r **p**	0.099 **0.013****	0.194 **0.000***	-0.489 **0.000***	1.000							
Appearance/ acceptability	r **p**	0.295 **0.000***	0.076 **0.056**	0.164 **0.000***	-0.260 **0.000***	1.000						
Adaptability of existing products	r **p**	0.296 **0.000***	0.101 **0.011****	0.280 **0.000***	-0.239 **0.000***	0.558 **0.000***	1.000					
Functionality/ performance	r **p**	0.232 **0.000***	0.187 **0.000***	-0.351 **0.000***	0.425 **0.000***	0.022 **0.584**	-0.038 **0.346**	1.000				
Packaging/ quantity	r **p**	0.004 **0.925**	0.013 **0.747**	0.396 **0.000***	-0.270 **0.000***	0.018 **0.648**	0.158 **0.000***	-0.335 **0.000***	1.000			
Advertising/ awareness	r **p**	0.273 **0.000***	0.185 **0.000***	0.140 **0.000***	-0.145 **0.000***	0.316 **0.000***	0.317 **0.000***	-0.008 **0.832**	0.161 **0.000***	1.000		
Accessibility/ availability	r **p**	-0.231 **0.000***	-0.206 **0.000***	-0.174 **0.000***	0.108 **0.007***	-0.315 **0.000***	-0.344 **0.000***	-0.096 **0.016****	-0.172 **0.000***	-0.320 **0.000***	1.000	
Partnering with MNCs	r **p**	0.084 **0.036****	-0.069 **0.082**	0.238 **0.000***	-0.114 **0.004***	0.095 **0.017****	0.208 **0.000***	-0.051 **0.204**	0.132 **0.001***	0.212 **0.000***	-0.086 **0.031****	1.000

***p<0.01**
****p<0.05**

Table 6.8 indicates that there is a significant relationship between branding and savings potential/ability to pay off debt, appearance/acceptability, adaptability of existing products, functionality/performance and advertising/awareness and, a significant but inverse relationship between branding and accessibility/availability, respectively, at the 1% level of significance. As evident in Table 6.8, there is a significant relationship between branding and quality and partnering with MNCs, respectively, at the 5% level of significance. Furthermore, there is a significant but inverse relationship between branding and price/affordability at the 5% level of significance. The implication is that BOP consumers who are more brand-conscious are less price-sensitive and strongly feel that a wide variety of products is inaccessible to them.

As evident in Table 6.8, there is a significant relationship between savings potential/ability to pay off debt and quality, functionality/performance and advertising/awareness and, a significant but inverse relationship between savings potential/ability to pay off debt and price/affordability and accessibility/availability, respectively, at the 1% level of significance. The inference is that BOP consumers, who have a higher degree of savings potential and ability to pay off debt, are less price-conscious and are comparatively more dissatisfied by the limited array of products that local spaza shops have on offer and the long distances that they have to travel in order to acquire products than BOP consumers with less savings potential and ability to pay off debt. In addition, Table 6.8 also reflects that there is a significant relationship between savings potential/ability to pay off debt and adaptability of existing products at the 5% level of significance.

Table 6.8 indicates that there is a significant relationship between price/affordability and appearance/acceptability, adaptability of existing products, packaging/quantity, advertising/awareness and partnering with MNCs and, a significant but inverse relationship between price/affordability and quality, functionality/performance and accessibility/ availability, respectively, at the 1% level of significance. The implication is that BOP consumers who are more price-sensitive tend to compromise on the quality of the products that they purchase and are less conscious of the products' performance and durability. Evidently, the more price-conscious the BOP consumers are, the more dissatisfied they are by the unavailability of a wide range of products.

Table 6.8 reflects that there is a significant relationship between quality and functionality/performance and accessibility/availability and, a significant but inverse relationship between quality and appearance/acceptability, adaptability of existing products, packaging/quantity, advertising/awareness, and partnering with MNCs, respectively, at the 1% level of significance. The inference is that BOP consumers, who are more conscious of the quality of products, are less inclined to purchase products that are simple and easy to use or products with multiple uses that were designed for their living conditions. Furthermore, BOP consumers, who are more conscious of the quality of products, are less mindful of quantity and packaging sizes, less inclined to purchase products that are discounted by coupons and less enthusiastic about the partnering with MNCs in order to secure better future lifestyles.

As evident in Table 6.8, there is a significant relationship between appearance/acceptability and adaptability of existing products and advertising/awareness and, a significant but inverse relationship between appearance/acceptability and accessibility/availability, respectively, at the 1% level of significance. The implication of the significant, inverse relationship is that, BOP consumers who are more conscious of the appearance and attractiveness of products are of the strong opinion that a wide assortment of products is unavailable to them. Furthermore, Table 6.8 also reflects that there is a significant relationship between appearance/acceptability and partnering with MNCs at the 5% level of significance.

Table 6.8 indicates that there is a significant relationship between adaptability of existing products and packaging/quantity, advertising/awareness and partnering with MNCs and, a significant but inverse relationship between adaptability of existing products and accessibility/availability, respectively, at the 1% level of significance. The significant yet inverse relationship infers that BOP consumers, who are more prone to purchasing multi-purpose products that are designed for their living conditions, have a greater degree of dissatisfaction in terms of the insufficient range of products that local spaza shops have on offer and the time-consuming distances that they have to travel in order to buy products.

As indicated by Table 6.8, there is a significant but inverse relationship between functionality/performance and packaging/quantity at the 1% level of significance and, a significant but inverse relationship between functionality/performance and accessibility/

availability at the 5% level of significance. The implication is that BOP consumers who are more conscious of the functionality and performance of the products are less mindful of quantity and package sizes and strongly feel that a wide range of products is inaccessible to them.

Table 6.8 reflects that there is a significant relationship between packaging/quantity and advertising/awareness and partnering with MNCs and, a significant but inverse relationship between packaging/quantity and accessibility/availability, respectively, at the 1% level of significance. The inference of the latter is that BOP consumers who are more cognisant of the quantity and package sizes of products are less satisfied by the limited array of products at their disposal and are more displeased by the long distances that they need to travel in order to acquire products from a supermarket.

As evident in Table 6.8, there is a significant relationship between advertising/awareness and partnering with MNCs and, a significant but inverse relationship between advertising/ awareness and accessibility/availability at the 1% level of significance. The implication of the latter is that BOP consumers, who are more conscious of advertising and other forms of marketing communication, are more perturbed by the local rural stores' lack of an assortment of products to choose from.

Table 6.8 reflects that there is a significant but inverse relationship between accessibility/ availability and partnering with MNCs at the 5% level of significance. The inference of this significant, inverse relationship is that BOP consumers, who are more displeased by the limited offerings of local spaza stores, express a greater degree of willingness to collaborate (as distribution agents) with MNCs in a bid to secure employment and enhance their well-being and lifestyles.

From Table 6.8 it is evident that moderate relationships exist between:-

- Price/affordability and quality (r = 0.489);
- Quality and functionality/performance (r = 0.425);
- Appearance/acceptability and adaptability of existing products (r = 0.558).

In addition, the following dimensions of the study did not reflect any significant correlations:-

- Branding and packaging/quantity;
- Savings potential/ability to pay off debt and appearance/acceptability, packaging/ quantity and partnering with MNCs, respectively;
- Appearance/acceptability and functionality/performance and packaging/quantity, respectively;
- Adaptability of existing products and functionality/performance;
- Functionality/performance and advertising/awareness and partnering with MNCs, respectively.

Therefore, Hypothesis 1 may be partially accepted.

6.2.2.2 KEY DIMENSIONS OF THE STUDY AND BIOGRAPHICAL VARIABLES

Hypothesis 2:

There is a significant difference in the perceptions of BOP consumers, varying in biographical profiles (age, highest educational qualification, monthly income and number of people living in a household, gender and race) regarding each dimension of the study (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/ acceptability, adaptability of existing products, functionality/performance, packaging/ quantity, advertising/awareness, accessibility/availability and partnering with MNCs), respectively (Tables 6.9 to 6.20).

Table 6.9

Kruskal-Wallis One-way ANOVA: Key Dimensions of the Study and Age

Key Dimensions of the Study	Chi-Square	p
Branding	2.535	0.638
Savings potential/ability to pay off debt	3.009	0.556
Price/affordability	16.496	0.002*
Quality	23.118	0.000*
Appearance/acceptability	11.988	0.017**
Adaptability of existing products	6.842	0.144
Functionality/performance	2.474	0.649
Packaging/quantity	17.527	0.002*
Advertising/awareness	5.145	0.273
Accessibility/availability	16.759	0.002*
Partnering with MNCs	14.135	0.011**

***p<0.01**
****p<0.05**

Table 6.9 indicates that there is a significant difference in the perceptions of BOP consumers varying in age regarding price/affordability, quality, packaging/quantity and accessibility/ availability at the 1% level of significance, and appearance/acceptability and partnering with MNCs at the 5% level of significance, respectively. No other significant differences exist.

In order to assess where the significant differences lie, mean analyses were undertaken (Table 6.10).

Table 6.10

Mean Analyses: Key Dimensions of the Study and Age

Key Dimensions of the Study	Age Categories (in years)	Mean	Std Dev.	N
Price/affordability	18-29	3.452	0.746	132
	30-39	3.507	0.683	141
	40-49	3.393	0.680	140
	50-59	3.559	0.705	111
	60 and over	3.196	0.759	107
	Total	**3.427**	**0.721**	**631**
Quality	18-29	2.945	0.937	132
	30-39	2.809	0.925	141
	40-49	3.109	0.946	140
	50-59	2.705	0.994	111
	60 and over	2.626	0.742	107
	Total	**2.855**	**0.930**	**631**
Appearance/acceptability	18-29	3.792	0.824	132
	30-39	3.851	0.828	141
	40-49	3.675	0.822	140
	50-59	3.770	0.916	111
	60 and over	4.014	0.915	107
	Total	**3.813**	**0.861**	**631**
Packaging/quantity	18-29	3.122	0.742	132
	30-39	3.101	0.735	141
	40-49	3.088	0.707	140
	50-59	3.198	0.753	111
	60 and over	2.800	0.786	107
	Total	**3.069**	**0.751**	**631**
Accessibility/availability	18-29	2.311	0.984	132
	30-39	2.486	1.035	141
	40-49	2.239	0.801	140
	50-59	2.086	0.797	111
	60 and over	2.019	0.832	107
	Total	**2.245**	**0.914**	**631**
Partnering with MNCs	18-29	3.960	0.799	132
	30-39	3.941	0.786	141
	40-49	3.757	0.761	140
	50-59	3.877	0.901	111
	60 and over	3.474	1.125	107
	Total	**3.814**	**0.884**	**631**

Table 6.10 indicates that:

- Whilst the BOP consumers from all age categories have a fairly high degree of price-consciousness, the BOP consumers, who are aged 60 years and over, express a lesser degree of dissatisfaction with the prices of products as opposed to consumers from the other age categories. However, these BOP consumers still feel that they are unable to purchase products of a good quality because the prices are too high. Although the BOP consumers from all age categories are largely price-sensitive, the BOP consumers in the 60 years and over age category are comparatively less price-sensitive than consumers from the other age categories and are, therefore, less inclined to engage in brand switching in order to purchase the lower-priced brands that are available to them.

- BOP consumers from all age categories are moderately dissatisfied with the quality of products that are currently available to them, but the BOP consumers, who are 60 years and over, express a higher degree of dissatisfaction than the consumers from the other age categories. BOP consumers, who are 60 years and older, feel that they are not fully satisfied by the products that they currently consume and are not deriving value-for-money from their purchases. The BOP consumers in this category also state that they are unable to afford the purchase of good quality products. Evidently, the BOP consumers from the 40-49 years age category are comparatively less displeased by the quality of products that they currently consume and derive a higher degree of value-for-money from their purchases than the consumers from the other age categories.

- The BOP consumers in the 60 years and over age category strongly assert that they purchase products that are simple and easy to use (appearance/acceptability) and that they refrain from purchasing products that are deemed unattractive. Conversely, the BOP consumers from the 40-49 years age category place a lesser degree of importance on the simplicity and attractiveness of a product (appearance/acceptability) when making purchase decisions.

- BOP consumers, in the 60 years and over age category, do not view purchase decisions, based on quantity and package sizes, as favourably as consumers from the other age categories. The BOP consumers in this category are less likely to buy luxury beauty and hair-care products to be used for special occasions, or to purchase products in small quantities in order to obtain a large assortment of products from their incomes. The BOP consumers in this category are more prone to purchasing products in large quantities in order to reap future savings.

- ❖ The BOP consumers from all age categories strongly feel that products are inaccessible to them, in that they have to travel long distances in order to make purchases from a supermarket. However, the BOP consumers who are 50 years and older, express a higher degree of dissatisfaction in terms the accessibility and availability of products than the consumers from the other age categories. Further to this, the BOP consumers who are 50 years and older ardently claim that their local rural stores and spaza shops do not carry a wide array of products to choose from.

- ❖ BOP consumers from all age categories express a strong propensity to engage in joint collaborative efforts with MNCs and serve as distribution agents in rural townships and villages. In the 18-39 years age category, BOP consumers are comparatively more enthusiastic about collaborating with MNCs in order to secure employment, with a view to a better future lifestyle, than consumers from the other age categories. Conversely, the BOP consumers in the 60 years and over age category are less eager to work with MNCs than the consumers from the other age categories.

Table 6.11

Kruskal-Wallis One-way ANOVA: Key Dimensions of the Study and Highest Educational Qualification

Key Dimensions of the Study	Chi-Square	p
Branding	36.318	0.000*
Savings potential/ability to pay off debt	9.243	0.055
Price/affordability	18.984	0.001*
Quality	9.470	0.050
Appearance/acceptability	12.638	0.013**
Adaptability of existing products	10.284	0.036**
Functionality/performance	9.986	0.041**
Packaging/quantity	15.363	0.004*
Advertising/awareness	5.038	0.283
Accessibility/availability	5.451	0.244
Partnering with MNCs	32.218	0.000*

***p<0.01**
****p<0.05**

Table 6.11 indicates that there is a significant difference in the perceptions of BOP consumers varying in highest educational qualification regarding branding, price/affordability, packaging/quantity and partnering with MNCs at the 1% level of significance, and appearance/acceptability, adaptability of existing products and functionality/performance at the 5% level of significance, respectively. BOP consumers' perceptions of quality borders significance at the 5% level of significance. As is evident from Table 6.11, no other significant differences exist.

In order to assess where the significant differences lie, mean analyses were undertaken (Table 6.12).

Table 6.12

Mean Analyses: Key Dimensions of the Study and Highest Educational Qualification

Key Dimensions of the Study	Highest Educational Qualification	Mean	Std Dev.	N
Branding	No education	3.313	0.562	96
	Primary school	3.592	0.611	221
	High school	3.659	0.522	239
	Diploma	3.783	0.480	59
	Degree	3.790	0.595	16
	Total	**3.598**	**0.573**	**631**
Price/affordability	No education	3.300	0.709	96
	Primary school	3.361	0.688	221
	High school	3.558	0.734	239
	Diploma	3.319	0.731	59
	Degree	3.521	0.757	16
	Total	**3.427**	**0.721**	**631**
Quality	No education	2.755	0.776	96
	Primary school	2.758	0.878	221
	High school	2.894	0.974	239
	Diploma	3.144	1.006	59
	Degree	3.125	1.258	16
	Total	**2.855**	**0.930**	**631**
Appearance/acceptability	No education	3.568	0.914	96
	Primary school	3.803	0.906	221
	High school	3.889	0.807	239
	Diploma	3.822	0.776	59
	Degree	4.250	0.707	16
	Total	**3.813**	**0.861**	**631**

Table 6.12 continued

Mean Analyses: Key Dimensions of the Study and Highest Educational Qualification

Key Dimensions of the Study	Highest Educational Qualification	Mean	Std Dev.	N
Adaptability of existing products	No education	3.734	0.754	96
	Primary school	3.887	0.754	221
	High school	3.964	0.771	239
	Diploma	4.000	0.630	59
	Degree	4.156	0.790	16
	Total	**3.910**	**0.754**	**631**
Functionality/performance	No education	2.667	0.829	96
	Primary school	3.016	1.086	221
	High school	2.837	1.021	239
	Diploma	3.178	1.129	59
	Degree	3.063	1.352	16
	Total	**2.911**	**1.045**	**631**
Packaging/quantity	No education	3.129	0.567	96
	Primary school	2.974	0.772	221
	High school	3.166	0.737	239
	Diploma	2.850	0.823	59
	Degree	3.366	1.041	16
	Total	**3.069**	**0.751**	**631**
Partnering with MNCs	No education	3.635	0.828	96
	Primary school	3.617	0.969	221
	High school	4.026	0.791	239
	Diploma	4.051	0.804	59
	Degree	3.542	0.708	16
	Total	**3.814**	**0.884**	**631**

Table 6.12 indicates that:

- The BOP consumers who have no education are comparatively less brand conscious than the consumers from the other educational qualification categories. The consumers from this category are more likely to switch brands and are more susceptible to purchasing new brands that are cheaper in price, irrespective of quality.

- In terms of price/affordability, BOP consumers who have no education and those with diplomas are more sensitive to increases in the prices of products than the consumers from the other educational qualification categories. These consumers are more prone to switching to cheaper brands during inflationary periods and state that products of a good quality are unaffordable to them.

- BOP consumers, who are in possession of a degree or diploma, view purchase decisions, based on quality, more favourably than the consumers from the other educational qualification categories. These consumers are comparatively more satisfied with the products that they purchase and derive greater value-for-money from their purchases than the consumers from the other educational qualification categories.

- The BOP consumers who have degrees strongly feel that it is crucial to take into consideration the appearance of the product when making decisions about whether or not to purchase it. However, the BOP consumers with no education view purchase decisions, based on appearance and acceptability, less favourably than the consumers from the other educational qualification categories. However, it must be noted that all BOP consumers, irrespective of educational qualification, have a strong affinity towards appearance/acceptability of the product.

- BOP consumers who have degree qualifications are more prone to purchasing products that are designed for their living conditions than the consumers from the other educational qualification categories. These consumers are also more inclined to purchase products that have been designed for multiple purposes than the consumers from the other educational qualification categories.

- The BOP consumers with no education express greater dissatisfaction in the functionality and performance of the products that they currently purchase than the consumers from the other educational qualification categories. These individuals are currently accustomed to purchasing products that are non-durable and defective.

- The BOP consumers who are in possession of degrees, view purchase decisions, based on quality and package sizes, more favourably than the consumers from the other educational qualification categories. These individuals are more prone to buying small quantities of products because it facilitates easier transportation and storage at home. These consumers are also more likely to purchase products with reusable packaging and spend a higher proportion of their income on beauty and hair-care products.

❖ In terms of partnering with MNCs, BOP consumers who have high school and diploma educational qualifications are more receptive to the proposition of joint collaboration, in a bid to overcome adversity and improve future lifestyles, than the consumers from the other educational qualification categories. However, it must be noted that all BOP consumers, irrespective of educational qualification, display willingness to partner with MNCs.

Table 6.13

Kruskal-Wallis One-way ANOVA: Key Dimensions of the Study and Monthly Income

Key Dimensions of the Study	Chi-Square	p
Branding	21.832	0.001*
Savings potential/ability to pay off debt	24.608	0.000*
Price/affordability	26.813	0.000*
Quality	43.030	0.000*
Appearance/acceptability	11.744	0.038**
Adaptability of existing products	6.058	0.301
Functionality/performance	46.276	0.000*
Packaging/quantity	36.010	0.000*
Advertising/awareness	5.038	0.411
Accessibility/availability	14.569	0.012**
Partnering with MNCs	24.651	0.000*

***p<0.01**
****p<0.05**

Table 6.13 indicates that there is a significant difference in the perceptions of BOP consumers varying in monthly income regarding branding, savings potential/ability to pay off debt, price/affordability, quality, functionality/performance, packaging/quantity and partnering with MNCs at the 1% level of significance, and appearance/acceptability and accessibility/availability at the 5% level of significance, respectively. Table 6.13 also reflects that no other significant differences exist.

In order to assess where the significant differences lie, mean analyses were undertaken (Table 6.14).

Table 6.14

Mean Analyses: Key Dimensions of the Study and Monthly Income

Key Dimensions of the Study	Monthly Income	Mean	Std Dev.	N
Branding	Under R250	3.475	0.553	61
	R251-R500	3.448	0.572	132
	R501-R1000	3.670	0.563	131
	R1001-R1500	3.689	0.633	167
	R1501-R2000	3.522	0.450	71
	Above R2000	3.713	0.494	69
	Total	**3.598**	**0.573**	**631**
Savings potential/ability to pay off debt	Under R250	3.063	0.614	61
	R251-R500	3.220	0.457	132
	R501-R1000	3.306	0.577	131
	R1001-R1500	3.430	0.641	167
	R1501-R2000	3.376	0.493	71
	Above R2000	3.427	0.461	69
	Total	**3.319**	**0.565**	**631**
Price/affordability	Under R250	3.656	0.667	61
	R251-R500	3.577	0.702	132
	R501-R1000	3.449	0.723	131
	R1001-R1500	3.264	0.753	167
	R1501-R2000	3.516	0.608	71
	Above R2000	3.193	0.697	69
	Total	**3.427**	**0.721**	**631**
Quality	Under R250	2.639	0.962	61
	R251-R500	2.587	0.809	132
	R501-R1000	2.802	0.965	131
	R1001-R1500	2.898	0.845	167
	R1501-R2000	2.933	0.878	71
	Above R2000	3.471	1.016	69
	Total	**2.855**	**0.930**	**631**
Appearance/acceptability	Under R250	3.689	0.786	61
	R251-R500	3.739	0.828	132
	R501-R1000	3.916	0.835	131
	R1001-R1500	3.910	0.891	167
	R1501-R2000	3.592	0.900	71
	Above R2000	3.862	0.887	69
	Total	**3.813**	**0.861**	**631**

Table 6.14 continued

Mean Analyses: Key Dimensions of the Study and Monthly Income

Key Dimensions of the Study	Monthly Income	Mean	Std Dev.	N
Functionality/performance	Under R250	2.574	0.999	61
	R251-R500	2.610	0.887	132
	R501-R1000	2.805	1.020	131
	R1001-R1500	3.132	1.134	167
	R1501-R2000	2.845	0.813	71
	Above R2000	3.522	1.055	69
	Total	**2.911**	**1.045**	**631**
Packaging/quantity	Under R250	3.347	0.573	61
	R251-R500	3.194	0.670	132
	R501-R1000	3.177	0.736	131
	R1001-R1500	2.867	0.806	167
	R1501-R2000	3.153	0.665	71
	Above R2000	2.781	0.827	69
	Total	**3.069**	**0.751**	**631**
Accessibility/availability	Under R250	2.475	0.868	61
	R251-R500	2.402	0.892	132
	R501-R1000	2.229	0.957	131
	R1001-R1500	2.093	0.888	167
	R1501-R2000	2.176	0.858	71
	Above R2000	2.210	0.975	69
	Total	**2.245**	**0.914**	**631**
Partnering with MNCs	Under R250	3.896	0.824	61
	R251-R500	3.740	0.798	132
	R501-R1000	4.010	0.838	131
	R1001-R1500	3.543	1.002	167
	R1501-R2000	4.038	0.716	71
	Above R2000	3.932	0.868	69
	Total	**3.814**	**0.884**	**631**

Table 6.14 indicates that:

❖ Although BOP consumers from all monthly income categories are fairly brand-conscious, the BOP consumers, with a monthly income less than R500, are comparatively less brand-conscious than the BOP consumers from the other monthly income categories. These individuals are less likely to pay premium prices for good quality brands and are not as loyal to brands as the BOP consumers from the other monthly income categories are.

- BOP consumers with a monthly income less than R500 do not view savings as favourably as the BOP consumers from the other monthly income categories. These BOP consumers, who do not have access to bank accounts and earn less than R500 per month, are comparatively more accustomed to spending all of their incomes than the consumers from the other income groups but acknowledge that being able to save will enable them to secure better lifestyles in the future. It must be noted, however, that BOP consumers from all monthly income groups have a moderate affinity to save money as well as pay off their debt.

- Whilst the BOP consumers from all income categories have a fairly high degree of price-consciousness, the BOP consumers who earn between R1001 and R1500 and R2000 and above appear to be less conscious of prices when making purchase decisions than the BOP consumers from the other monthly income categories. Conversely, the BOP consumers who have monthly incomes less than R250 are comparatively more price-sensitive than the BOP consumers from the other income categories.

- BOP consumers with a monthly income above R2000 express greater satisfaction in the quality of products that they currently consume than the BOP consumers from the other monthly income categories. In comparison to the BOP consumers from the other monthly income categories, these consumers, who earn more than R2000 per month, are able to afford the purchase of better-quality products and derive greater value-for-money from their purchases.

- The BOP consumers with a monthly income between R1501 and R2000 do not view purchase decisions, based on appearance, as favourably as the BOP consumers from the other monthly income categories and are more inclined to purchase products that are not deemed the most attractive on the market. However, it must be noted that BOP consumers from all monthly income categories have a strong affinity towards appearance/acceptability of the product.

- The BOP consumers with a monthly income of less than R250 per month are comparatively less satisfied with the functionality and performance of the products that they currently purchase than the BOP consumers from the other monthly income categories. However, BOP consumers, with a monthly income above R2000 per month, express greater satisfaction with the functionality and performance of the products than the BOP consumers from the other monthly income categories. These consumers are more inclined to purchasing products that are considered long-lasting and defect-free.

- The BOP consumers with a monthly income above R2000 per month do not view purchase decisions, based on quantity and package sizes, as favourably as the BOP consumers from the other monthly income categories. The individuals in this category are more likely to purchase large quantities of products in order to reap future savings and are less likely to purchase small quantities of products simply because of the ease in transporting and storing them. The BOP consumers in this category are also less prone to purchasing small quantities of products for the sake of obtaining a wide assortment of products with their current incomes, which is comparatively more than the incomes of the BOP consumers from the other monthly income categories.

- Although the BOP consumers from all monthly income categories view products as inaccessible to them, the BOP consumers who earn between R1001 and R1500 per month view the accessibility and availability of products less favourably than the BOP consumers from the other monthly income categories. These individuals strongly feel that products are highly inaccessible to them as they are required to travel a considerable distance in order to purchase products from supermarkets and they claim that the local spaza shops and rural stores do not carry a wide assortment of products to choose from.

- In the R1001 – R1500 monthly income category, BOP consumers are comparatively less enthusiastic about collaborating with MNCs in order to secure employment with a view to an improved future lifestyle than the BOP consumers from the other monthly income categories. However, it must be noted that all BOP consumers, irrespective of monthly income, display willingness to partner with MNCs.

Table 6.15

Kruskal-Wallis One-way ANOVA: Key Dimensions of the Study and Number of People Living in a Household

Key Dimensions of the Study	Chi-Square	p
Branding	29.219	0.000*
Savings potential/ability to pay off debt	1.961	0.581
Price/affordability	14.186	0.003*
Quality	13.838	0.003*
Appearance/acceptability	8.626	0.035**
Adaptability of existing products	3.942	0.268
Functionality/performance	9.398	0.024**
Packaging/quantity	7.919	0.048**
Advertising/awareness	5.007	0.171
Accessibility/availability	4.544	0.208
Partnering with MNCs	5.746	0.125

***p<0.01**
****p<0.05**

Table 6.15 indicates that there is a significant difference in the perceptions of BOP consumers varying in number of people living in a household regarding branding, price/ affordability and quality at the 1% level of significance, and appearance/acceptability, functionality/performance and packaging/quantity at the 5% level of significance, respectively. As is evident from Table 6.15, no other significant differences exist.

In order to assess where the significant differences lie, mean analyses were undertaken (Table 6.16).

Table 6.16

Mean Analyses: Key Dimensions of the Study and Number of People Living in a Household

Key Dimensions of the Study	Number of People Living in a Household	Mean	Std Dev.	N
Branding	1-3	3.549	0.530	184
	4-6	3.756	0.532	236
	7-9	3.503	0.590	153
	10 or more	3.359	0.661	58
	Total	**3.598**	**0.573**	**631**
Price/affordability	1-3	3.265	0.713	184
	4-6	3.502	0.703	236
	7-9	3.503	0.728	153
	10 or more	3.428	0.731	58
	Total	**3.427**	**0.721**	**631**
Quality	1-3	3.010	0.928	184
	4-6	2.863	0.964	236
	7-9	2.665	0.866	153
	10 or more	2.828	0.885	58
	Total	**2.855**	**0.930**	**631**
Appearance/acceptability	1-3	3.755	0.844	184
	4-6	3.932	0.827	236
	7-9	3.761	0.923	153
	10 or more	3.647	0.843	58
	Total	**3.813**	**0.861**	**631**
Functionality/performance	1-3	3.035	1.040	184
	4-6	2.979	1.121	236
	7-9	2.706	0.981	153
	10 or more	2.784	0.812	58
	Total	**2.911**	**1.045**	**631**
Packaging/quantity	1-3	2.949	0.741	184
	4-6	3.083	0.784	236
	7-9	3.178	0.732	153
	10 or more	3.101	0.654	58
	Total	**3.069**	**0.751**	**631**

Table 6.16 indicates that:

- ❖ Although BOP consumers from all household-size categories are fairly brand-conscious, the BOP consumers living in households consisting of 10 or more people are comparatively less brand-conscious than the BOP consumers from the other household-size categories. These individuals are unlikely to pay higher prices for better-quality brands and are comparatively less loyal to brands than the BOP consumers from the other household-size categories.

- ❖ The BOP consumers, residing in households consisting of 1-3 people, are comparatively less conscious of prices when making their purchase decisions than the BOP consumers from the other household-size categories.

- ❖ The BOP consumers, living in households consisting of 1-3 people, view purchase decisions, based on quality, more favourably than the BOP consumers from the other household-size categories. Comparatively, these individuals are better able to afford the purchase of good quality products and obtain greater value-for-money for their purchases than the BOP consumers from the other household-size categories.

- ❖ The BOP consumers, dwelling in households consisting of 4-6 people, view purchase decisions, based on appearance of the product, more favourably than the BOP consumers from the other household-size categories and are likely to purchase products that are deemed attractive and easy to use.

- ❖ The BOP consumers, living in households consisting of 1-3 people, express greater satisfaction in the functionality and performance of the products that they currently purchase than the BOP consumers from the other household-size categories. These consumers are currently prone to purchasing products that are durable and free of defects.

- ❖ The BOP consumers, residing in households consisting of 1-3 people, do not view purchase decisions, based on package sizes and quantity, as favourably as the BOP consumers from the other household-size categories. Comparatively, these individuals are more likely to purchase large quantities of products in order to reap the benefits of future savings than the BOP consumers from the other household-size categories.

t-Tests were conducted in order to ascertain whether or not there is a significant difference in the perceptions of BOP consumers varying in gender and age regarding the key dimensions of the study (Tables 6.17, 6.18, 6.19 and 6.20) .

Table 6.17

Mann-Whitney U-Test: Key Dimensions of the Study and Gender

Key Dimensions of the Study	Mann-Whitney U	Z	p
Branding	44644.000	-1.640	0.101
Savings potential/ability to pay off debt	44125.500	-1.874	0.061
Price/affordability	43946.000	-1.952	0.051
Quality	47902.500	-0.194	0.846
Appearance/acceptability	43337.000	-2.257	0.024**
Adaptability of existing products	46053.000	-1.041	0.298
Functionality/performance	41329.500	-3.144	0.002*
Packaging/quantity	41993.500	-2.817	0.005*
Advertising/awareness	48271.500	-0.030	0.976
Accessibility/availability	44753.000	-1.625	0.104
Partnering with MNCs	40341.000	-3.573	0.000*

***p<0.01**
****p<0.05**

Table 6.17 indicates that there is a significant difference in the perceptions of male and female BOP consumers regarding functionality/performance, packaging/quantity and partnering with MNCs, respectively, at the 1% level of significance. Furthermore, male and female BOP consumers differ in their perceptions of the appearance/acceptability of the product at the 5% level of significance. Male and female BOP consumers’ perception of price also borders significance at the 5% level. Table 6.17 also reflects that no other significant differences exist.

In order to assess exactly where the significant differences lie, mean analyses were conducted (Table 6.18).

Table 6.18

Mean Analyses: Key Dimensions of the Study and Gender

Key Dimensions of the Study	Gender	Mean	Std Dev.	N
Appearance/acceptability	Male	3.723	0.839	262
	Female	3.877	0.872	369
	Total	**3.813**	**0.861**	**631**
Functionality/performance	Male	2.750	0.966	262
	Female	3.026	1.085	369
	Total	**2.911**	**1.045**	**631**
Packaging/quantity	Male	3.169	0.669	262
	Female	2.997	0.797	369
	Total	**3.069**	**0.751**	**631**
Partnering with MNCs	Male	3.969	0.799	262
	Female	3.703	0.925	369
	Total	**3.814**	**0.884**	**631**

Table 6.18 reflects that male BOP consumers are more in favour of collaboration with MNCs and prefer products in reusable packaging and in varying quantities and package sizes than female BOP consumers. Female BOP consumers, however, place greater value on the appearance, acceptability, functionality and performance of products than male BOP consumers (Table 6.18).

Table 6.19

Kruskal-Wallis t-Test: Key Dimensions of the Study and Race#

Key Dimensions of the Study	Chi-Square	p
Branding	2.034	0.154
Savings potential/ability to pay off debt	4.484	0.034**
Price/affordability	0.799	0.371
Quality	0.226	0.635
Appearance/acceptability	0.000	0.985
Adaptability of existing products	10.570	0.001*
Functionality/performance	4.776	0.029**
Packaging/quantity	0.491	0.484
Advertising/awareness	16.145	0.000*
Accessibility/availability	0.353	0.553
Partnering with MNCs	14.659	0.000*

***p<0.01**
****p<0.05**
#Race only comprises Coloured and African BOP consumers

Table 6.19 indicates that there is a significant difference in the perceptions of African and Coloured BOP consumers regarding adaptability of existing products, advertising/awareness and partnering with MNCs, respectively, at the 1% level of significance. Furthermore, African and Coloured BOP consumers differ in their perceptions of savings potential/ability to pay off debt and functionality/performance of the product at the 5% level of significance. As is evident from Table 6.19, no other significant differences exist.

In order to assess exactly where the significant differences lie, mean analyses were conducted (Table 6.20).

Table 6.20

Mean Analyses: Key Dimensions of the Study and Race

Key Dimensions of the Study	Race	Mean	Std Dev.	N
Savings potential/ability to pay off debt	African	3.327	0.574	601
	Coloured	3.148	0.313	30
	Total	**3.319**	**0.565**	**631**
Adaptability of existing products	African	3.928	0.758	601
	Coloured	3.550	0.578	30
	Total	**3.910**	**0.754**	**631**
Functionality/performance	African	2.895	1.058	601
	Coloured	3.233	0.691	30
	Total	**2.911**	**1.045**	**631**
Advertising/awareness	African	3.504	0.693	601
	Coloured	2.942	0.652	30
	Total	**3.477**	**0.701**	**631**
Partnering with MNCs	African	3.837	0.889	601
	Coloured	3.333	0.613	30
	Total	**3.814**	**0.884**	**631**

Table 6.20 reflects that African BOP consumers place greater emphasis on saving and being able to pay off debts, purchasing multiple-purpose products that are designed for their living conditions (adaptability of existing products), purchasing products that are highly recommended by family and friends (advertising/awareness) and are more in favour of joint collaboration with MNCs than Coloured BOP consumers. However, Coloured BOP consumers place greater significance on the functionality and performance of products than African BOP consumers.

From the results reflected in Tables 6.9 to 6.20, it is evident that Hypothesis 2 may be partially accepted.

6.2.2.3 EVALUATIVE CRITERIA AND BIOGRAPHICAL VARIABLES

Hypothesis 3:

There is a significant difference in the perceptions of BOP consumers varying in biographical profiles (age, highest educational qualification, monthly income and number of people living in a household, gender and race) regarding each evaluative criterion (price/affordability, quality, appearance/acceptability, packaging/quantity, accessibility/ availability, brand preference, adaptability of existing products, functionality/performance and advertising/awareness), respectively (Tables 6.21, 6.22, 6.23, 6.24, 6.25, and 6.26).

Table 6.21

Kruskal-Wallis One-way ANOVA: Evaluative Criteria and Age

Evaluative Criteria	Chi-Square	p
Price/affordability	33.042	0.000*
Quality	11.276	0.024**
Appearance/acceptability	6.854	0.144
Packaging/quantity	20.708	0.000*
Accessibility/availability	20.589	0.000*
Brand preference	1.206	0.877
Adaptability of existing products	6.842	0.144
Functionality/performance	2.474	0.649
Advertising/awareness	5.145	0.273

***p<0.01**
****p<0.05**

Table 6.21 indicates that there is a significant difference in the perceptions of BOP consumers varying in age regarding price/affordability, packaging/quantity and accessibility/ availability at the 1% level of significance, and quality at the 5% level of significance, respectively. Table 6.21 also indicates that no other significant differences exist.

Table 6.22

Kruskal-Wallis One-way ANOVA: Evaluative Criteria and Highest Educational Qualification

Evaluative Criteria	Chi-Square	p
Price/affordability	33.392	0.000*
Quality	26.565	0.000*
Appearance/acceptability	8.095	0.088
Packaging/quantity	16.816	0.002*
Accessibility/availability	14.511	0.006*
Brand preference	22.611	0.000*
Adaptability of existing products	10.284	0.036**
Functionality/performance	9.986	0.041**
Advertising/awareness	5.038	0.283

***p<0.01**
****p<0.05**

Table 6.22 indicates that there is a significant difference in the perceptions of BOP consumers varying in highest educational qualification regarding price/affordability, quality, packaging/quantity, accessibility/availability and brand preference at the 1% level of significance, and adaptability of existing products and functionality/performance at the 5% level of significance, respectively. Table 6.22 also reflects that no other significant differences exist.

Table 6.23

Kruskal-Wallis One-way ANOVA: Evaluative Criteria and Monthly Income

Evaluative Criteria	Chi-Square	p
Price/affordability	19.178	0.002*
Quality	43.307	0.000*
Appearance/acceptability	12.891	0.024**
Packaging/quantity	31.130	0.000*
Accessibility/availability	47.662	0.000*
Brand preference	20.256	0.001*
Adaptability of existing products	6.058	0.301
Functionality/performance	46.276	0.000*
Advertising/awareness	5.038	0.411

***p<0.01**
****p<0.05**

Table 6.23 indicates that there is a significant difference in the perceptions of BOP consumers varying in monthly income regarding price/affordability, quality, packaging/quantity, accessibility/availability, brand preference and functionality/ performance at the 1% level of significance, and appearance/acceptability at the 5% level of significance, respectively. It is also evident from Table 6.23 that no other significant differences exist.

Table 6.24

Kruskal-Wallis One-way ANOVA: Evaluative Criteria and Number of People Living in a Household

Evaluative Criteria	Chi-Square	p
Price/affordability	24.933	0.000*
Quality	15.764	0.001*
Appearance/acceptability	11.620	0.009*
Packaging/quantity	6.783	0.079
Accessibility/availability	6.995	0.072
Brand preference	26.297	0.000*
Adaptability of existing products	3.942	0.268
Functionality/performance	9.398	0.024**
Advertising/awareness	5.007	0.171

***p<0.01**
****p<0.05**

Table 6.24 indicates that there is a significant difference in the perceptions of BOP consumers varying in the number of people living in a household regarding price/ affordability, quality, appearance/acceptability and brand preference at the 1% level of significance, and functionality/performance at the 5% level of significance, respectively. In addition, Table 6.24 reflects that no other significant differences exist.

t-Tests were conducted in order to ascertain whether or not there is a significant difference in the perceptions of BOP consumers varying in gender and age regarding the evaluative criteria for purchase decisions (Tables 6.25 and 6.26).

Table 6.25

Mann-Whitney U-Test: Evaluative Criteria and Gender

Evaluative Criteria	Mann-Whitney U	Z	p
Price/affordability	42194.000	-2.729	0.006*
Quality	47381.500	-0.425	0.671
Appearance/acceptability	44319.000	-1.790	0.073
Packaging/quantity	42253.000	-2.702	0.007*
Accessibility/availability	38940.000	-4.219	0.000*
Brand preference	43632.500	-2.089	0.037**
Adaptability of existing products	46053.000	-1.041	0.298
Functionality/performance	41329.500	-3.144	0.002*
Advertising/awareness	48271.500	-0.030	0.976

***p<0.01**
****p<0.05**

Table 6.25 indicates that there is a significant difference in the perceptions of male and female BOP consumers regarding price/affordability, packaging/quantity, accessibility/ availability and functionality/performance, respectively, at the 1% level of significance. Furthermore, male and female BOP consumers differ in their perceptions of brand preference at the 5% level of significance. It is also evident from Table 6.25 that no other significant differences exist.

Table 6.26

Mann-Whitney U-Test/Kruskal-Wallis t-Test: Evaluative Criteria and Race

Evaluative Criteria	Mann-Whitney U	Z	Kruskal – Wallis T-Test Chi-Square	p
Price/affordability	8970.000	-0.046		0.963
Quality	7958.000	-1.086		0.277
Appearance/acceptability	7241.000	-1.829		0.067
Packaging/quantity	8555.500	-0.472		0.637
Accessibility/availability	8262.500	-0.782		0.434
Brand preference	6833.500	-2.243		0.025**
Adaptability of existing products			10.570	0.001*
Functionality/performance			4.776	0.029**
Advertising/awareness			16.145	0.000*

***p<0.01**
****p<0.05**

Table 6.26 indicates that there is a significant difference in the perceptions of African and Coloured BOP consumers regarding adaptability of existing products and advertising/ awareness, respectively, at the 1% level of significance. In addition, African and Coloured BOP consumers differ in their perceptions of brand preference and functionality/ performance, respectively, at the 5% level of significance. Furthermore, Table 6.26 reflects that no other significant differences exist.

From the results reflected in Tables 6.21 to 6.26, it is evident that Hypothesis 3 may be partially accepted.

Hypothesis 4:

There is a significant relationship between the evaluative criteria and each of the biographical variables (age, highest educational qualification, monthly income and number of people living in a household, gender and race), respectively (Table 6.27).

Table 6.27

Spearman Rank-order Correlation: Evaluative Criteria and Biographical Variables

Evaluative Criteria	Gender		Age		Race		Highest Educational Qualification		Income		Number of people living in a household	
	rho	p	rho	p	rho	p	rho	p	rho	p	rho	p
The price of product	0.049	0.233	-0.037	0.361	0.156	0.000*	0.043	0.296	-0.018	0.659	-0.137	0.001*
The quality of product	-0.055	0.212	-0.109	0.013**	0.042	0.340	0.201	0.000*	0.160	0.000*	-0.021	0.635
The product brands	-0.074	0.212	0.000	0.995	-0.123	0.037**	-0.125	0.035**	-0.091	0.125	0.135	0.022**
The performance of the product	0.035	0.512	-0.019	0.724	0.035	0.505	0.022	0.684	-0.135	0.011**	0.025	0.632
The packaging sizes of the product	0.077	0.214	0.133	0.031**	0.049	0.428	-0.066	0.286	0.057	0.357	0.151	0.014**
The appearance of the product	-0.009	0.905	0.059	0.435	-0.044	0.557	-0.058	0.441	0.049	0.514	0.004	0.954
The multi-purpose design of products	-0.080	0.307	0.038	0.621	-	-	-0.182	0.019**	-0.031	0.693	0.050	0.522
The convenience of buying the product	0.072	0.443	-0.034	0.717	-0.021	0.825	-0.059	0.529	-0.156	0.093	0.313	0.001*
The products that were recently advertised	-0.034	0.841	0.004	0.982	-	-	0.126	0.452	0.092	0.584	-0.328	0.044**

***p<0.01**
****p<0.05**

Table 6.27 indicates that there is a significant relationship between age and the packaging sizes of the product and, a significant but inverse relationship between age and the quality of the product at the 5% level of significance, respectively. The implication is that, as BOP consumers grow older, the less conscious they are of the quality of products when making purchasing decisions.

As evident from Table 6.27, there is a significant relationship between race and the price of the product at the 1% level of significance and, a significant but inverse relationship between race and the product brands at the 5% level of significance, respectively. The inference of the significant but inverse relationship is that Coloured BOP consumers place less emphasis on brands than African BOP consumers when engaging in decision-making.

Table 6.27 indicates that there is a significant relationship between highest educational qualification and the quality of the product at the 1% level of significance. Furthermore, Table 6.27 reflects that there is a significant but inverse relationship between highest educational qualification and the product brands and the multi-purpose design of products at the 5% level of significance, respectively. The implication is that BOP consumers, who have lower levels of educational qualifications, place greater importance on product brands and the multi-purpose design of products when making purchase decisions.

As evident from Table 6.27, there is a significant relationship between monthly income and the quality of the product at the 1% level of significance, and a significant but inverse relationship between monthly income and the performance of the product at the 5% level of significance, respectively. The implication of the significant but inverse relationship is that, as the income of the BOP consumers increases, the less important the performance and functionality of the product becomes when engaging in decision-making.

Table 6.27 indicates that there is a significant relationship between the number of people living in a household and the convenience of buying the product, and a significant but inverse relationship between the number of people living in a household and the price of the product at the 1% level of significance, respectively. The inference of the significant, inverse relationship is that, as the number of people living in a household increases, the less important price becomes to the BOP consumers when engaging in decision-making.

Furthermore, Table 6.27 reflects that there is a significant relationship between the number of people living in a household and the product brands and the packaging sizes of the product, and a significant but inverse relationship between the number of people living in a household and the products that were recently advertised at the 5% level of significance, respectively. The implication of the significant but inverse relationship is that, as the number of people living in a household increases, the less important recently advertised products become to the BOP consumers when making purchase decisions.

There are no other significant relationships between evaluative criteria and biographical variables. Therefore, Hypothesis 4 may be partially accepted.

6.2.2.4 SPENDING OF BOP CONSUMERS AND BIOGRAPHICAL VARIABLES

Hypothesis 5:

There is a significant relationship between the categories of spending and each of the biographical variables (age, highest educational qualification, monthly income and number of people living in a household, gender and race), respectively (Table 6.28).

Table 6.28

Spearman Rank-order Correlation: Categories of Spending and Biographical Variables

Categories of Spending	Gender		Age		Race		Highest Educational Qualification		Income		Number of people living in a household	
	rho	p	rho	p	rho	p	rho	p	rho	p	rho	p
Food & Groceries	0.061	0.128	0.093	0.021**	0.057	0.158	-0.071	0.077	0.075	0.062	0.077	0.056
Telecommunications (cellphone airtime)	-0.036	0.520	-0.001	0.987	-0.080	0.149	0.029	0.602	0.095	0.086	-0.282	0.000*
Transport	-0.078	0.093	-0.015	0.744	0.113	0.015**	-0.055	0.241	-0.001	0.990	0.038	0.413
Alcohol & Cigarettes	-0.153	0.027**	-0.188	0.007*	0.003	0.970	0.131	0.060	-0.130	0.061	0.124	0.075
Education	0.052	0.307	-0.097	0.056	-0.033	0.511	0.073	0.150	-0.070	0.169	0.078	0.125
Festivals, Entertainment, Recreation & Luxuries	0.099	0.220	0.023	0.775	-0.124	0.124	-0.123	0.130	-0.229	0.004*	0.194	0.016**
Clothing, Toiletries & Footwear	-0.005	0.906	-0.083	0.067	0.066	0.148	0.096	0.034**	0.022	0.626	0.016	0.723
Health	-0.036	0.480	0.042	0.412	-0.043	0.392	-0.035	0.491	-0.048	0.348	-0.081	0.110
Other	0.441	0.000*	0.662	0.000*	-0.019	0.843	-0.316	0.001*	0.332	0.000*	0.106	0.276

***p<0.01**
****p<0.05**

Table 6.28 indicates that there is a significant relationship between gender and the other category of consumer spending (for example, funeral and burial services) at the 1% level of significance and, a significant but inverse relationship between gender and alcohol and cigarettes at the 5% level of significance, respectively. The implication is that male BOP consumers spend more of their financial resources on alcohol and cigarettes than female BOP consumers.

As evident in Table 6.28, there is a significant relationship between age and the other category of consumer spending (for example, funeral and burial services) and, a significant but inverse relationship between age and alcohol and cigarettes at the 1% level of significance, respectively. The inference of the significant, inverse relationship is that the younger BOP consumers spend more money on alcohol and cigarettes than the older BOP consumers. Furthermore, Table 6.28 reflects that there is a significant relationship between age and food and groceries at the 5% level of significance.

Table 6.28 reflects that there is a significant relationship between race and transport at the 5% level of significance.

Table 6.28 indicates that there is a significant but inverse relationship between highest educational qualification and the other category of consumer spending (for example, funeral and burial services) at the 1% level of significance. The implication of the significant, inverse relationship is that BOP consumers, who have higher levels of educational qualifications, spend a smaller proportion of their incomes on the other category of consumer spending (for example, funeral and burial services). Furthermore, Table 6.28 reflects that there is a significant relationship between highest educational qualification and clothing, toiletries and footwear at the 5% level of significance.

As evident in Table 6.28, there is a significant relationship between monthly income and the other category of consumer spending (for example, funeral and burial services) and, a significant but inverse relationship between monthly income and festivals, entertainment, recreation and luxuries at the 1% level of significance, respectively. The inference of the significant but inverse relationship is that BOP consumers, who have higher levels of income, spend a lesser proportion of their incomes on festivals, entertainment, recreation and luxuries.

As evident in Table 6.28, there is a significant but inverse relationship between the number of people living in a household and telecommunications (cellphone airtime) at the 1% level of significance and, a significant relationship between the number of people living in a household and festivals, entertainment, recreation and luxuries at the 5% level of significance, respectively. The implication of the significant but inverse relationship is that as the number of people living in a household increases, less money is spent on telecommunications (cellphone airtime) by the BOP consumers residing in those households.

From Table 6.28, it is evident that a moderate to strong relationship exists between age and the other category of consumer spending (for example, funeral and burial services). The implication is that, as BOP consumers grow older, a greater proportion of their income is spent on the other category of consumer spending (for example, funeral and burial services).

Furthermore, there are no other significant relationships between categories of spending and biographical variables. Therefore, Hypothesis 5 may be partially accepted.

6.2.2.5 ABILITY TO PAY OFF DEBT AND BIOGRAPHICAL VARIABLES

Hypothesis 6:

There is a significant relationship between the ability to pay off debt and each of the biographical variables (age, highest educational qualification, monthly income and number of people living in a household, gender and race), respectively (Table 6.29).

Table 6.29

Chi-square Correlation: Ability to Pay off Debt and Biographical Variables

Gender		Age		Race		Highest Educational Qualification		Income		Number of people living in a household	
r	**p**	**r**	**p**	**r**	**p**	**r**	**p**	**r**	**p**	**r**	**p**
-0.097	0.015**	0.125	0.002*	0.032	0.424	-0.119	0.003*	-0.049	0.217	0.112	0.005*

***p<0.01**
****p<0.05**

The composite values in Table 6.29 indicate that there is a significant relationship between the ability to pay off debt and age and number of people living in a household and, a significant but inverse relationship between the ability to pay off debt and highest educational qualification at the 1% level of significance, respectively. Table 6.29 also indicates that there is a significant but inverse relationship between the ability to pay off debt and gender at the 5% level of significance. The implication of the significant but inverse relationship is that female BOP consumers are better able to pay off their debt than male BOP consumers. Furthermore, BOP consumers with higher levels of educational qualifications display a greater ability to pay off debt than consumers with lower levels of educational qualifications.

Off the 28.4% of the BOP consumers who were always able to pay their debts on time in the past year, 18.2% are female and 10.1% are male. In this category, 4.3% of the respondents are aged between 18-29 years, 5.4% are aged between 30-39 years, 8.1% are aged between 40-49 years, 4.9% are aged between 50-59 years and 5.7% are aged 60 years and over. In terms of the educational levels of the respondents of this category, 4.4% are not educated, 11.9% have primary school education, 8.6% have high school education, 2.7% are in possession of diplomas and 0.8% of respondents have degree qualifications. In this category, 9.8% of the respondents live in households consisting of 1-3 people, 9.4% of the respondents live in households consisting of 4-6 people, 7.1% of the respondents live in households consisting of 7-9 people and 2.1% of the respondents live in households consisting of 10 or more people.

From the 27.1% of the respondents who were only sometimes able to pay their debts on time in the past year, 16.2% are female and 10.9% are male. In this category, 5.2% of the respondents are aged between 18-29 years, 6.8% are aged between 30-39 years, 4.8% are aged between 40-49 years, 5.1% are aged between 50-59 years and 5.2 % are aged 60 years and over. In terms of the educational levels of the respondents of this category, 3.8% are not educated, 8.2% have primary school education, 12.2% have high school education, 2.4% are in possession of diplomas and 0.5% of respondents have degree qualifications. In this category, 5.2% of the respondents live in households consisting of 1-3 people, 11.6% of the respondents live in households consisting of 4-6 people, 7.1% of the respondents live in households consisting of 7-9 people and 3.2% of the respondents live in households consisting of 10 or more people.

There are no significant relationships between the ability to pay off debt and race and income respectively. Hence, Hypothesis 6 may be partially accepted.

6.3 STATISTICAL ANALYSIS OF THE QUESTIONNAIRE

As outlined in the Research Methodology chapter, the population of this study is 2 556 422 subjects. The sample size for the study was calculated using an online Sample Size Calculator and generated a sample size of 600 subjects. The actual sample size for this study, though, was 631 subjects which thereby confirms the adequacy of the sample. However, in addition, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity was computed which, respectively, reflected adequacy (0.849; Approx. Chi-Square = 10897.232) and significance (df = 1225; Sig. = 0.000). Statistical analysis of the questionnaire will be undertaken to establish the validity and reliability of the questionnaire. Validity will be tested using Factor Analysis and reliability will be tested by using Cronbach's Coefficient Alpha.

6.3.1 VALIDITY OF THE QUESTIONNAIRE

The validity of the questionnaire was statistically assessed using Factor Analysis (Table 6.30).

Table 6.30

Validity of the Questionnaire: Factor Analysis

	Component										
	1	2	3	4	5	6	7	8	9	10	11
B1			0.756								
B2			0.742								
B3			0.728								
B4			0.490	0.458							
B5				0.541							0.302
B6				0.741							
B7				0.602							
B8				0.498							
B9										0.681	
B10				0.600							
B11			0.369								
B12							0.461			-0.338	0.419
B13							0.345			-0.332	
B14							0.639				
B15							0.750				
B16									-0.736		
B17									-0.769		
B18			0.382			0.533					
B19				-0.465	-0.309						
B20		0.323		-0.506							
B21	0.526										
B22		0.360	0.391								
B23		0.513									
B24		0.620									
B25		-0.652									
B26		-0.705									
B27		-0.692									
B28		-0.666									
B29			0.312			0.338					
B30					0.627						
B31					0.494						
B32						0.319					
B33	-0.301	-0.383									
B34			0.315							-0.366	
B35	0.825										
B36	0.850										
B37	0.807										
B38						0.511					

Table 6.30 continued

Validity of the Questionnaire: Factor Analysis

	Component										
	1	2	3	4	5	6	7	8	9	10	11
B39											-0.629
B40	0.815										
B41	0.420					-0.337	-0.344				
B42					0.401					0.452	
B43					0.709						
B44					0.754						
B45						0.315		0.372			
B46						-0.570					
B47						-0.792					
B48								0.666			
B49								0.699			
B50								0.735			
Eigen-value	3.867	3.605	3.541	3.175	2.762	2.522	1.995	1.985	1.797	1.611	1.419
% of Total Variance	7.73	7.21	7.08	6.35	5.52	5.04	3.99	3.97	3.59	3.22	2.84

Table 6.30 indicates that 6 items load significantly on Factor 1 and account for 7.73% of the total variance. Five items relate to packaging/quantity and 1 item relates to price/ affordability. Since the majority of items relate to packaging/quantity, Factor 1 will be labelled likewise.

Table 6.30 indicates that 6 items load significantly on Factor 2 and account for 7.21% of the total variance. Four items relate to quality and 2 items relate to price/affordability. Since the majority of items relate to quality, Factor 2 will be labelled likewise.

Table 6.30 indicates that 4 items load significantly on Factor 3 and account for 7.08% of the total variance. Since all 4 items relate to branding, Factor 3 will be labelled likewise.

Table 6.30 indicates that 8 items load significantly on Factor 4 and account for 6.35% of the total variance. Six items relate to branding and 2 items relate to price/affordability. Since the majority of items relate to branding, Factor 4 will be labelled likewise.

Table 6.30 indicates that 5 items load significantly on Factor 5 and account for 5.52% of the total variance. Three items relate to advertising/awareness, 1 item relates to appearance/ acceptability and 1 item relates to adaptability of existing products. Since the majority of items relate to advertising/awareness, Factor 5 will be labelled likewise.

Table 6.30 indicates that 4 items load significantly on Factor 6 and account for 5.04% of the total variance. Two items relate to accessibility/availability, 1 item relates to savings potential/ability to pay off debt and 1 item relates to packaging/quantity. Since the majority of items relate to accessibility/availability, Factor 6 will be labelled likewise.

Table 6.30 indicates that 3 items load significantly on Factor 7 and account for 3.99% of the total variance. These 3 items relate to savings potential/ability to pay off debt, hence, Factor 7 will be labelled likewise.

Table 6.30 indicates that 3 items load significantly on Factor 8 and account for 3.97 % of the total variance. These 3 items relate to partnering with MNCs, hence, Factor 8 will be labelled likewise.

Table 6.30 indicates that 2 items load significantly on Factor 9 and account for 3.59% of the total variance. These 2 items relate to savings potential/ability to pay off debt, hence, Factor 9 will be labelled likewise.

Table 6.30 indicates that 2 items load significantly on Factor 10 and accounts for 3.22% of the total variance. One item relates to branding and one item relates to advertising/ awareness. Since there is a higher significance in the item relating to branding, Factor 10 will be labelled likewise.

Table 6.30 indicates that 2 items load significantly on Factor 11 and accounts for 2.84% of the total variance. One item relates to savings potential/ability to pay off debt and one item relates to packaging/quantity. Since there is a higher significance in the item relating to packaging/quantity, Factor 11 will be labelled likewise.

As evident from Table 6.30, 3 factors (Factor 3, Factor 4 and Factor 10) were labelled Branding; 2 factors (Factor 7 and Factor 9) were labelled Savings potential/ability to pay off debt and 2 factors (Factor 1 and Factor 11) were labelled Packaging/quantity. The key dimensions of the study that did not feature as factors were: price/affordability, appearance/acceptability, adaptability of existing products and functionality/performance. The plausible reason for this could be that some items may have been misperceived as other items by the respondents when answering the questionnaires, for example, items relating to savings potential/ability to pay off debt may have been diffused with items relating to price/affordability. Also, items relating to branding may have been converged in interpretation with items relating to adaptability of existing products and functionality/ performance. Furthermore, items relating to packaging/quantity may have merged with items relating to appearance/acceptability.

6.3.2 RELIABILITY OF THE QUESTIONNAIRE

The reliability of the questionnaire was statistically assessed using Cronbach's Coefficient Alpha (Table 6.31).

Table 6.31

Overall Reliability of the Questionnaire: Cronbach's Coefficient Alpha

Cronbach's Coefficient Alpha	0.656

Table 6.31 reflects a Cronbach's Coefficient Alpha of 0.656, thereby indicating that the overall questionnaire had a fair level of inter-item consistency and reliability.

The reliability for individual dimensions were also computed (Table 6.32).

Table 6.32

Overall Reliability of the Questionnaire: Cronbach's Coefficient Alpha

Key Dimensions of the Study	Cronbach's Coefficient Alpha
Branding	0.740
Savings potential/ability to pay off debt	0.347
Price/affordability	0.660
Quality	0.763
Appearance/acceptability	0.387
Adaptability of existing products	0.388
Functionality/performance	0.633
Packaging/quantity	0.720
Advertising/awareness	0.447
Accessibility/availability	0.574
Partnering with MNCs	0.604

Table 6.32 indicates that the reliability for dimensions range from 0.347 to 0.763, thereby indicating that the reliability per dimension range from less than moderate (savings potential/ability to pay off debt, appearance/acceptability and adaptability of existing products) to moderate (advertising/awareness and accessibility/availability) to fair (partnering with MNCs, functionality/performance and price/affordability) to good (packaging/quantity, branding and quality).

6.4 CONCLUSION

This chapter focused on the presentation and interpretation of the research results using descriptive and inferential statistics. In addition, the psychometric properties of the BOP consumers' questionnaire were assessed in terms of validity and reliability.

The results generated were presented in tabular and graphical form and these findings will be enhanced when compared to, and contrasted with, the work of other research scholars in the field of this study (Chapter 7).

CHAPTER SEVEN
DISCUSSION OF RESULTS

7.1 INTRODUCTION

Prahalad (2005) posits that the bottom of the pyramid (BOP) market presents enormous business opportunities for multinational corporations (MNCs) to capitalise on, provided that these organisations are able to understand the needs and disposition of these consumers and, thereafter, design a market offering that will suit their unique circumstances, enhance their well-being and elevate them from their existing state of impoverishment. Karnani (2007) vehemently argues that although the BOP proposition may be 'seductively appealing', it is riddled with fallacies that could result in businesses being unprofitable and the poor being exploited by virtue of their lack of financial resources and education in making prudent purchase decisions.

This study investigated the authenticity of the BOP proposition within the South African context, the results of which were presented in the previous chapter. In this chapter, the outcomes of this study will be reported and discussed against the backdrop of the objectives of the study. This chapter will elucidate the findings of the study which will be compared to, and contrasted with, the findings uncovered by other researchers in the field, as well as the existing literature pertaining to the key dimensions that were investigated in this study.

7.2 BOP CONSUMERS' PERCEPTIONS OF THE KEY DIMENSIONS OF THE STUDY

The findings pertaining to the BOP consumers' perceptions of the key dimensions of the study (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/acceptability, adaptability of existing products, functionality/performance, packaging/quantity, advertising/awareness, accessibility/availability and partnering with MNCs) will be explicated in this section.

7.2.1 BRANDING

Several pertinent aspects of branding were examined in this study and the overarching evidence reveals that South African BOP consumers are indeed very brand conscious and that brands play a decisive role in their purchase decisions. This study's evidence concurs with Prahalad's (2005) contention that BOP consumers are brand-conscious and strikingly value-conscious by necessity. This finding is also supported by Majumder (2012 cited in Nyanga, 2015) who found that there is a growing degree of brand-consciousness amongst low-income consumers who are not basing their purchase decisions solely on price, but are seeking value-for-money from the brands that they purchase. However, a study conducted in three African countries by Dinica and Motteau (2012) found that these BOP consumers are not particularly interested in brands but acknowledge that certain brands are synonymous with good quality.

In terms of brand awareness, the findings of this study indicate that BOP consumers in South Africa are strongly aware of the existence of different brands of items that are available on the market. The high prevalence of brand awareness is pivotal in creating a favourable attitude towards a brand in a market that encompasses vulnerable consumers who are not easily prone to trusting unfamiliar brands and organisations. This outcome is congruent to the conclusions drawn by Nyanga (2015) and Prahalad (2005) that marketing communications efforts that create awareness of brands in BOP markets is of paramount importance in familiarising BOP consumers with good-quality brands that will enhance their lifestyles. Rowley and Dawes (2000 cited in Nyanga, 2015) suggest that one of the reasons for BOP consumers disengaging themselves from certain products or brands is due to the lack of awareness of these brands and the value-added properties that they incorporate. Creating strong corporate brands in BOP markets is critical to success considering that BOP consumers are conspicuously brand-conscious (Dansk Industri International Business Development, 2007).

BOP consumers are not only exposed to the product attributes of competing brands but also to an array of brand-related stimuli such as, brand colours, shapes, slogans, background design elements, mascots and brand characters which assist with brand identification and the development of strong brand associations (Brakus, Schmitt & Zarantonello, 2009 cited in Variawa, 2010). The outcomes of this study uncover that South African BOP consumers have a high propensity to easily distinguish brands from each other on the basis of the brands' logos, design and/or colouring and are able to effortlessly recognise the packaging of the products that they ordinarily purchase. This finding is particularly useful to marketers in that, there is assurance that South African BOP consumers will be able to distinguish premium-quality brands from lower-quality generic brands on the market. Marketers can take solace in fact that South African BOP consumers, despite their low levels of education or illiteracy, are able to identify brand names and packaging of products and use these as a mechanism of recognising trusted brands. The study by Dinica and Motteau (2012) corroborates this finding that BOP consumers use brand logos as a safety measure for judging the quality of brands. Viswanathan, Rosa and Harris (2005 cited in Nakata & Weidner, 2011) add that visual cues (pictures on packaging) are more relevant than written words in aiding product and brand identification, understanding and selection amongst BOP consumers who are barely able to read. Visual comprehension is able to strengthen BOP consumers' interest and understanding of products and invoke sentiments of trust and brand loyalty behaviour (Sridharan & Viswanathan, 2008). According to Sehrawet and Kundu (2007), an effective choice of package shapes and features, brand colours, trademarks and logos will enable an organisation to differentiate its offering from a plethora of competing products in BOP markets. In addition, easily-recognisable brand-related stimuli were found to have saved time and effort during the purchase process (Rijke, Diehl & Schoormans, 2009). However, the existence of generic brands that are similar or almost identical to premium brands in terms of names, logos, slogans and/or symbols can sometimes cause confusion amongst BOP consumers (Dansk Industri International Business Development, 2007). It is, therefore, crucial that organisations firmly safeguard their brands from copycat brands (Dansk Industri International Business Development, 2007).

The results of this study show that there is a high degree of brand loyalty amongst South African BOP consumers who have attested to purchasing the same brand of items in consecutive instances. Brand loyalty is further substantiated by the fact that a fairly moderate proportion of the South African BOP consumers are not inclined to frequently switch between competing brands of products. This outcome is espoused by the findings of Nyanga (2015) who discovered that BOP consumers were consistent in their purchase of specific brands of consumables and durables for well over a year and were hesitant to switch brands. Quality, brand experience and brand trust are vastly instrumental in BOP consumers building purchase loyalty and attitudinal loyalty towards certain brands, which subsequently contributes significantly to increased market share (Chauduri & Holbrook, 2001 cited in Neuwirth, 2012; Nyanga, 2015). Barki and Parente (2010) further state that, albeit limited budgets and lower self-esteem, BOP consumers are brand loyal and are driven by positive and personal relationships with organisations and/or business people when selecting consumption alternatives.

The findings of this study, however, reveal that the degree of brand loyalty becomes negligible once price increases become a factor for consideration, whereby, only half of the respondents affirm that they continue to purchase preferred brands despite the escalation in prices. This outcome is confirmed by Nyanga (2015) who found that despite price increases, BOP consumers still expressed willingness to purchase their preferred brand provided that they could still afford them. Nyanga (2015) also reported that quality, reliability, trust, satisfaction and brand experience were the dominant motivators for BOP consumers remaining loyal to their preferred brands despite price escalations. This notion is supported by Rijke *et al*. (2009) and Variawa (2010) who discovered that contrary to popular belief, BOP consumers place greater significance on branded products than generic brands, enjoy more satisfying brand experiences with premium brands than cheaper brands and favour higher quality over lower prices. Conversely, Chikweche and Fletcher (2010 cited in Nyanga, 2015) affirm that the constituents of the BOP markets are deal-prone consumers who are constantly searching for the lowest price and are, therefore, unlikely to be brand loyal. Furthermore, in today's business environment that is characterised by increased brand options and heightened price competition, brand loyalty amongst BOP consumers may become trivial, in that most consumers are variety-seekers who are likely to be multiple brand users (Aaker, 2012 cited in Nyanga, 2015; Kumar, Pozza & Ganesh, 2013 cited in Nyanga, 2015). Dinica and Motteau (2012) uncovered that BOP consumers in Africa are not brand loyal and do not feel a bond between themselves and brands. The plausible reason for this is that these BOP consumers are primarily focused on satisfying their elementary survival needs and simply cannot afford to be loyal to higher-priced branded goods in instances of extreme price-sensitivity. Karnani (2007) further indicates that although BOP consumers desire the same types of products that affluent consumers do, they are unable to afford these branded goods without having to forgo essential products that are indispensable to their health and survival. In addition, BOP consumers, with their insufficiency in education and knowledge, may be unethically lured into purchasing inconsequential products that may be detrimental to their survival.

In terms of brand trust, the outcomes of this study reveal that, a fairly moderate proportion of the South African BOP consumers have an inclination to purchase their preferred brands of products because they derive value-for-money from these purchases and want to avoid the potential risk of wasting money on new, unfamiliar brands that may be unsatisfactory. These results coincide with that of Barki and Parente (2010) who advocate that BOP consumers are more disposed to being loyal to branded products due to the excessive financial risk involved in making a mistake in their choice of brands. Due to the paucity of financial resources, BOP consumers are not prone to experimenting with new, unfamiliar brands and are more compelled to purchase 'tried-and-tested' brands that are long-lasting (Bhan & Tait, 2008; D'Andrea, Ring, Aleman & Stengel, 2006; Louw, 2008). According to Prahalad (2005) and Moriarty, Massen, Findlay and Kelusky (2011), BOP consumers do not have the means to purchase a replacement product in instances where they may have erred in terms of their purchase decision. Hence, purchasing a branded product will assure BOP consumers of an expected level of reliability, quality and performance at competitive prices. Nyanga (2015) and Rijke *et al*. (2009) add that BOP consumers' appreciation for good-quality brands stems from the fact that these brands are durable and need not be replaced regularly, thus saving them purchase time and money. Brands often translate into quality certificates and guarantees in BOP markets and building brand trust enables companies to reap tangible returns in terms of customer loyalty (Dansk Industri International Business Development, 2007; Rijke *et al*., 2009). D'Andrea *et al*. (2006) report that owing to BOP consumers' hesitancy to purchase unfamiliar value-brands, intermediate and leading brands represent the greatest share of purchases and are strongly preferred by these consumers. The absence of credible product information and the superfluity of fake, low-quality brands augments BOP consumers' reluctance to purchase new brands that have been launched onto the market (Neuwirth, 2012). Acknowledging that BOP consumers are extremely cautious about purchasing new brands due to the possibility of poor quality and unsuitability, Dubey and Patel (2004) suggest that small package sizes or sachets will be useful in encouraging trial purchase of new brands on the market. According to the World Economic Forum (2009b), low-income consumers are generally more inclined to purchase an unfamiliar, new product if it carries a well-recognised brand name or is endorsed by a reputable and trustworthy organisation. The conception of marketing branded products to BOP consumers has, however, raised skepticism and ethical concerns (Davidson, 2009). According to Davidson (2009), brands become widely recognised, trusted and preferred through intense and costly marketing communications efforts, the costs of which are absorbed by consumers in the form of increased product prices. Davidson (2009) questions whether this is feasible in a market that warrants lower product prices. Furthermore, Davidson (2009) argues that in functional terms, most branded products are almost identical to their generic unbranded counterparts and, therefore, does not impart any real value to BOP consumers.

According to the results of this study which relate to the preference for good-quality brands, an average proportion of the South African BOP consumers support the notion of paying premium prices for the brands that they consider to be of good quality. This finding validates Prahalad's (2005) affirmation that BOP consumers are undeniably value-conscious, aspire to purchasing superior-quality brands and are prepared to spend a little more on those products that they can derive maximum utility from. D'Andrea *et al*. (2006 cited in Nakata & Weidner, 2011) support this assertion as these authors have discovered that BOP consumers spend financial resources on leading brands in a bid to secure quality, reliability and value from their purchases. According to Prahalad (2005), two large retailers, Casas Bahia in Brazil and Elektra in Mexico, are highly profitable from the sale of branded consumer durables such as, televisions, washing machines, radios and other appliances to BOP consumers through agreed-upon incremental payment schemes. This corroborates the notion that since brands are a signal of quality, better performance and status, brand-loyal BOP consumers are intent on purchasing better-quality brands in order to attain a new and improved quality of life (Essoussi & Merunka, 2007; Lall, 2011; Louw, 2008; Nyanga, 2015; Prahalad, 2005, Variawa, 2010). In addition, research has shown that the susceptibility to brand advertising and brand preferences for consumables in the South African BOP market, closely mirrors that of the non-BOP market and that BOP consumers are constantly seeking the best possible price-performance offers (Chipp, Corder & Kapelianis, 2012; Gordon, 2008 cited in Louw, 2008). This evidence echoes the sentiments of Jaiswal (2007) and Prahalad (2005) that rural consumers have become just as discerning about brands as the urban wealthy consumers, provided that these brands offer them acceptable value propositions, that is, greater quality at affordable prices. The findings of this study, however, contradict the arguments put forward by Karnani (2007) and Webster (2000 cited in Variawa, 2010) that the poor consumers, who are typically price-sensitive, often purchase the cheapest, lowest-quality brands that are available on the market because they are unable to afford premium brands.

The results of this study demonstrate that the majority of the South African BOP consumers are convinced that using a good-quality brand will enhance their self-esteem and confidence. The evidence of this study authenticates the conclusions drawn by Kempen (2004 cited in Barki & Parente, 2010) and Tripathi and De (2007) that poor consumers (particularly the youth) are willing to pay more for designer labels, have a strong aspirational attraction to high-quality brands that increase their self-esteem and view designer labels as symbols of status and a mechanism for integration with society. Marcoux, Filialtrault and Chéron (1997 cited in Essoussi & Merunka, 2007) have found that the desire for branded products is heightened amongst consumers in emerging markets as it empowers them to exhibit their social status. The proclamations of Barki and Parente (2010) indicate that BOP consumers demonstrate great concern in upholding their self-respect and being treated with dignity. These consumers, therefore, view the consumption of superior brands as a counterbalance for their inferiority complex and as a means of gaining social recognition and acceptance (Barki & Parente, 2010). In addition, Rijke *et al.* (2009) observed that BOP consumers are also fanatically concerned about the opinions of their neighbours and that being in possession of new and visibly attractive products tends to draw attention and admiration from others who perceive them as being 'wealthy' and in a comparatively superior position. This postulation was substantiated by the findings of Mahajan (2008 cited in Variawa, 2010) and Rimmell (2008 cited in Variawa, 2010) that BOP consumers in South African townships often display good-quality branded detergents, like Unilever's Handy Andy, on counter-tops that are clearly visible by guests, in order to proudly convey the indication that they are utilising status brands. Dubey and Patel (2004), however, caution that companies need to ensure that the images of premium brands are maintained when targeting low-income segments so as to not lose customers who purchase these brands as a status symbol. The outcome of this study refutes the evidence documented by Dinica and Motteau (2012) that BOP consumers are not riveted by brands or the status that they convey. Baudrillard (1998 cited in Majumder, 2012) analysed the theory of consumerism by substituting use-values with that of sign-values and consequently, uncovered that some products do not add value but instead provide gratification from owning the brand or indulging in buying behaviour. This raises an argument that it is unethical to fuel BOP consumers' desire for status through owning branded products as these high-priced 'luxuries' are not truly in their self-interest (Karnani, 2007). Davidson (2009) concurs with Karnani's (2007) viewpoint that BOP consumers should not be enticed to purchase branded products if they do not impart any real value in functional terms.

According to the results of this study, there are significant relationships between branding and the other key dimensions of this study.

Intercorrelations between branding and other key dimensions of the study

The results of this study indicate that there is a significant relationship between branding and savings potential/ability to pay off debt, quality, appearance/acceptability, adaptability of existing products, functionality/performance, advertising/awareness and partnering with MNCs and, a significant but inverse relationship between branding and price/affordability and accessibility/availability, respectively.

The implications of the significant relationships are that South African BOP consumers who have a higher degree of brand loyalty have a greater propensity to collaborate with MNCs and save money for the future in order to secure better lifestyles. These consumers have a high appreciation for products that are of a superior quality, aesthetically appealing, durable, reliable and astutely designed for their adverse living conditions. Furthermore, brand-conscious South African BOP consumers are likely to be influenced by the brand preferences of trusted opinion leaders and reference groups (family and friends) when making their selection of brands. Research has found that brands are positively related to quality (Chauduri & Holbrook, 2001 cited in Neuwirth, 2012; D'Andrea *et al*., 2006; McKinsey & Company, 2012 cited in Nyanga, 2015; Prahalad, 2005; Rijke *et al*., 2009), functionality/performance (Nyanga, 2015; Rijke *et al*., 2009), appearance/acceptability (Nyanga, 2015) and advertising/awareness (Human, Ascott-Evans, Souter & Xabanisa, 2011).

The inferences of the significant but inverse relationships are that South African BOP consumers who are more brand-conscious are comparatively less price-sensitive and zealously believe that a suitable array of products is highly inaccessible to them. This outcome supports the findings that BOP consumers are willing to pay extra for good-quality brands that will yield the best price-performance deal (Nyanga, 2015; Rijke *et al*., 2009, Variawa, 2010). Conversely, those BOP consumers who exhibit high price-sensitivity are unlikely to be brand loyal. According to research, BOP consumers who are highly price-sensitive are not brand loyal as they are constantly searching for the lowest prices (Aaker, 2012 cited in Nyanga, 2015; Chikweche & Fletcher, 2012b; Kumar, Pozza & Ganesh, 2013 cited in Nyanga, 2015; Webster, 2000 cited in Variawa, 2010).

There are no other significant relationships between branding and the key dimensions of this study.

Influences of biographical variables on branding

As per the evidence of this study, branding is influenced by certain biographical variables of South African BOP consumers, namely, education, monthly income and the number of people living in a household. It is apparent from the findings of this study that South African BOP consumers who are better educated appear to have a higher intensity of brand-consciousness than those consumers with lower levels of education. Evidently, South African BOP consumers who belong to the lower monthly income categories and who live in households with a greater number of occupants are less cognisant of brands and their influences on purchase decisions.

7.2.2 SAVINGS POTENTIAL

As per the findings of this study, South African BOP consumers indicate that, owing to their hesitancy of carrying cash around with them, there is a strong likelihood of spending the money that is physically in their possession for fear of losing these resources in incidents of theft or burglary. This outcome validates the findings of Banerjee and Duflo (2006) that the main challenge for the poor, who save, is to find safety and a satisfactory return. Additionally, hoarding cash at home is neither safe, nor financially conducive in light of inflation (Banerjee & Duflo, 2006). Furthermore, Ashraf, Karlan and Yin (2005 cited in Banerjee & Duflo, 2006) and Duflo, Kremer and Robinson (2006 cited in Banerjee & Duflo, 2006) discovered that BOP consumers experience difficulty in resisting the temptation to spend money that they have on hand. Karnani (2007) subscribes to this viewpoint that BOP consumers lack self-control, often yield to temptation and that holding cash at home makes it extremely arduous for them to exercise self-control. Subrahmanyan and Gomez-Arias (2008) and Banerjee and Duflo (2006) add that being in possession of cash makes BOP consumers highly susceptible to being robbed.

The results of this study show that a fairly moderate proportion of the South African BOP consumers are accustomed to frequently depositing money into their bank accounts. However, this outcome contradicts the findings of Adebayo's (2013) and Karnani (2007) that BOP consumers have an inability to save due to the lack of banking services and the fact that their meagre incomes barely sustain their essential needs. Banerjee and Duflo (2006) and SadreGhazi (2008) also found that very few BOP consumers had savings accounts or access to the formal banking sector. The probable reasons for the disassociation of BOP consumers from the formal banking sector are due to the complexity of banks' procedures and the perception that banks are 'companies that swallow money' (due to interest rates and service charges) and are intended only for the wealthy people (Barki & Parente, 2010; Dinica & Motteau, 2012).

The outcomes of this study indicate that a less than average proportion of the South African BOP consumers are engaged in the practice of saving money for special occasions, like Christmas. According to the findings of this study, the majority of South African BOP consumers strongly believe that being able to save will eventually lead to an improved future and enhanced lifestyles. This finding corroborates with the viewpoint that self-help groups (SHG) are a popular way of helping BOP consumers save money and obtain credit from financial institutions in a bid to enhance lifestyles and purchase expensive products (Neuwirth, 2012). With the SHG scheme, individual women within a group are able to access loans but the entire group will be liable to repay the loan should the individual borrower default on payment. Owing to the fact that the entire group will be penalized in the instance of default, there is a high prevalence of peer pressure to ensure that loans are repaid timeously (Neuwirth, 2012). Karnani (2007) believes that saving money to pay cash for items will enable BOP consumers to engage in comparison shopping in order to access the best deals for themselves.

In terms of the results of this study, approximately a third of the South African BOP consumers utilise the services of local money-lenders with a moderate proportion of consumers affirming that the interest rates levied by these money-lenders are exorbitant and unaffordable. This result authenticates the findings of Aleem (1990 cited in Human *et al.*, 2011), Banerjee and Duflo (2006), Prahalad and Hart (2002) and Subrahmanyan and Gomez-Arias (2008) that the interest charged by informal money-lenders is very high. The charging of excessive interest rates is not only due to the risk of default by BOP consumers but also to the stringent mechanisms that money-lenders need to put into place in order to recoup the monies owing to them (Banerjee & Duflo, 2006; Mendoza, 2008). Poor consumers have very little, by way of collateral, to secure a loan which makes money-lenders hesitant to trust them with a lot of money. It is also for this reason that informal money-lenders safeguard their interests by charging very high interest rates (Banerjee & Duflo, 2006).

The outcomes of this study reveal that there are significant relationships between savings potential/ability to pay off debt and the other key dimensions of this study.

Intercorrelations between savings potential/ability to pay off debt and other key dimensions of the study

As evident from the findings of this study, there is a significant relationship between savings potential/ability to pay off debt and quality, adaptability of existing products, functionality/ performance, advertising/awareness and, a significant but inverse relationship between savings potential/ability to pay off debt and price/affordability and accessibility/availability, respectively.

The significant relationships infer that South African BOP consumers, who have a stronger potential for savings and ability to pay off debt, are more inclined to purchase good-quality, long-lasting and defect-free products that will fully satisfy their needs than the BOP consumers with low savings potential and ability to pay off debt. Additionally, these consumers are also likely to purchase products with multiple uses, whose benefits have been thoroughly communicated to them via educational marketing communications efforts.

The interpretations of the significant but inverse relationships are that South African BOP consumers with low savings potential and ability to pay off debt are more price-sensitive and comparatively less disgruntled by the limited assortment of products that local spaza stores offer than the BOP consumers with a higher degree of savings potential and ability to pay off debt.

There are no other significant relationships between savings potential/ability to pay off debt and the key dimensions of this study.

Influences of biographical variables on savings potential/ability to pay off debt

The South African BOP consumers' biographical variables of monthly income and race have an effect on their savings potential and ability to pay off debt. The results of this study distinctly reveal that, as the incomes of South African BOP consumers' increase, so too does their ability to pay off their debts and save for future needs. Furthermore, Coloured South African BOP consumers place less emphasis on savings and meeting their debt obligations than Black South African BOP consumers.

7.2.3 PRICE/AFFORDABILITY

The outcomes of this study reveal that a moderate proportion of the South African BOP consumers are accustomed to purchasing high-priced products that are perceived as superior-quality products. This finding supports the claims of Barki and Parente (2010), Prahalad (2005), Subrahmanyan and Gomez-Arias (2008) and Viswanathan (2007 cited in Sridharan & Viswanathan, 2008) that although BOP consumers are price-conscious with low incomes, they still have a discerning preference for good-quality products and are willing to pay higher prices for solutions that will deliver greater value to their lives.

In light of price increases, the results of the study confirm that a fairly moderate proportion of the South African BOP consumers shift from their preferred brands to products that are comparatively lower in price. Further to this, a marginal proportion of the South African BOP consumers affirm that they do not engage in brand-switching practices. Nyanga (2015) also discovered that although BOP consumers preferred their favourite brands, they were forced to switch to cheaper alternatives if their customarily-purchased brands became too expensive.

According to this study's outcomes, one third of the South African BOP market is exceedingly price-sensitive and confirms that they purchase the cheapest products that are accessible to them. The current study's results, thereby, indicate that the majority of South African BOP consumers do not buy the cheapest products that are available on the market. This outcome is authenticated by research that demonstrates that BOP consumers are not prone to automatically purchasing cheaper or stripped-down versions of more expensive products (Barki & Parente, 2010; D'Andrea *et al*., 2006; Martinez & Carbonell, 2007; World Economic Forum, 2009b). Prahalad (2005) asserts that BOP consumers may find it extremely demeaning to be sold basic, poor-quality products. This affirmation is verified by the findings of Barki and Parente (2010) who uncovered that a no-frills offering was perceived in a negative light by BOP consumers who felt that they were being offered sub-standard products because they were not worthy of good-quality products. Dinica and Motteau (2012) and Chipp *et al*. (2012), however, have found that price is the decisive factor in terms of the products that BOP consumers purchase and that their limited resources do not permit them to think beyond price during decision-making. Due to their low incomes, low literacy and challenges of living in poverty, BOP consumers have an affinity for being deal-prone and are, therefore, more likely to purchase the lowest-priced products on the market (Adebayo, 2013; Chikweche & Fletcher, 2012a, Chipp *et al*., 2012; Webster 2000 cited in Variawa, 2010). Karnani (2007) reinforces this viewpoint by citing the success story of Nirma, a low-priced detergent in India that secured a greater patronage than Hindustan Lever Limited's Surf washing powder. Nirma's price was one-fifth of the price of Surf and despite it being harsh on the hands, it was able to capture a larger market share than its competitors, thereby affirming that BOP consumers are constantly seeking the lowest-priced products (Jaiswal 2007; Karnani 2007).

In terms of the results of this study that pertain to the affordability of products, a favoured inclination on the part of South African BOP consumers would be to purchase high-quality brands if their prices were considerably lower than they presently are. This finding corroborates the postulation by Nakata and Weidner (2011) that BOP consumers are willing to purchase products of a superior quality if they were reasonably priced. However, Karnani (2007) is adamant that MNCs will not be profitable by selling high-quality products at low prices.

The conclusions of this study indicate that South African BOP consumers are of the opinion that their affordability of better-quality products will be enhanced if they were afforded the opportunity to pay incrementally over a period of time. In terms of payment options for their purchases, the results of this study reveal that a substantial proportion of the South African BOP consumers express a preference to make smaller payments over a period of time instead of a lump sum, once-off payment. This outcome is supported by Dinica and Motteau (2012) and Chikweche and Fletcher (2012b) who attest that credit schemes and the flexibility in payment will allow BOP consumers to purchase products that will benefit them. Product affordability will be improved by permitting BOP consumers to make installment payments for once-off purchases (McMullen, 2011 cited in Debelak, 2011). Nyanga (2015) also discovered that there is a need for lay-bye schemes for the purchase of expensive durables by BOP consumers. Prahalad (2005 cited in Neuwirth, 2012) found that incremental-payment schemes worked very well for companies, like Casas Bahia, that sold consumer durables on credit to BOP consumers but Karnani (2007) is not convinced that offering credit to BOP consumers will enhance their affordability of products. Karnani (2007) suggests that BOP consumers with low and unpredictable incomes are better off saving and paying cash for items than buying on credit and having to contend with interest rates. Rijke *et al*. (2009) further state that some BOP consumers have a preference for purchasing products for cash because buying on credit and postponing payment can lead to bad debts and more financial problems.

As per the findings of this study, there are significant relationships between price/affordability and the other key dimensions of this study.

Intercorrelations between price/affordability and other key dimensions of the study

As per the results of this study, there is a significant relationship between price/affordability and appearance/acceptability, adaptability of existing products, packaging/quantity, advertising/awareness, partnering with MNCs and, a significant but inverse relationship between price/affordability and quality, functionality/performance and accessibility/ availability, respectively.

The significant relationships indicate that South African BOP consumers who are very price-sensitive are prone to purchasing simple products with multiple benefits and often take advantage of discounts and sales promotions offers. Further to this, extremely price-conscious South African BOP consumers are likely to purchase smaller quantities of products and are highly enthusiastic about joint collaboration with MNCs. Research on the BOP market has shown that sachets and smaller packages of goods are suitable for highly price-sensitive BOP consumers as they are cheaper than the larger package sizes (Anderson

& Markides, 2006; Chatterjee, 2009; Dansk Industri International Business Development, 2007; Dubey & Patel, 2004; Hamilton, 2003; Ireland, 2008; Nakata & Weidner, 2011; Sehrawet & Kundu, 2007).

The inferences of the significant, inverse relationships are that South African BOP consumers who are more price-sensitive tend to place less importance on the quality, performance and durability of the products that they purchase. It is apparent that the more price-conscious the BOP consumers are, the less satisfied they are by the range of products that are at their disposal. According to research, there is a negative relationship between price/affordability and quality, in that, BOP consumers are unable to purchase good-quality products because they cannot afford these products (Chipp *et al*., 2012; Dinica & Motteau, 2012).

There were no other significant relationships between price/affordability and the key dimensions of this study.

Influences of biographical variables on price/affordability

According to the findings of this study, the price and affordability of products is principally impacted by the age, education, monthly income and household-size of the South African BOP consumers. The South African BOP consumers, who were found to be particularly price-sensitive, are comparatively older, less educated, earn lower monthly incomes and belong to households with more inhabitants.

7.2.4 QUALITY

The findings of this study, in terms of product quality, reveal that more than half of the South African BOP consumers currently do not purchase what they perceive as the best-quality products because they are unable to afford them. Furthermore, only a minor proportion of the South African BOP consumers are able to afford the purchase of high-quality products. This outcome verifies Nyanga's (2015) findings that BOP consumers desire brands that are synonymous with superior quality, outstanding performance and status but are unable to afford them as they are constrained by low incomes. Furthermore, perceived quality has a substantial influence on brand loyalty (Chi, Yeh & Tang, 2009 cited in Nyanga, 2015). This study's results also corroborates the discovery that BOP consumers want to be served with superior-quality products and are, therefore, willing to pay more in order to purchase premium brands and acquire differentiated services from organisations (Barki & Parente, 2010; Pitta, Guesalaga & Marshall, 2008; Prahalad, 2005; World Economic Forum, 2009b). Owing to the increased consciousness of good nutrition and healthy lifestyles, BOP consumers have become more concerned about product quality and are prepared to purchase affordable, top-quality brands through installment purchases, layaway programmes and micro-loans (Ali, Kapoor & Moorthy, 2010; Neuwirth, 2012; Subrahmanyan & Gomez-Arias, 2008). Karnani (2007) and Mendoza (2008), however, disagree with this postulation and state that, in certain cases, BOP consumers prefer being offered products with slightly lower quality, but at considerably lower prices. Further to this, Garrette and Karnani (2010) believe that it is not feasible for MNCs to offer BOP consumers good-quality products at low prices and that the only way to lower price is by sacrificing quality. Karnani (2007) disagrees with Prahalad (2005) that it is highly disrespectful to sell inferior-quality products to the poor and affirms that low-quality, inexpensive products do not hurt them, provided that the cost-quality trade-off is acceptable to them. Karnani (2007) adds that low-quality does not necessarily equate to shoddy, terrible and dangerous products. Chikweche and Fletcher (2012a) and Jaiswal (2007) endorse this viewpoint and state that it is imperative to take cognisance of BOP consumers' welfare by ensuring that products that are sold to them are safe, have acceptable performance, are of a decent quality and offer them reasonable value. Insisting on not reducing the quality of products will in fact hurt the BOP consumers by dispossessing them of products that they could afford and most likely purchase (Karnani, 2007).

The results of the study uncover that almost half of the South African BOP consumers are dissatisfied with the quality of products that they presently purchase and the majority of South African BOP consumers are of the opinion that they do not derive value-for-money from their current purchases. This result is supported by Nyanga (2015) who found that local spaza shops were associated with unethical business practices of tampering with product quality and quantities, as well as falsifying expiry dates of products. Rijke *et al*. (2009) discovered that BOP consumers do not always trust local retailers who were found to have lied about product quality in order to clinch a sale. A study by AC Nielson confirms that deception is rife in BOP markets as approximately 80% of consumers purchased low-quality, fake products that were typically believed to have been authentic brands (Mohan, 2003 cited in Jaiswal, 2007). Rijke *et al*. (2009) and Jaiswal (2007) concur that purchasing fake and dangerous products can have a mild repercussion in the form of loss of face, or a severe outcome in the form of serious health problems or even death.

The current study's results indicate that there are significant relationships between quality and the other key dimensions of this study.

Intercorrelations between quality and other key dimensions of the study

As evident in the findings of this study, there is a significant relationship between quality and functionality/performance and accessibility/availability and, a significant but inverse relationship between quality and appearance/acceptability, adaptability of existing products, packaging/quantity, advertising/awareness, and partnering with MNCs, respectively.

The significant relationships infer that South African BOP consumers who place greater importance on the quality of products are also highly concerned about the durability and reliability of products and have no qualms about having to travel long distances in order to access good-quality products.

The interpretations of the significant, inverse relationships are that BOP consumers, who are more conscious of the quality of products, are less prone to purchasing products that are simple and easy to use or multi-purpose products that were specifically designed for their living conditions. Additionally, South African BOP consumers who are more conscious of the quality of products are less mindful of quantity and packaging sizes, less inclined to purchase products that are discounted by coupons and do not deem it pivitol to partner with MNCs in order to improve their lifestyles.

There were no other significant relationships between quality and the key dimensions of this study.

Influences of biographical variables on quality

The results of this study demonstrate that, the South African BOP consumers' perceptions of quality are influenced by certain biographical variables, namely, age, monthly income and the number of people living in households. This implies that the quality of products is of lesser importance to older South African BOP consumers. Conversely, greater emphasis is placed on the quality of products by BOP consumers who are more educated, earn higher incomes and belong to households with fewer residents.

7.2.5 APPEARANCE/ACCEPTABILITY

The results of the study reveal that South African BOP consumers are extremely mindful of the appearance and aesthetical appeal of products when making their purchase decisions and almost two thirds of the South African BOP consumers refrain from purchasing products that are unattractive to them. This finding, however, is contradictory to the findings of Dinica and Motteau (2012) that BOP consumers are not particularly concerned with fashionable products that are aesthetically alluring.

In terms of the acceptability of products, the outcomes of this study indicate that products that are deemed simple and easy to use by South African BOP consumers are the ones that are readily acceptable by the majority of these consumers. This result is corroborated by Dinica and Motteau (2012) who discovered that BOP consumers, who are mainly illiterate or low-literate, are unable to easily adapt to new products as the correct usage thereof, is unknown to them. The outcome of this study also supports the findings of Bhan and Tait (2008), Kirchgeorg and Winn (2006) and Rijke *et al*. (2009) who found that BOP consumers will undoubtedly purchase products if they understand how it works and will readily accept new products if their correct usage is clearly explained to them.

According to the results of this study, there are significant relationships between appearance/acceptability and the other key dimensions of this study.

Intercorrelations between appearance/acceptability and other key dimensions of the study

The results of this study reveal that there is a significant relationship between appearance/ acceptability and adaptability of existing products, advertising/awareness and partnering with MNCs and, a significant but inverse relationship between appearance/acceptability and accessibility/availability, respectively.

The significant relationships imply that South African consumers, who are more cognisant of the appearance and attractiveness of products, tend to rely heavily on the recommendations of family and friends when engaging in product decision-making. Furthermore, these consumers are more inclined to collaborate with MNCs and purchase attractive products that are practical in terms of their living conditions.

The implication of the significant, inverse relationship is that BOP consumers who are more conscious of the appearance and attractiveness of products strongly believe that they do not have access to a wide array of products to choose from.

There were no other significant relationships between appearance/acceptability and the key dimensions of this study.

Influences of biographical variables on appearance/acceptability

As per the outcomes of this study, the South African BOP consumers' perceptions of the appearance and acceptability of products are influenced by the age, education, monthly income, household-size and gender. Older BOP consumers expressed greater interest in purchasing products that are simple and easy to use. The aesthetic appeal of products is of greater importance to BOP consumers who are better educated, earn higher incomes and have fewer inhabitants in their households. Female BOP consumers place a greater value on the appearance and acceptability of products than male BOP consumers.

7.2.6 ADAPTABILITY OF EXISTING PRODUCTS

The results of this study that relate to the adaptability of existing products to suit the needs of BOP consumers reveal that the majority of South African BOP consumers refrain from purchasing products that are not designed for their living conditions. This result verifies Prahalad's (2005) claim that products must be designed, distributed and presented in a format that meets the unique requirements of BOP consumers. It was found that companies are more successful if they are able to create or adapt products to suit the unique circumstances, hostile environments and local cultures of BOP markets (Anderson & Markides, 2006; Dansk Industri International Business Development, 2007; London & Hart, 2004; Nakata & Weidner, 2011; SadreGhazi, 2008). Moriarty *et al*. (2011) substantiate this assertion by citing the success story of AFRIpads which was considered to be a better product than Procter & Gamble's Always disposable sanitary towels in rural Uganda. The manufacturers developed the affordable AFRIpads after they discovered that sanitary towels, like Always, were regarded as luxury items and that BOP consumers had to travel a considerable distance to purchase them. When designing the product, the company acknowledged that African girls wanted the reassurance of wearing a pad of substantial thickness and were willing to settle for less absorption in favour of faster drying-time after washing (Moriarty *et al*., 2011). Stripping certain products down to just their essential features is an innovative way to reduce costs and adapt products to suit BOP consumers' needs. Novatium, a technology company in India, developed the Nova netPC which is a low-priced computer that has no storage capacity on the machine but allows users (for a minimal monthly subscription) to connect to a network where a central server hosts users' files and applications (Pfeiffer & Massen, 2010). In light of the hostile BOP environments, mobile phone providers design phones with dust-resistant keypads, anti-slip features and built-in torches for BOP consumers in developing markets (OBE & Barham, 2009). Similarly, Novartis developed watertight blister packaging for tuberculosis, leprosy and malaria medication for BOP consumers after it was found that the medication was being damaged in inclement weather (Weidner, Rosa & Viswanathan, 2010). Adverse living conditions and the lack of clean drinking water are problems that plague BOP consumers in emerging markets. Approximately 1,6 million people die every year due to diarrheal diseases (including cholera) which are waterborne diseases (Garrette & Karnani, 2010). It is for this reason that Procter & Gamble partnered with the U.S. Centers for Disease Control and Prevention (CDC) to develop a mechanism for water purification (Garrette & Karnani, 2010). PuR, the low-priced product, is essentially a sachet of powder that was designed to convert murky, contaminated water into pure drinking water and one sachet, which cost 10 cents, could purify up to ten litres of water (Garrette & Karnani, 2010; Matta, 2012). The powder, when mixed with water, causes bacteria, dirt, viruses and other impurities to coagulate and settle, thereby creating visibly clean drinking water that does not have an unpleasant aftertaste and is safe to drink once it passes through a tightly woven cloth (Garrette & Karnani, 2010; OBE & Barham, 2009).

The results of this study also reflect that in a bid to derive maximum value-for-money from their purchases, the majority of South African BOP consumers are inclined to purchase products with multiple uses. This result corroborates with the findings of Chikweche and Fletcher (2012b), James (1983 cited in Nakata & Weidner, 2012) and London and Hart (2004 cited in Nakata & Weidner, 2012) that multi-purpose products with high functionality are of greater value to BOP consumers in emerging markets than single-purpose products. The Indian women's local cultural practice of using a single soap for both body and hair led to the development of 'Breeze-2-in-1' which is a cheap, general-purpose soap that has special ingredients that promote healthy hair (Anderson & Markides, 2006; Chatterjee, 2009).

The outcomes of this study reveal that there are significant relationships between adaptability of existing products and the other key dimensions of this study.

Intercorrelations between adaptability of existing products and other key dimensions of the study

As evident from the results of this study, there is a significant relationship between adaptability of existing products and packaging/quantity, advertising/awareness and partnering with MNCs and, a significant but inverse relationship between adaptability of existing products and accessibility/availability, respectively.

The implications of the significant relationships are that South African BOP consumers, who purchase multi-purpose products that are designed for their living conditions, often purchase smaller quantities of products, are more susceptible to discounts and sales promotion offers, are likely to purchase products if educated on their benefits and have a strong inclination to partner with MNCs in order to secure better lifestyles.

The significant, inverse relationships infer that BOP consumers, who are more prone to purchasing multi-purpose products that are designed for their living conditions, have a higher level of dissatisfaction in terms of the inadequate assortment of products that local spaza shops have on offer and the long distances that they have to travel in order to buy products.

There were no other significant relationships between adaptability of existing products and the key dimensions of this study.

Influences of biographical variables on adaptability of existing products

According to the findings of this study, the South African BOP consumers' perceptions of the adaptability of existing products are influenced by the biographical variables of education and race. The higher the level of education of South African BOP consumers, the more profound is their appreciation of multi-faceted products that suit their unique circumstances.

7.2.7 FUNCTIONALITY/PERFORMANCE

With regard to the functionality and performance of products, the results of this study reveal that approximately half of the South African BOP consumers believe that the products that they usually purchase are not durable or long-lasting and almost a third of the consumers affirm that the products that they purchase are defective. Nyanga (2015) also found that BOP consumers were unhappy about the poor product performance, the lack of durability of some of their purchases and affirmed that they wish to spend their hard-earned money on longer-lasting products. Chikweche and Fletcher (2012b) and Debelak (2011) discovered that BOP consumers place great emphasis on product performance and expect the products that they purchased to deliver acceptable levels of gratification to them. Bhan and Tait (2008) add that the poor recognise the worth of well-made products, desire value-for-money and are willing to pay extra for these products in order to avoid the costs of repairing or replacing lower-priced, shoddy products.

As per the findings of this study, there are significant relationships between functionality/performance and the other key dimensions of this study.

Intercorrelations between functionality/performance and other key dimensions of the study

The outcomes of this study reveal that there is a significant but inverse relationship between functionality/performance and packaging/quantity and accessibility/availability, respectively.

The implication is that BOP consumers who are more mindful of the functionality and performance of the products are less conscious of quantity and package sizes and are of the strong opinion that a wide variety of products is inaccessible to them.

There were no other significant relationships between functionality/performance and the key dimensions of this study.

Influences of biographical variables on functionality/performance

The South African BOP consumers' biographical variables of education, monthly income, household-size, gender and race have an effect on their perceptions of the functionality and performance of products. BOP consumers that are less educated, live in households with more residents and earn smaller incomes, expressed a greater level of dissatisfaction in the functionality and performance of the products that they currently consume. Female BOP consumers were found to be more cognisant of the durability and performance of products as compared to male consumers. In addition, Coloured South African BOP consumers place greater emphasis on purchasing reliable, defect-free products in comparison to Black South African BOP consumers.

7.2.8 PACKAGING/QUANTITY

In terms of quantity and package sizes, the outcomes of this study indicate that just over a third of South African BOP consumers are of the opinion that purchasing smaller packages of goods is convenient, in that, these smaller packages require less storage space in households. The results of this study also reveal that approximately a third of South African BOP consumers opt for buying smaller packages as the unit prices are relatively lower than larger packages. The findings of this study, thereby, reveal that purchasing small quantities of products is not preferred by the majority of South African BOP consumers. This outcome is strongly corroborated by the findings of Variawa (2010) that South African BOP consumers prefer buying products in bulk. The results of this study also authenticates the findings of Ireland (2008) that BOP consumers in Venezuela refrain from purchasing smaller quantities and wait until they visit supermarkets in order to purchase larger formats of products that result in future savings. Furthermore, the current study's findings are consistent with the findings of AMPS SA (2008 cited in Variawa, 2010) that BOP consumers prefer buying in bulk as opposed to small sachets. In addition, a study by AC Nielsen (undated cited in Jaiswal, 2007) revealed that, for several products, the best-selling package size is the same across both BOP and non-BOP markets and that smaller package sizes are not the most popular quantities amongst BOP consumers. Dinica and Motteau (2012) support the viewpoint of Chikweche and Fletcher (2012a) that due to the high uncertainty of delivery and forecasted product shortages, BOP consumers are inclined to purchase available products, in large or small quantities.

The outcomes of this study, however, contradict the findings of other studies wherein, BOP consumers have a preference for the purchase of sachets and smaller packages of goods which are inexpensive, increase penetration into BOP markets, create value for the poor, encourage impulse purchases and are suitable for less-essential ‘luxury’ products that are purchased for occasional usage (Anderson & Markides, 2006; Chatterjee, 2009; Dansk Industri International Business Development, 2007; Dubey & Patel, 2004; Hamilton, 2003; Ireland, 2008; Jaiswal, 2008; Karnani, 2007; Nakata & Weidner, 2011; Sehrawet & Kundu, 2007). Dubey and Patel (2004), Gordon (2008 cited in Louw, 2008), Pfeiffer and Massen, (2010) and Prahalad (2005) concur that sachets bring high-priced, branded products within BOP consumers’ reach whilst still maintaining the perception that a high price is synonymous with superior quality. Sachets and smaller package sizes are conducive to encouraging brand sampling and minimising the risks involved in trial usage of products (Dubey & Patel, 2004; Jaiswal, 2008; Karnani, 2007). Due to limited incomes, BOP consumers deem it sensible to purchase smaller quantities of products in order to avoid having too much of their limited incomes tied up in larger package sizes that may not be consumed for some time (Chikweche & Fletcher, 2012b; Hamilton, 2003; Jaiswal, 2008; Kirchgeorg & Winn, 2006). Hamilton (2003), Pfeiffer and Massen (2010), Pitta *et al*. (2008) and Prahalad (2005) add that the vast majority of BOP consumers, who do not possess stable cash flows that allow for pantry-loading, are inclined to purchase food products shortly before preparation and make smaller daily purchases. Limited storage space and an insecure environment at home create a greater propensity to purchase smaller quantities of products in order to promote the ease of storing goods within BOP households (Alsop & Abrams, 1986 cited in Sehrawet & Kundu, 2007; Dubey & Patel, 2004; Mendoza, 2008; Rajagopal, 2009). Alsop and Abrams (1986 cited in Sehrawet & Kundu, 2007) add that an important packaging characteristic that BOP consumers rely upon when selecting brands is the ease of storage of the product. Further to this, Sehrawet and Kundu (2007) found that easy transportation of packages is also of crucial importance to BOP consumers. Although single-serve packages increase convenience and allow the poor to better regulate their cash flows, it does not increase the real affordability of products and has a detrimental effect on the environment in the form of pollution (Chatterjee, 2009; Karnani, 2007; Kirchgeorg & Winn, 2006). Davidson (2009) adds that BOP consumers are misled into thinking that single-serve sachets are cheaper when they are in fact paying much more on a per-unit basis.

As per the findings of this study, a less than moderate proportion of the South African BOP consumers are accustomed to purchasing smaller quantities of goods in order to acquire an assortment of products with their scarce incomes. This outcome is supported by Dubey and Patel (2004) and Kunreuther (1973 cited in Mendoza, 2008) who assert that sachets and smaller quantities provide BOP consumers with more variety of products with limited financial resources.

According to the outcomes of this study, the majority of the South African BOP consumers are inclined to purchase products that are packaged in containers in order to reuse these containers once its contents have been consumed. This finding is consistent with the discoveries of Timol (2010 cited in Variawa, 2010), Tripathi and De (2007) and Variawa (2010) that reusable packaging provides value-for-money even after the consumption of the products.

The current study's results indicate that there are significant relationships between packaging/quantity and the other key dimensions of this study.

Intercorrelations between packaging/quantity and other key dimensions of the study

In terms of the findings of this study, there is a significant relationship between packaging/quantity and advertising/awareness and partnering with MNCs and, a significant but inverse relationship between packaging/quantity and accessibility/availability, respectively.

The significant relationships infer that BOP consumers who purchase larger quantities of products place greater emphasis on discounts and other promotional incentives and are highly prone to engage in partnerships with MNCs.

The implication of the significant, inverse relationship is that BOP consumers who are more cognisant of the quantity and package sizes of products are less satisfied by the limited array of products at their disposal and are more displeased by the long distances that they need to travel in order to acquire products from a supermarket.

There were no other significant relationships between packaging/quantity and the key dimensions of this study.

Influences of biographical variables on packaging/quantity

According to the findings of this study, the South African BOP consumers' perceptions of the packaging and quantity of products are influenced by the biographical variables of age, education, monthly income, household-size and gender. Younger BOP consumers are more prone to purchasing luxury beauty and hair-care products and smaller quantities of commodities than older consumers. BOP consumers with lesser incomes tend to purchase smaller quantities of products, whereas, those in the higher income categories are inclined to purchase larger quantities of goods in order to reap the benefits of future savings. South African BOP consumers who earn lower incomes and who belong to larger households are more disposed to purchasing smaller quantities of products in a bid to secure a wide assortment of products with their measly incomes. The findings of this study illustrate that male BOP consumers prefer products in larger package sizes in comparison to female consumers.

7.2.9 ADVERTISING/AWARENESS

In terms of product awareness and marketing communications, the results of this study reveal that a moderately good proportion of the South African BOP consumers base their purchase decisions on the recommendations of family and friends. This outcome validates the findings that word-of-mouth is the most trusted medium as it is based on the experiences of close friends and family whom BOP consumers know and trust (Anderson & Billou, 2007; Barki & Parente, 2010; Bhan & Tait, 2008; Chikweche & Fletcher, 2012b; Dinica & Motteau, 2012; Koul, Sinha & Mishra, 2014; Rijke *et al*., 2009; Subrahmanyan & Gomez-Arias, 2008; Viswanathan, Sridharan & Ritchie, 2010; Weidner *et al*., 2010; World Economic Forum, 2009b). Sawady and Teschner (2008 cited in Jacobs, 2010) add that BOP consumers have a collective mindset in which they view themselves in the context of others and are, therefore, liable to purchase products that will promote their sense of belonging. Futhermore, the collectivist approach to life in BOP markets make social networks and word-of-mouth crucial sources of product information (Chikweche & Fletcher, 2012b). In addition, BOP consumers' sense of logic is shaped by the shared experiences of others, thereby, rendering word-of-mouth a very powerful marketing communications strategy (Sawady & Teschner, 2008 cited in Jacobs, 2010). Barki and Parente (2010) affirm that marketing communications efforts that enhance word-of-mouth and highlight face-to-face contact, such as door-to-door sales, have a higher propensity for success than other forms of marketing communications to BOP consumers.

With regard to effective advertising, the outcomes of this study indicate that a fair proportion of the South African BOP consumers are prompted to purchase a product if the advertisement clearly demonstrates correct usage of the product. This outcome is consistent with the findings that product demonstrations are very useful in showing BOP consumers precisely how to utilise products and what benefits can be derived from them (Chikweche & Fletcher, 2012a; Prahalad, 2005; Rijke *et al*., 2009; Weidner *et al*., 2010).

According to the findings of this study, a fair majority of South African BOP consumers are susceptible to purchasing products if they are educated on the product benefits through an effective marketing communications campaign. This result is consistent with the findings of Neuwirth (2012), Prahalad (2005) and Weidner *et al*. (2010) that BOP consumers are fast learners and are highly prone to adopting a product once its benefits have been clearly communicated to them and validated by their social networks and/or credible opinion leaders. Majumder (2012) and Thomas (1996 cited in Chikweche & Fletcher, 2012a) add that BOP consumers can be educated about the benefits of products by using creative techniques like, theatrical productions in villages and video clips on trucks. In addition, consumer education can enhance a company's reputation by establishing trust in its brand (United Nations Development Programme, 2008). Furthermore, it is advisable to use languages that BOP consumers can understand and explanations that they can empathise with (Neuwirth, 2012; Weidner et *al*., 2010). Neuwirth (2012) substantiates this affirmation by citing the example of TERI, a company that produced a cooking stove in India in order to significantly reduce the amount of black carbon that was released from traditional indoor cooking fires. This black carbon has damaging health effects on the women who constantly inhaled it during the cooking process. TERI attempted to explain the benefits of its cooking stove to women, claiming that it was considerably less harmful than open wood fires, was unsuccessful as this concept did not resonate with them. These women could not fathom how a procedure that was used for generations could suddenly become detrimental to their health. However, they became receptive to the stove after the company boasted its ability to boil water more quickly and efficiently than wood fires. It was obvious that the time-saving benefit resonated with these BOP consumers (Neuwirth, 2012). Karnani (2007) however, believes that consumer education is expensive and will only increase costs for the companies which ultimately will be borne by the BOP consumers.

The finding of this study indicate that promotional incentives, like coupons, are unlikely to result in a rapid increase in sales to South African BOP consumers, as less than a third of the consumers expressed an inclination to buy products that are accompanied by promotional coupons in order to attain a discount. This result is supported by Viswanathan *et al*. (2010 cited in Weidner *et al*., 2010) who discovered that BOP consumers with limited literacy tend to resist product promotions that work well in developed markets and that promotional tactics like using coupons, can actually cause confusion and anxiety amongst BOP consumers. However, Chikweche and Fletcher (2012a) found that in-store sampling and promotional road-shows are highly influential during the purchase process and Mendoza (2008) adds that loyalty incentives can keep consumers loyal to certain brands. Davidson (2009) and Karnani (2007) believe that the use of promotional incentives results in costs to the seller which is is likely to be passed on to consumers at a later stage.

The outcomes of this study reveal that there are significant relationships between advertising/awareness and the other key dimensions of this study.

Intercorrelations between advertising/awareness and other key dimensions of the study

The results of this study indicate that there is a significant relationship between advertising/awareness and partnering with MNCs and, a significant but inverse relationship between advertising/ awareness and accessibility/availability.

The significant relationship indicates that those BOP consumers that are highly susceptible to advertisements and other marketing communications tools tend to place more trust in MNCs and are, therefore, very enthusiastic about the prospects of being employed by these organisations.

The implication of the significant, inverse relationship is that BOP consumers, who are more conscious of advertising and other forms of marketing communications, are more disconcerted by the local rural stores' lack of a wide variety of products to choose from.

There were no other significant relationships between advertising/awareness and the key dimensions of this study.

Influences of biographical variables advertising/awareness

The results of this study reveal that the South African BOP consumers' perceptions of advertising and awareness of products are influenced by race. African BOP consumers have a higher propensity to purchase products that are amply advocated by family and friends than Coloured South African BOP consumers.

7.2.10 ACCESSIBILITY/AVAILABILITY

According to the findings of this study, South African BOP consumers who reside in rural areas complain that products are not easily accessible to them and that the local rural stores and spaza shops stock a very limited range of products. In terms of the accessibility of products, the outcomes of this study indicate that the majority of South African BOP consumers residing in rural areas have a considerable distance to travel in order to buy goods from their closest supermarket. This result corroborates the findings that purchasing goods from large retailers/supermarkets requires a great deal of travel-time and transport expenses on the part of BOP consumers, thereby resulting in the patronage of local stores that are conveniently situated in the vicinity of their residences (Ali *et al*., 2010; Koul *et al*., 2014; Moriarty *et al*., 2011; Rijke *et al*., 2009; Wood, Pitta & Frank, 2008). Furthermore, strong relationships with local storekeepers and the ability to purchase on credit from them has led to BOP consumers preferring to buy day-to-day products from their local shops instead of travelling an extensive distance to purchase products from supermarkets (Chikweche & Fletcher, 2012b; D'Andrea *et al*., 2006; Koul *et al*., 2014; Nyanga, 2015; Viswanathan, 2007 cited in Subrahmanyan & Gomez-Arias, 2008). However, Azmat and Samaratunge (2013 cited in Nyanga, 2015) discovered that, albeit the convenience of purchasing from local spaza stores, there is a grave element of distrust by BOP consumers who were unhappy about the unethical business practices (misleading information on quality, quantities and pricing) of these local stores. In addition, Nyanga (2015) found that

BOP consumers, who frequented spaza shops (kiosks), had a negative attitude towards these stores and did not favor buying from them due to the skepticism surrounding the quality of these offerings.

With regard to the availability of products, the results of the study reveal that a sizeable proportion of the South African BOP consumers who reside in rural regions are dissatisfied by the product offerings of the spaza shops and rural stores that are in close proximity to their households. The dissatisfaction stems from the belief that their purchase decisions are constrained by the availability of a very limited assortment of products to choose from. This result is supported by Barki and Parente (2010) who uncovered that BOP consumers felt that the no-frills facilities of local stores reflected lack of respect and disregard for their dignity and pride and that some BOP consumers expressed sheer embarrassment at having to shop at these stores. A store that has a greater volume of products on display is perceived by BOP consumers as a store that is generous, well-stocked, well-managed and has lower prices (Barki & Parente, 2010; Rijke *et al*., 2009). Furthermore, Ali *et al*. (2010) and D'Andrea *et al*. (2006) who discovered that BOP consumers' most preferred attributes of a store are the quality and variety of products at affordable prices. Barki and Parente (2010) affirm that the lack of choice reinforces the low self-esteem of low-income consumers and serves as a painful reminder of their poverty status. BOP consumers' dignity is amplified and aspirations expanded whenever they are afforded an opportunity to choose from an array of products (Barki & Parente, 2010; Prahalad, 2005). Furthermore, Xavier and Swaminathan (2003 cited in Neuwirth, 2012) discovered that BOP consumers prefer to purchase durables from stores in large towns and cities in order to secure better prices and greater product variety. Contrary to the findings of this study, Terblanche (2010 cited in Variawa, 2010) uncovered that spaza shop owners in South Africa have increased the array of products on offer and have creatively repackaged products so that BOP consumers need not walk long distances in order to access products.

As per the findings of this study, there are significant relationships between accessibility/availability and the other key dimensions of this study.

Intercorrelations between accessibility/availability and other key dimensions of the study

As indicated by the findings of this study, there is a significant but inverse relationship between accessibility/ availability and partnering with MNCs.

The significant, inverse relationship indicates that BOP consumers, who are more displeased by the limited offerings of local spaza stores, express a greater degree of willingness to collaborate (as distribution agents) with MNCs in a bid to secure employment and enhance their well-being and lifestyles.

There were no other significant relationships between accessibility/availability and the key dimensions of this study.

Influences of biographical variables on accessibility/availability

As documented in the results of this study, South African BOP consumers' perceptions of the accessibility and availability of products are impacted by age and monthly income. Older BOP consumers express a greater magnitude of dissatisfaction in the accessibility and availability of products and are comparatively more disgruntled by the long distances that they need to travel in order to access products than the BOP consumers from the younger age categories. BOP consumers from the higher income categories are less content with the assortment of products that local spaza shops have on offer than those consumers from the lower income categories.

7.2.11 PARTNERING WITH MNCs

In terms of the outcomes of this study that relate to the active engagement and partnering with MNCs, South African BOP consumers, who live in rural areas, are in favour of collaborating with MNCs in order to expedite the distribution of products within rural districts and villages. This result authenticates Prahalad's (2005) proposition that MNCs need to jointly collaborate with BOP citizens in order to overcome the distribution challenges in BOP markets. Chikweche and Fletcher (2012a) support this notion that a mix of formal and informal distribution channels are necessary in order to reach BOP consumers in inaccessible areas. Neuwirth (2012) builds on this idea by advocating the use of a 'hub-and-spoke' model in which MNCs aggregate consumer demand to a central location in order to reduce inventory and transportation costs and, thereafter, enlist the assistance of rural inhabitants to facilitate the last-mile of product delivery and sales. Colgate and Coca-Cola successfully adopted this approach to reduce inventory and transportation costs whilst increasing product availability in BOP markets (Neuwirth, 2012). Nakata and Weidner (2011) affirm that a greater 'reach' of consumers in BOP markets is attainable through decentralized, micro-franchise sales and distribution models. This approach worked really well for Avon, in that, the company was able to reach consumers in isolated communities in Brazil, by having their sales representatives travel the Amazon's rain forests in small canoes and boats (Nakata & Weidner, 2011). Conversely, Karnani (2007) affirms that small to medium sized businesses are best suited to exploiting opportunities in BOP markets and that MNCs will not be proficient in these markets.

The results of this study indicate that a moderately good proportion of the South African BOP consumers trust MNCs and are amenable to the likelihood of being employed by these organisations. This outcome refutes the findings of Barki and Parente (2010) that BOP consumers lack trust and relationships with MNCs and perceive these companies as sheer exploiters. Rijke *et al*. (2009) and Webb, Kistruck, Ireland & Ketchen (2009 cited in Debelak, 2011) reinforce this finding by stating that BOP consumers are likely to distrust unknown retailers or organisations for fear of being misled by dubious business practices and false claims about products.

According to the findings of this study, the majority of South African BOP consumers affirm that collaborating with MNCs will most definitely enhance their well-being and lifestyles. This result is inconsistent with the findings of Jaiswal (2007) that MNCs may actually cause problems in BOP markets than improve lifestyles. Jaiswal (2007) substantiates this claim by citing the example of Coca-Cola's bottled water plant in the South Indian state of Kerala, where the company was accused of depleting groundwater and distributing 'free fertilizer' that was later found to be dangerous waste sludge that contained excessive levels of heavy metals which contaminated food and groundwater.

Influences of biographical variables on partnering with MNCs

The results of this study reveal that the South African BOP consumers' perceptions of joint collaboration with MNCs is influenced by age, education, monthly income, gender and race. South African BOP consumers who are younger, more educated and earn higher incomes are comparatively more receptive to the prospect of working with MNCs in a bid to secure employment and a better future. Male BOP consumers are more in favour of working as distribution agents for MNCs than female consumers, whilst African BOP consumers express greater enthusiasm in collaborating with MNCs than Coloured BOP consumers.

7.3 BOP CONSUMERS' PERCEPTIONS OF BRAND TRIAL AND BRAND SWITCHING

As per the results of this study, BOP consumers have a greater affinity to switch between known, competing brands than try new, unfamiliar brands that have been introduced on the market. During periods of price escalations, a fairly moderate proportion of South African BOP consumers attest to switching from their preferred brands to cheaper, generic brands due to the unaffordability of better-quality brands. This implies that South African BOP consumers are value-conscious, appreciate good-quality brands and are willing to purchase them, provided that the prices are affordable. This outcome corroborates with Nyanga's (2015) finding that, even though the majority of the BOP consumers are satisfied with their preferred brands, a moderate proportion of these consumers will engage in brand-switching in instances of price increases.

According to the findings of the study, a below average proportion of South African BOP consumers steadfastly demonstrate reluctance to experiment with new brands of products that have an uncertain level of quality. This infers that BOP consumers are cautious about the brands that they spend their incomes on and want to avoid encountering tremendous dissatisfaction from choosing the wrong brand. The outcome of this study corroborates the findings that BOP consumers do not trust new and unfamiliar brands and display hesitancy to switch from their current brands to new brands (Barki & Parente, 2010; Bhan & Tait, 2008; D'Andrea *et al*., 2006; Louw, 2008; Mendoza, 2011). However, Prahalad and Hart (2002) state that single-serve packaging offers BOP consumers the benefit of switching brands each time they purchase. Dubey and Patel (2004) assert that single-serve sachets are suitable for encouraging trial usage of brands, particularly new introductions on the market, as it does not result in BOP consumers tying up too much of their financial resources in the purchase of large quantities.

7.4 BOP CONSUMERS' ABILITY TO PAY OFF DEBT

As per the outcomes of this study, a moderately good proportion of South African BOP consumers affirm that they will be enticed to purchase products of a higher-quality if they were afforded the opportunity to make incremental payments over a specified period of time. This result corroborates the discovery that BOP consumers express willingness to purchase good-quality products (Dansk Industri International Business Development, 2007). In addition to selling smaller quantities and lowering product costs, MNCs need to focus on providing credit and consumer finance (micro-loans) that will enable BOP consumers to purchase superior-quality products (Dansk Industri International Business Development, 2007; Debelak, 2011). However, this finding is not supported by Hulme and Mosley (1996 cited in Karnani, 2007) who assert that micro-credit was found to have worsened poverty through the unnecessary burden of debt.

Well over two-thirds of the South African BOP population express a preference for paying smaller amounts over a period of time as opposed to a lump sum, once-off payment. Lall (2011) and Lighting Africa and Dalberg Global Development Advisors (2010 cited in Debelak, 2011) concur that BOP consumers are often unable to a pay lump sum for a product but are prepared to purchase products through appropriate financing schemes.

The findings of this study uncover that a diminutive proportion of the South African BOP consumers were extreme defaulters in terms of payment of debt. Banerjee and Duflo (2006) validate this finding that the default rate amongst BOP consumers is low, by affirming that there may be frequent delays in the repayment of informal loans but default is a very rare occurrence. However, Moriarty et *al*. (2011) refute this finding by indicating that BOP consumers in emerging markets have difficulty in sourcing and using credit responsibly, as a result of which, local jails in Africa are crowded by people who have repeatedly defaulted on their loans.

A fairly moderate proportion of BOP consumers were able to fulfill their debt obligations which refutes the assumption that BOP consumers will not be able to pay off their debts due to their unstable and erratic incomes. This finding authenticates Prahalad's (2005) and Neuwirth's (2012) claims that BOP consumers are good borrowers who will make good on their debt obligations. Prahalad (2005) substantiated this claim by citing the example of

Casas Bahia, a company that reported a default rate of only 8.5% from the sale of high-quality appliances on credit to the BOP consumers in Brazil, compared to the over 15% of its competitors. Banerjee and Duflo (2006) believe that the reason for BOP consumers responding so well to micro-credit stems from the fact that paying off their debts actually translates into a disciplined way of saving.

According to the results of this study, over a quarter of the South African BOP consumers did not incur any debts which suggests that these individuals may not have had access to credit or incremental payment schemes. In the study undertaken by Dinica and Motteau (2012), it was discovered that the majority of BOP consumers were not buying products on credit. Banerjee and Duflo (2006) add that loans from formal lending sources (commercial banks) were highly inaccessible to BOP consumers, possibly due to the lack of physical access to banks.

The findings of this study reveal that there are significant relationships between South African BOP consumers' ability to pay off debt and their biographical variables.

Influences of biographical variables on BOP consumers' ability to pay off debt

As per the results of this study, there is a significant relationship between South African BOP consumers' ability to pay off debt and their age and number of people living in a household, and a significant but inverse relationship between the ability to pay off debt and gender and education, respectively. The implications of the significant relationships are that older South African BOP consumers are less able to pay off their debts in comparison to younger BOP consumers. Furthermore, South African BOP consumers who reside in larger households demonstrate greater inability to meet their liabilities than those BOP consumers who belong to households with fewer occupants.

The inferences of the significant but inverse relationships indicate that female South African BOP consumers demonstrate greater ability to pay off their debt than male BOP consumers. Additionally, BOP consumers with higher levels of educational qualifications are better able to meet their debt obligations than consumers with lower levels of education.

The results of this study did not demonstrate significant relationships between South African BOP consumers' ability to pay off debt and race and income, respectively.

7.5 BOP CONSUMERS' SPENDING PATTERNS AND BUYING BEHAVIOUR

As indicated by the results of this study, the proportion of South African BOP consumers' income, in descending order, is spent on food/groceries, education, transport, alcohol/cigarettes, telecommunications (cellphone airtime), health, clothing/toiletries/ footwear, other (funeral/burial services) and festivals/entertainment/recreation/luxuries. The outcomes of this study closely mirrors the findings of Nyanga (2015) who discovered that the top five categories that South African BOP consumers (residing in Gauteng) spend their incomes on is food, airtime (telecommunications), clothes, school expenses (education) and transport. The current study's outcomes are also moderately consistent with that of the World Resources Institute and the International Finance Corporation (WRI-IFC) Report (2007 cited in Subrahmanyan & Gomez-Arias, 2008) which indicates that the four principal categories of BOP consumer spending is food, energy, housing and transportation. As the incomes of BOP consumers increase, so too does their spending on telecommunications and transportation (Dansk Industri International Business Development, 2007). Subrahmanyan and Gomez-Arias (2008) concur that the largest increase in the past decade has been in the telecommunications and technology category.

As indicated by the outcomes of this study, the top three categories of South African BOP consumer spending are food, education and transport. This finding is consistent with Karnani's (2007) claim that approximately 80% of BOP consumers' meagre income is spent on food, shelter and transport. The dominant category of BOP consumer spending is indisputably food and groceries (Adebayo, 2013; Ali *et al*., 2010; Banerjee & Duflo, 2006; Chikweche & Fletcher, 2012b; D'Andrea *et al*., 2006; Dansk Industri International Business Development, 2007; Hamilton, 2003; Koul *et al*., 2014; Warnholz, 2007; Weidner *et al*., 2010).

Education is the second largest consumer spending category according to the findings of this study. This result is supported by Nyanga (2015) but is repudiated by the findings of Banerjee and Duflo (2006) who discovered that BOP consumers spend a diminutive proportion of income on education. It must be noted though, that the low expenditure on education is not due to the presumption that children from BOP markets are not being educated, but due to the fact that these children typically attend public schools that may charge little or no school fees at all (Banerjee & Duflo, 2006). However, based on the dysfunctional nature of certain public schools in BOP areas, BOP parents were found to have placed their children in private schools, thereby increasing spending on education in countries like Pakistan (Banerjee & Duflo, 2006). In comparison to the study by Banerjee and Duflo (2006), there has been an increase in spending on education by BOP consumers over the past decade, as indicated by the results of this study and the findings of Nyanga (2015).

The findings of this study reveal that South African BOP consumers devote a large proportion of their incomes to the purchase of alcohol and cigarettes. This outcome advocates the findings of Banerjee and Duflo (2006) who discovered that BOP consumers across the globe spend a significant proportion of their income on alcohol and tobacco and would be able to save more if they curtail spending on these intoxicants. Karnani (2007) believes that the probable explanation for the high consumption of alcohol and cigarettes amongst the poor is that they lack of self-control, yield to temptation and spend money in a bid to keep up with their neighbours. Karnani (2007) reinforces this affirmation by citing the example of Hasan, a rickshaw puller, who claimed that he could not afford to provide his three children with nutritional foods, yet, if he discontinued purchasing tobacco, he would have been able to buy each of his children an egg a day or other healthy foods. Alcohol consumption is undeniably a financial drain on BOP consumers and research demonstrates that consumers who are poor, less educated and underprivileged tend to consume significantly more tobacco (Karnani, 2007; Rani, Bonu, Jha, Nguyen & Jamjoum, 2003 cited in Jaiswal, 2007).

Although there is spending on festivals/entertainment/recreation/luxuries, the findings of this study reveal that the other categories of spending take precedence in relation to this category. Contrary to the findings of this study, Banerjee and Duflo (2006) found that almost 90% of South African BOP consumers, who survive on less than $1 per day, spend money on festivals. Half of the BOP populations living on less than $1 per day in Pakistan, Indonesia and Cote d'Ivoire engage in festival spending (Banerjee & Duflo, 2006). However, it was found that annual expenditure on festivals by BOP consumers in certain

Latin American countries like Panama, Guatemala and Nicaragua are insignificant or non-existent and that very little income is spent on entertainment in the form of movies, theatre or video shows (Banerjee & Duflo, 2006).

The results of this study reveal that there are significant relationships between South African BOP consumers' categories of spending and their biographical variables.

Influences of biographical variables on BOP consumers' categories of spending

As indicated by the findings of this study, there is a significant relationship between gender and the other category of consumer spending (for example, funeral and burial services) and, a significant but inverse relationship between gender and alcohol and cigarettes, respectively. The implications of these relationships are that female South African BOP consumers spend a larger share of their incomes on the other category of consumer spending (for example, funeral and burial services) than male BOP consumers. Additionally, male South African BOP consumers devote a greater proportion of their spending to the consumption of alcohol and cigarettes than female BOP consumers.

As evident from the results of this study, there is a significant relationship between age and food/groceries and the other category of consumer spending (for example, funeral and burial services) and, a significant but inverse relationship between age and alcohol and cigarettes, respectively. The inferences of these findings are that older South African BOP consumers spend a greater proportion of their incomes on food/groceries and the other category of consumer spending (for example, funeral and burial services), and a smaller proportion of the incomes on alcohol and cigarettes than younger South African BOP consumers.

The outcomes of this study reflect that there is a significant relationship between race and transport. This implies that Coloured South African BOP consumers allocate a higher proportion of their spending to transport than Black South African BOP consumers.

According to the indications of this study, there is a significant relationship between education and clothing/toiletries/footwear, and a significant but inverse relationship between education and the other category of consumer spending (for example, funeral and burial services), respectively. This implies that, in comparison to South African BOP consumers with lower levels of education, BOP consumers who are more educated spend a larger share of their incomes on clothing/toiletries/footwear and a smaller proportion of their income on the other category of consumer spending (for example, funeral and burial services).

As per the results of this study, there is a significant relationship between monthly income and the other category of consumer spending (for example, funeral and burial services) and, a significant but inverse relationship between monthly income and festivals/entertainment/recreation/luxuries, respectively. The interpretations of these significant relationships are that BOP consumers, who have higher levels of income, spend a lesser proportion of their incomes on festivals, entertainment, recreation and luxuries but a higher proportion of income on the other category of consumer spending (for example, funeral and burial services) than consumers with lower incomes.

As indicated by the findings of this study, there is a significant relationship between the number of people living in a household and festivals/entertainment/recreation/luxuries, and a significant but inverse relationship between the number of people living in a household and telecommunications (cellphone airtime), respectively. The deductions of these significant relationships are that, as the number of people living in a household increases, comparatively less money is spent on telecommunications (cellphone airtime) by the BOP consumers residing in those households than those in smaller households. Furthermore, as household-sizes increase, the proportion of income that is spent on festivals, entertainment, recreation and luxuries increases.

There are no other significant relationships between categories of spending and biographical variables.

7.6 BOP CONSUMERS' PERCEPTIONS OF LUXURY PURCHASES AND ASPIRATIONS FOR BETTER LIFESTYLES

In terms of luxury purchases, the results of this study reveal that almost half of the South African BOP consumers attest to having pampered themselves through the purchase of beauty and hair-care products that were used for special occasions. This finding supports Prahalad's (2005) affirmation that BOP consumers engage in the purchase of 'luxury' products like biscuits and shampoos that are packaged in sachets. Dubey and Patel (2004) and Subrahmanyan and Gomez-Arias (2008) add that BOP consumers are accustomed to purchasing ‘luxury’ products like perfumes, cosmetics, ice-creams, cold drinks and chocolates in small packs or sachets. Varadarajan (2006) reinforces Prahalad’s (2005) claim by stating that packaging salon-quality shampoos into sachets will attract the BOP consumers who would ordinarily not be able to afford these products in the normal quantities in which they are sold. Anderson and Markides (2006) substantiates this notion by citing the example of CavinKare, an Indian FMCG company that was highly successful in penetrating the fairness cream segment in rural India with its brand ‘Fairever’. Based on the insight of rural villagers drinking milk mixed with saffron for a fairer complexion, CavinKare formulated a saffron-and-milk face cream that was sold in low-priced sachets to poor consumers. Karnani (2007) concedes that shampoo in small sachets does create value for BOP consumers who purchase them for occasional usage. Acknowledging rural Indian women’s innate need to have well-groomed hair, Hindustan Lever Limited developed ‘Breeze 2-in-1’ which is a low-cost single soap for both the body and hair (Anderson & Billou, 2007). Martinez and Carbonell (2007) state that since buying a car or house may not be realistic options for BOP consumers, they are prone to spending their income on more affordable luxuries that serve to improve their quality of life. Jaiswal (2007), however, does not support the practice of marketing ‘luxury’ products, even in sachets, to BOP consumers. Karnani (2007) and Jaiswal (2007) agree that if BOP consumers spend their measly income on fashionable products or other products that do not enhance their well-being, they will evidently spend less income on more important aspects like education, nutrition and health. The current study’s results contradict the findings of Adebayo (2013) who uncovered that BOP consumers in Nigeria do not purchase luxury goods.

Less than a moderate proportion of South African BOP consumers save money in order to purchase luxury items and enjoy festivities, like Christmas, whilst a majority of consumers aspire to purchasing superior-quality brands that will enhance their social status, self-esteem, confidence and lifestyle. This finding supports the assertion of Fontes and Fan (2006 cited in Variawa, 2010) that BOP consumers often resort to the consumption of ‘status products’ that are recognised as symbols of a higher class when the conventional indicators of social status (wealth and occupational prestige) are inaccessible. Subrahmanyan and Gomez-Arias (2008) state that the theory of compensatory consumption drives BOP consumers to spend exorbitantly on socially visible products in order to counteract their lack of status in society.

Variawa (2010) adds that this theory offers insight into the rationale behind BOP consumers purchasing luxury products for their children as opposed to nutritional ones, as well as spending beyond their means on cosmetics and festivities. Belk (2001 cited in Subrahmanyan & Gomez-Arias, 2008) mentions the example of Romanian consumers who, during the Christmas season, preferred to purchase imported candy and liquor over their necessities of meat, flour and fuel. In addition, Banerjee and Duflo (2006) found that BOP consumers sometimes spend more money on entertainment and luxuries than on food in an attempt to keep up with their neighbours. Viswanathan (2007 cited in Subrahmanyan & Gomez-Arias, 2008) concurs that many poor Indian families are inclined to lavishly spend beyond their means on weddings in order to 'save face' and conform to social norms. Karnani (2007) adds that spending on festivals is a form of entertainment for BOP consumers and provides a rare respite from their poverty stricken lives. In addition, Jacobs and Smith (2010 cited in Nyanga, 2015) state that BOP consumers purchase luxury products like mobile phones and branded clothing in order to gain some form of social integration and upliftment from the bleakness of their lives.

In terms of securing better lifestyles in the future, this study's results indicate that the majority of South African BOP consumers are of the opinion that collaborating with MNCs and their ability to save money and build cash resources will enable them to improve their lifestyles in the future. BOP consumers view these companies as sources of employment and income, thereby enabling them to better satisfy their needs and save money for the future. This finding is supported by Karnani (2007) who affirms that the way to truly empower BOP citizens is to make them less poor, financially independent and better educated.

7.7 BOP CONSUMERS' PERCEPTIONS OF THE EVALUATIVE CRITERIA THAT INFLUENCES PURCHASE DECISIONS

According to the results of this study, the most important evaluative criteria that BOP consumers use when making their purchase decisions (in descending level of importance) are the price of product, quality of product, product brands, multi-purpose design of products, performance of the product, packaging sizes of the product, products that were recently advertised, appearance of the product and the convenience of buying the product.

As indicated by the outcomes of this study, the five most important influences on South African BOP consumers' purchase decisions are the price of product, the quality of product and the product brands, the multi-purpose design of products and the performance of the product. These results are very closely corroborated by the findings of Nyanga (2015) who uncovered that the top five factors that are taken into consideration by BOP consumers when engaging in decision-making are affordability (price), quality, durability (performance), convenience and brand names. In addition, the results of the current study are consistent with the findings of Rijke *et al*. (2009) who revealed that price and quality of the product are the most critical evaluative criteria that are relied upon by BOP consumers. Similarly, Viswanathan *et al*. (2010) found that BOP consumers' purchase decisions are largely influenced by the fairness in weighing products, quality, price and brand names. Zameer, Saeed and Abass (2012) uncovered that the most important decision-making criteria used by BOP consumers are the products' functionality (performance), price, promotions (recently advertised), style (multi-purpose design), quality and brand image. Ali *et al*. (2010) discovered that important decision-making criteria for BOP consumers are freshness, price, quality, variety, packaging and convenience. Prahalad's (2005) affirmation that BOP consumers are brand-conscious, value-conscious and seek products with high quality is, therefore, advocated by the current study and the findings of various authors (Ali *et al*., 2010; D'Andrea *et al*., 2006; Nyanga, 2015; Rijke *et al*., 2009; Viswanathan *et al*., 2010; Zameer *et al*., 2012).

The outcome of the current study is consistent with the findings of Chikweche and Fletcher (2012b), Nyanga (2015) and Rijke *et al*. (2009) that *the price of the product* is of utmost importance to BOP consumers when making purchase decisions. Chikweche and Fletcher (2012b) outline that the probable reason for BOP consumers' purchase decisions being driven mainly by price, is the heightened uncertainty caused by the environmental challenges (corruption, unemployment, hyperinflation, lack of income and lack of reliable infrastructure) that plague developing countries that have a high prevalence of BOP consumers.

As per the findings of this study, *the quality of products* is the second-most important evaluative criteria that is used by South African BOP consumers during decision-making. This outcome mirrors Nyanga's (2015) findings that the quality of products is the second-most important aspect to BOP consumers when deciding which products to purchase. Quality has become a crucial factor to African BOP consumers and is pivotal in acquiring new customers, securing existing customers and attracting competitors' customers (Deng, Lu, Wei & Zhang, 2010 cited in Nyanga, 2015). Rijke *et al*. (2009) and Nyanga (2015) uncovered that BOP consumers appreciate good-quality products and disapprove of the very cheap products that are found to be of a lower quality. In addition, Rijke *et al*. (2009) found that quality was of a higher prominence than price amongst the more affluent BOP consumers who deem superior-quality products as healthier options on the market.

As indicated by the results of this study, the third-most crucial evaluative criteria is *the product brands*. According to D'Andrea *et al*. (2006), brands embody backing, confidence and quality for BOP consumers and choices based on product brands safeguards them from encountering any negative reinforcements from their purchase decisions. In addition, Rijke *et al*. (2009) state that BOP consumers, who are critical and unforgiving, are highly unlikely to engage in repeat purchases of a product or even another product from the same brand, if they had experienced product failures. Rijke *et al*. (2009) uncovered that BOP consumers are inclined to purchase well-known or recognised brands in order to reduce the risk associated with the uncertainty of product quality.

Contrary to the findings of this study, Dinica and Motteau (2012) discovered that packaging is of crucial importance to BOP consumers in deciding which products to purchase. It was found that BOP consumers have an incessant need to 'see, smell and manipulate' food products and are unlikely to purchase products with opaque packaging for fear of being deceived by the contents inside (Dinica & Motteau, 2012).

The results of this study reveal that there are significant relationships between the most important evaluative criteria used by South African BOP consumers in their purchase decisions and their biographical variables.

Influences of biographical variables on the most important evaluative criteria used by BOP consumers in purchase decisions

According to the findings of this study, there is a significant relationship between age and the packaging sizes of the product and, a significant but inverse relationship between age and the quality of the product, respectively. The implications of these relationships are that younger South African BOP consumers are more cognisant of the quality of products during decision-making, than older consumers. Furthermore, the quantities and package sizes of products are of more importance to older BOP consumers than younger ones when making their purchase decisions.

As evident from the results of this study, there is a significant relationship between race and the price of the product and, a significant but inverse relationship between race and the product brands, respectively. The effects of these relationships are that Coloured South African BOP consumers, in comparison to Black South African BOP consumers, place greater emphasis on the prices of products and lesser importance on brands when engaging in decision-making.

As indicated by the findings of this study, there is a significant relationship between education and the quality of the product, and a significant but inverse relationship between education and the product brands and the multi-purpose design of products, respectively. The inferences of these relationships are that South African BOP consumers who are better educated are more cognisant of the quality of products during decision-making than consumers with lower levels of education. In addition, South African BOP consumers, who have lower levels of educational qualifications, place greater value on product brands and the multi-purpose design of products when making purchase decisions.

According to the outcomes of this study, there is a significant relationship between monthly income and the quality of the product, and a significant but inverse relationship between monthly income and the performance of the product, respectively. The implications of these relationships are that South African BOP consumers who have higher levels of income, place greater emphasis on the quality of products when making purchase decisions than the consumers from lower income categories. Furthermore, as the income of the BOP consumers increases, the less essential the functionality and performance of the product becomes when engaging in decision-making.

In terms of the results of this study, there is a significant relationship between the number of people living in a household and the product brands, the packaging sizes of the product and the convenience of buying the product and, a significant but inverse relationship between the number of people living in a household and the price of the product and the products that were recently advertised, respectively. This implies that, as the size of the household increases, more emphasis is placed on product brands, the packaging sizes of the product and the convenience of buying the product when making purchase decisions. In addition, as the number of people living in a household increases, the importance of price and recently advertised products diminishes when the BOP consumers engage in decision-making.

There are no other significant relationships between evaluative criteria and biographical variables.

7.8 SUMMARY ANALYSIS OF THE KEY FINDINGS OF THE STUDY

The pertinent outcomes of this study will be encapsulated in this section and will form the basis for innovative strategy formulation that will enable MNCs to effectively service the needs of South African BOP consumers.

- *Branding*

  The results of this study, in relation to branding, reveal that the majority of South African BOP consumers:

  - Are brand-conscious; hence, brands play an influential role in the consumer decision-making process.
  - Are aware of competing brands on the market and able to differentiate between them based on brand-related stimuli (such as logos, packaging, brand colours).
  - Use brand names, packaging and logos as a safety measure for judging the quality, reliability and performance of brands.
  - Are very loyal to their trusted brands and willing to pay premium prices for them.
  - Are value-conscious and are likely to switch to cheaper brands should their preferred brands become grossly unaffordable.
  - Do not trust new, unfamiliar brands on the market due to the uncertainty of their quality.
  - Are reluctant to purchase new brands for fear of wasting financial resources on unsatisfactory products.

- ❖ Believe that using good-quality brands will boost their self-esteem, confidence and status.

- *Savings potential/Ability to pay off debt*

  The results of this study, in relation to savings potential/Ability to pay off debt, reveal that the majority of South African BOP consumers:

  - ❖ Are likely to spend cash due to the hesitancy of carrying money around with them for fear of being robbed.
  - ❖ Frequently deposit money into bank accounts.
  - ❖ Are able to save money for special occasions and festivals.
  - ❖ Believe that being able to save money will enhance future lifestyles.
  - ❖ Are of the opinion that the interest rates levied by local money-lenders are exorbitant and unaffordable.
  - ❖ Will be able to afford the purchase of good-quality products if they are given the opportunity to make incremental payments over a period of time.
  - ❖ Have a preference for paying smaller amounts over a period of time as opposed to a lump sum, once-off payment.
  - ❖ Are able to meet their debt obligations on time.

- *Price/Affordability*

  The results of this study, in relation to price/affordability, reveal that the majority of South African BOP consumers:

  - ❖ Are conscious of prices and will seek the most acceptable price-performance offers.
  - ❖ Will switch to cheaper products should their customarily-purchased brands become unaffordable.
  - ❖ Do not buy the cheapest products on the market and do not base their purchase decisions solely on price.
  - ❖ Are willing to purchase premium-priced products of superior quality if the prices are lower than they currently are.
  - ❖ Will purchase higher-quality products if allowed to purchase on credit or able to obtain micro-financing.

- *Quality*

  The results of this study, in relation to quality, reveal that the majority of South African BOP consumers:

  - Are cognisant of product quality.
  - Want to be served with superior-quality products and are willing to pay more for it.
  - Currently do not purchase what they perceive as the best-quality products because these goods are too expensive.
  - Are dissatisfied by the quality of products that they presently purchase.
  - Do not derive optimal value-for-money from their current purchases.

- *Appearance/Acceptability*

  The results of this study, in relation to appearance/acceptability, reveal that the majority of South African BOP consumers:

  - Are extremely mindful of the appearance, attractiveness and aesthetical appeal of products when making their purchase decisions.
  - Readily accept products that are simple and easy to use.

- *Adaptability of existing products*

  The results of this study, in relation to adaptability of existing products, reveal that the majority of South African BOP consumers:

  - Refrain from purchasing products that are not designed for their living conditions.
  - Desire multi-purpose products that will maximise value-for-money from purchases.

- *Functionality/Performance*

  The results of this study, in relation to functionality/performance, reveal that the majority of South African BOP consumers:

  - Are of the belief that some of the products that are accessible to them are not reliable, durable and long-lasting.

- *Packaging/Quantity*

  The results of this study, in relation to packaging/quantity, reveal that the majority of South African BOP consumers:

  - Have a preference for purchasing products in bulk as opposed to smaller package sizes or sachets.
  - Are not accustomed to purchasing smaller quantities of products in a bid to secure a variety of goods with limited income.
  - Are enticed to purchase products that are packaged in reusable containers or packaging.

- *Advertising/Awareness*

  The results of this study, in relation to advertising/awareness, reveal that the majority of South African BOP consumers:

  - Are inclined to base their purchase decisions on the opinions and recommendations of trusted opinion leaders, friends and family members.
  - Are prompted to purchase a product if the advertisement clearly demonstrates correct usage of the product.
  - Are susceptible to purchasing products if they are educated on the product benefits through an effective marketing communications campaign.
  - Are generally not enticed to buy products that are accompanied by promotional incentives, like coupons.

- *Accessibility/Availability*

  The results of this study, in relation to accessibility/availability, reveal that the majority of South African BOP consumers:

  - Are of the belief that a good assortment of products is highly inaccessible to them and have to travel a considerable distance to acquire a variety of products.
  - Are dissatisfied by the limited product offerings of rural township stores and local spaza shops.

- *Partnering with MNCs*

  The results of this study, in relation to partnering with MNCs, reveal that the majority of South African BOP consumers:

  - Are in favour of collaborating with MNCs in order to expedite the distribution of products within rural districts and villages.
  - Trust MNCs and are enthusiastic about the prospect of being employed by these organisations.
  - Perceive the collaboration with MNCs as a definite means to enhancing their future well-being and lifestyles.

A summary analysis of the South African BOP consumers' perceptions of the key dimensions of this study is represented graphically in Figure 7.1.

Figure 7.1

Summary Analysis of the South African BOP Consumers' Perceptions of the Key Dimensions of the Study

7.9 CONCLUSION

This chapter encompassed a comprehensive discussion of the results of this study in relation to the objectives that were delineated prior to the commencement of the study. The findings were contrasted with and evaluated against the outcomes of studies on the bottom of the pyramid (BOP) market that were undertaken by various researchers. The findings of this study reveal that serving the needs of the South African BOP consumers will undoubtedly be a feasible opportunity for MNCs to take advantage of.

In terms of the objectives of this study, the results indicate that:

- The South African BOP market is a lucrative market that is large enough for MNCs to serve profitably.
- In terms of the South African BOP consumers' spending patterns and buying behaviour, a large proportion of incomes are spent on food and groceries, education and transport.
- South African BOP consumers are brand-conscious and there is good potential for MNCs to create brand loyalty amongst these consumers.
- South African BOP consumers demonstrate the ability to meet their debt obligations and exhibit potential to save money for the future. These consumers fervently believe that they will be able to improve their quality of life, through the purchase of products with superior value, if they are afforded the opportunity to make incremental payments for purchases and have access to micro-financing.
- South African BOP consumers base their purchase decisions primarily on the price, quality and brand-name of the product when engaging in the product decision-making process.
- South African BOP consumers express earnest commitment to work in collaboration with MNCs to facilitate distribution and/or marketing of products and services to consumers in inaccessible areas.

The final chapter of this study will encompass the recommendations and conclusion in terms of the study. Innovative strategies (based on the findings of this study) will be articulated in order to establish a model for active engagement and competitive advantage that will ensure a propitious engagement between the MNCs and the BOP consumers in South Africa.

CHAPTER EIGHT
RECOMMENDATIONS AND CONCLUSION

8.1 INTRODUCTION

The final chapter of this study comprises pertinent recommendations that were articulated in relation to the key findings of this study. These recommendations form the basis for the model of active engagement and competitive advantage at the bottom of the pyramid (BOP) which will prove highly beneficial to profit-seeking organisations that target the South African BOP market.

In terms of surmounting the challenges and shortcomings of this study, recommendations for future studies will be underlined, with attention being focused on the dimensions and spheres that were not investigated in this study.

8.2 RECOMMENDATIONS BASED ON THE RESULTS OF THE STUDY

The recommendations in this section are based on the South African BOP consumers' perceptions of the key dimensions of this study (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/acceptability, adaptability of existing products, functionality/performance, packaging/quantity, advertising/awareness, accessibility/availability and partnering with MNCs).

8.2.1 BRANDING

In terms of the South African BOP consumers' perceptions of branding, the following recommendations are suggested for business organisations:

- *Aim to ensure that the company's brand becomes synonymous with quality, reliability and durability*: Owing to the fact that South African BOP consumers are noticeably brand-conscious and steadfastly value-conscious, MNCs need to ensure that their brands offer maximum utility, value-for-money and enhancement of lifestyles to South African BOP consumers. In order to avoid brand-switching behaviour, MNCs need to make certain that their good-quality brands are reasonably priced.

- *Utilise marketing communications efforts (such as, entertaining product roadshows, billboards and product demonstrations) to ensure a high prevalence of brand awareness in the South African BOP market*: Driving brand awareness is pivotal in gaining brand recognition and creating a favourable attitude towards the brand.
- *Utilise mobile-marketing in order to build brand awareness in the South African BOP market*: As per the findings of this study, South African BOP consumers spend a considerable proportion of their incomes on telecommunications (airtime) which indicates that these consumers have embraced mobile technology and its life-enhancing attributes, such as, staying connected to the world around them and learning through information obtained via the internet. It is, therefore, pivotal for MNCs to use mobile technology in order to inform South African BOP consumers about new products or brand extensions via text messages or short video clips.
- *Encourage trial usage of newly-launched, unfamiliar brands through the use of free samples*: As evident from the findings of this study, South African BOP consumers have a very low propensity to engage in experimental purchases of new and unfamiliar brands. It is, therefore, imperative for MNCs to use sales promotion tactics, like free samples, to encourage trial usage of the brand and to convince these consumers of the superior level of quality of the brands.
- *Explicitly differentiate the company's brand through the use of highly pronounced brand-related stimuli (such as, logos, packaging, brand colours)*: According to the results of this study, South African BOP consumers display a clear ability to distinguish between competing brands based on brands' logos, design and/or colouring. Therefore, MNCs need to ensure that the use of brand-related stimuli (such as, brand colours, shapes, slogans, background design elements, mascots and brand characters) is distinct enough to aid brand identification and the promotion of robust brand associations.
- *Aim for trust and identity in branding through certification and labeling*: Certified products can assist companies in differentiating their offerings from that of competitors and increase consumer trust because a certified product is representative of a product that meets acceptable standards of quality. Once a company has established trust and strong brand recognition in these BOP markets, it can launch additional products and brand extensions.
- *Promote continuous improvement in products' designs*: MNCs are required to add new features to existing products once they have established the trust and loyalty of BOP

consumers. Enjoying the patronage of BOP consumers will enable MNCs to offer a variety of good-quality, low-cost products that fully satisfy consumers' needs and enable these companies to secure long-term profitability and growth in market share.

- *Ensure sustainable brand loyalty by offering good-quality brands at affordable prices*: As per the findings of this study, South African BOP consumers demonstrate intense brand loyalty provided that product prices are within their purchasing power. MNCs need to take cognisance of the affordability threshold of these consumers and guard against setting prices that lie beyond the threshold, as this will ultimately render their offerings unaffordable.
- *Develop loyalty points and money-back programmes*: This will enable businesses to build brand loyalty and will increase the costs of switching brands for consumers in the South African BOP market. Loyalty points are earned through each purchase and the associated rewards or cash refunds will provide incentives for South African BOP consumers to engage in repeat purchases.
- *Position the company's brand as a status symbol and as a means of enhancing self-esteem, confidence and social inclusion*: MNCs need to ensure that the desired brand imagery is created in the minds of South African BOP consumers in order to imbue these brands with qualities like status, prestige and social acceptance.
- *Aim to build ardent brand loyalty amongst South African BOP consumers who are better educated, have higher levels of monthly income and who reside in households with fewer inhabitants*: Organisations need to target individuals who encompass these biographical variables as these groupings of individuals demonstrate a greater appreciation for good-quality brands and have a higher inclination to remain loyal to their preferred brands.

8.2.2 SAVINGS POTENTIAL

The following recommendations for business organisations are proposed in terms of savings potential/ability to pay off debt:

- *Make provision for the granting of credit to South African BOP consumers to enable them to make incremental payments over a period of time*: Companies providing micro-credit services to South African BOP consumers will create an opportunity for expanding their customer base, especially when competitors do not offer credit sales to BOP consumers. The provision of credit will make good-quality goods and services more affordable to South African BOP consumers. Furthermore, purchasing products on credit will enable South African BOP consumers to purchase products that will enhance their well-being, self-esteem, lifestyles and dignity.

- *Develop mobile cash transfer systems*: This strategy allows for flexibility in payment of purchases by BOP consumers especially in the instances where they do not have access to bank ATMs and are reluctant to carry hard-earned cash around with them.
- *Make provision for micro-financing*: As per the results of this study, South African BOP consumers demonstrate clear ability to pay off debts and have an affinity to regularly deposit money into bank accounts. It is, therefore, necessary for commercial banks and finance enterprises to offer formal financial services to South African BOP consumers in order for them to avoid the exorbitant interest rates that are charged by informal money-lenders, ensure that they have cash available to them when they require it and be able to save for special occasions and festivals.
- *Design interfaces that are easy to use by South African BOP consumers and facilitate quick, effortless and accurate transactions in the BOP market*: This strategy involves designing graphic, iconic and colour-coded interfaces for easy recognition and use, as well as biometric-based interfaces (voice-activation, fingerprint and iris recognition) that will reduce the paperwork and administrative costs involved in transacting with South African BOP consumers.
- *Target Black South African BOP consumers with higher levels of monthly incomes as these consumers have greater savings potential and ability to pay off debts*: According to the results of the current study, this grouping of individuals is a viable target for micro-loans as these consumers are less likely to default on the payment of loans.

8.2.3 PRICE/AFFORDABILITY

As per the South African BOP consumers' perceptions of price/affordability, the ensuing suggestions are proposed for use by business organisations:

- *Ensure that products are reasonably priced in order to deliver an acceptable price-performance offer to South African BOP consumers and to curtail switching of brands during inflationary periods*: South African BOP consumers desire value-for-money and exhibit a strong affinity to be patrons to products or brands that are of a superior-quality, provided that the products are affordably priced.

- ❖ *Enhance affordability of good-quality products through the provision of credit payment schemes*: South African BOP consumers have expressed an inclination to purchase products of a superior quality if they are afforded the opportunity of purchasing products on credit.
- ❖ *Use a product-bundling approach to market multiple products of the same company*: This strategy will enable MNCs to make the overall price of the product bundle cheaper than buying each of the products individually, allow MNCs to build consumer trust in their multiple products and build a reputation as a company that offers good-quality products at a low price.
- ❖ *Utilise a joint collaborative product-bundling approach with other businesses*: With this strategy, a product bundle is created with the company's own products together with that of other business partners in order to provide consumers with a low-priced, value-enhanced offering of a variety of products that will promote their health and well-being.
- ❖ *Pay careful attention to price and affordability when setting prices for products that are targeted at South African BOP consumers who are older, less educated, earn lower monthly incomes and belong to households with more inhabitants*: The results of this study reveals that the individuals with these biographical descriptions are particularly price-sensitive.

8.2.4 QUALITY

The subsequent recommendations to business organisations are offered in terms of quality:

- ❖ *Develop resilient, practical products of a superior quality that are priced within the affordability range of South African BOP consumers*: The results of this study indicate that South African BOP consumers ardently covet top-quality products and are willing to purchase them, provided that the prices thereof, fall below these consumers' affordability threshold.
- ❖ *Design nutritious fortified food products of a good quality for South African BOP consumers*: This strategy will allow MNCs to team up with health organisations and NGOs and utilise their established infrastructures in order to reach BOP markets. A company pursuing this strategy must invest in effective and inexpensive products, be able to establish a centralised local processing capacity and adopt well-designed and thought-out marketing campaigns. Such a company can position itself as a food

company with a nutritional focus which builds brand loyalty and share of heart (a series of positive emotional connections between an individual and a product).

- *Create products that deliver optimal value-for-money, in terms of quality, that are comparatively lower in price than the products that are currently marketed to South African BOP consumers*: The immense level of dissatisfaction in the quality of products that is currently consumed by South African BOP consumers indicates a lucrative business opportunity for MNCs to market better-quality products at affordable prices, thereby securing a greater market share in the South African BOP market.
- *Take cognisance of the fact that younger South African BOP consumers who earn higher incomes and belong to smaller-sized households have a high penchant for premium-quality products*: MNCs need to target consumers who possess these biographical characteristics with higher-quality brands, as they have a greater propensity to purchase top-quality products.
- *Target school-children with nutritional food products and personal-care products*: MNCs need to stress the value of good nutrition and personal hygiene to children in the South African BOP market in order for them to influence their parents or elders to purchase good-quality products that are beneficial to their health and well-being. Providing free product samples and securing the support of school principals and educators will add credibility to these educational marketing communications campaigns.

8.2.5 APPEARANCE/ACCEPTABILITY

In terms of the South African BOP consumers' perceptions of appearance/acceptability, the following recommendations to business organisations are suggested:

- *Creatively design attractive products that are aesthetically appealing*: This strategy is essentially useful when the target market consists of South African BOP consumers (predominantly female) who are better educated, earn higher incomes and have fewer residents in their households, as these consumers place greater emphasis on the physical attributes of products.
- *Develop simple and easy to use products when targeting older South African BOP consumers*: These consumers have a preference for consuming basic products that are not complicated in design and functioning.

8.2.6 ADAPTABILITY OF EXISTING PRODUCTS

The following recommendations to business organisations are proposed in terms of adaptability of existing products:

- *Design products and processes to withstand the harsh conditions in BOP markets*: This strategy entails a careful understanding of the living conditions and infrastructure of BOP markets in order to design smart products that are best suited for these markets and will enable a company to differentiate its product from those of competitors.
- *Creatively develop multi-purpose products and/or incorporate '2-in'1' product formulas that will maximise value-for-money from purchases:* This strategy incorporates the constituents of two or more complementary products in the creation of a new unique product that boasts the individual benefits of all the products but is marketed at the price equivalent to that of one of the original products. This creates value and enhances affordability for South African BOP consumers.
- *Tailor products to meet local needs and preferences of the South African BOP market*: Businesses need to focus on features that will have the greatest impact on the improvement of lifestyles of the target consumers.
- *Combine sustainable waste management with energy production*: This strategy provides much needed energy at a low cost to BOP consumers whilst affording the company an opportunity to reduce its waste management costs.

8.2.7 FUNCTIONALITY/PERFORMANCE

As per the South African BOP consumers' perceptions of functionality/performance, the ensuing suggestions to business organisations are proposed:

- *Design products that are safe, reliable, durable and defect-free for the South African BOP consumers*: These consumers do not have the means to correct any unsatisfactory purchase decisions so MNCs need to ensure that the products that are marketed to them are of an acceptable level of performance and functionality and will not prove hazardous to their health and well-being.
- *Co-create innovations with BOP consumers*: Utilising this strategy requires MNCs to develop a meaningful understanding of the characteristics of the BOP markets and the

manner in which they utilise products in order to design innovative multi-functional products that are practical, safe and affordable.

8.2.8 PACKAGING/QUANTITY

The subsequent recommendations to business organisations are offered in terms of packaging/quantity:

- *Utilise sachet packaging for 'luxuries' like hair-care and cosmetic products when targeting young female South African BOP consumers*: This strategy allows for easy transportation and enhances affordability of products that are purchased for occasional usage. In order to leverage scale effects for these companies, they could opt for increasing their market base for single-serve sachets by selling them for promotional purposes to retailers serving the non-BOP market as well as hotels, hospitals and airlines who require smaller quantities of consumer products. It is imperative for businesses to utilise biodegradable and environmentally-friendly sachet packages when pursuing this strategy. Single-serve sachet packaging is suitable when the target market for a product comprises South African BOP consumers who predominantly earn very low incomes and who belong to larger-sized households.
- *Single-serve sachet packaging is useful for promotional purposes (free samples) that encourage brand trial*: Owing to the fact that South African BOP consumers are highly skeptical about trusting new and unfamiliar brands, this approach will be ideal in allowing for trial usage of the free samples in order for the BOP consumers to ascertain, for themselves, the level of product quality.
- *Provide incentive schemes for recycling*: A workable strategy that encourages BOP consumers to recycle would be to offer a free product to those who collect a specified amount of used containers or packages and return them to the company. Depending on the nature and design of the packaging it can either be re-used or recycled by the company. Cash-back schemes would also provide additional income to BOP consumers for recycling used packages.
- *Create ecologically sustainable packaging*: This strategy will require MNCs to use biodegradable and recyclable materials in their packaging in order to reduce pollution. These innovations can be transferred to the developed markets for a global decrease in resource use and pollution.

- *Wherever possible, utilise reusable containers for packaging products*: South African BOP consumers are prone to purchasing products in reusable packaging as they are able to derive value-for-money from reusing the packaging after its contents have been depleted.
- *Offer quantity discounts on bulk purchases of consumer products*: The results of this study indicate that the majority of South African BOP consumers prefer buying products in bulk in order to reap the benefits of future savings, as opposed to smaller quantities. Offering discounts on bulk purchases will render purchases more economical for South African BOP consumers.

8.2.9 ADVERTISING/AWARENESS

In terms of the South African BOP consumers' perceptions of advertising/awareness, the following recommendations are suggested to business organisations:

- *Educate consumers on the benefits of products through marketing communications*: Investing in consumer knowledge and skills is a strategy that can be used for stimulating market demand and enhancing the company's reputation by establishing trust in its brands through providing consumers with detailed information on precisely how beneficial the product will be to them and how to use it correctly. Free product trials and demonstrations are useful marketing tools when using this strategy.
- *Clearly demonstrate the correct usage of products through effective advertising*: MNCs need to ensure that their adverts succinctly demonstrate how to consume, clean and safely store the product in order to avoid any breakages or malfunctions.
- *Creation of partnerships with 'trusted parties'*: This strategy involves collaborating with trusted NGOs and highly-acclaimed expert bodies in order to benefit from the trust and respect that these parties enjoy from South African BOP consumers in a bid to gain acceptance of the company's products.
- *Create word-of-mouth advocacy networks*: This strategy involves leveraging informal communication networks in the South African BOP market as well as trusted opinion leaders, family and friends to create brand awareness and an increase in sales. Word-of-mouth initiatives will overcome linguistics barriers to effective marketing communications.

- *Use promotional incentives like reduced product prices and bargain sales to entice South African BOP consumers to purchase products*: These consumers are value-conscious and appreciate good-quality products at reasonable prices and will be enticed to take advantage of these lucrative deals.
- *Provide customer care mechanisms in order to obtain feedback from BOP consumers*: This strategy focuses on creating an avenue for customer complaints, after-sales services and suggestions on product improvements from South African BOP customers. Distributors of the product could also be trained as customer-liaison officers who are able to deal with customer questions and complaints. Call centres with toll-free customer care lines would also be beneficial in this regard and allows BOP customers with mobile telephones to easily utilise the services at no cost to them.
- *Utilise mobile-marketing in order to effectively communicate with target consumers*: Business organisations need to channel pertinent information on products, special offers and promotions to South African BOP consumers via text or multi-media messages to their mobile devices. Additionally, the use of mobile coupons, which are delivered to the recipients' mobile cellphones, can be very useful in enticing consumers to purchase the products on promotion in order to redeem the discount at the point of purchase.
- *Utilise event-marketing and sponsorships in order to enhance business reputation in the South African BOP market*: Sponsoring events such as, Heritage Day rallies in rural townships can be a lucrative platform for MNCs to build good rapport with South African BOP consumers, showcase existing products or launch new products onto this market. Handing out free product samples at these events will provide the opportunity for a business to engage South African BOP consumers in trial usage of its products.

8.2.10 ACCESSIBILITY/AVAILABILITY

In terms of the South African BOP consumers' perceptions of accessibility/availability, the following recommendations are suggested to business organisations:

- *Recruit and train South African BOP consumers to serve as distributors in order to improve accessibility and deliver a wide assortment of products to the South African BOP market*: This strategy of engaging poor people will help MNCs to sell and distribute products to previously inaccessible parts of the South African BOP market that these individuals are familiar with, whilst simultaneously creating a source of income for BOP distributors.

- *Establish local service providers*: This strategy will enable service providers to train local individuals to respond quickly and cost-effectively to customers' needs thereby making services more affordable and reliable.
- *Leverage local retailers, businesses and existing informal distribution networks in order to gain access to remote areas*: This strategy will enable MNCs to market their products extensively through trusted local retailers and businesses thereby optimising reach, increasing sales and reducing distribution costs.
- *Collaborate with other businesses to reduce delivery costs*: This strategy requires collaboration with other companies in the distribution of products to the South African BOP market, thereby reducing distribution costs for all involved, diversifying inventory, sharing warehousing costs and expanding distribution networks.
- *Develop technology to enhance infrastructure*: This strategy focuses on developing practical, easy-to-use technology as well as utilising mobile and wireless technology to overcome infrastructural constraints like the need for physical infrastructure and logistics networks in order to reach South African BOP consumers.
- *Proactively establish relationships with NGOs and other non-traditional partner organisations*: This strategy requires MNCs to assess their own capabilities, assets and intellectual capacity and then collaborate with partners based on the resources that they require, in order to effectively serve the needs of BOP markets. Such partnerships will be instrumental in building a mutually beneficial infrastructure, developing valuable skills, generating long-term profits and gaining insight into the evolving wants and needs of BOP consumers.

8.2.11 PARTNERING WITH MNCs

As per the South African BOP consumers' perceptions of partnering with MNCs, the ensuing suggestions to business organisations are proposed:

- *Train and develop local BOP partners*: Companies can benefit by providing retail management skills to local retailers in order to secure them as dealers in educating target consumers on the benefits of utilising their products. Setting up training consortiums with government agencies, NGOs and other businesses in the same industries will enhance proficiency in South African BOP partners.

- *Invest in removing constraints in skills and abilities of BOP recruits*: This strategy involves investing in training of South African BOP recruits and simplifying the work for them which will create intangible long-term value through increasing their morale and loyalty that will enable the company to strengthen its competitiveness. Making processes less complicated and easy to execute can diminish the mistakes made by these BOP recruits and the costs associated with rectifying them.
- *Empower entrepreneurs to build local capacity*: This strategy can be adopted by MNCs to expand business opportunities by providing local entrepreneurs with financial aid, technical assistance and basic business skills needed to serve BOP markets in which the local businesses enjoy the trust and respect of the community.
- *Set up workable delivery cycles*: This strategy ensures that there is a regular routine supply of products and services to South African BOP consumers.
- *Localise production*: Starting up manufacturing facilities in BOP markets and localising production presents the advantages of increasing the livelihood of BOP consumers, creating awareness of the company and its products, reducing the company's transportation costs and developing crucial distribution networks within the BOP markets.
- *Optimise sourcing processes in order to utilise local raw materials and resources*: This strategy involves sourcing local raw materials to produce good quality, low-cost products and services for South African BOP consumers and developing cooperatives with local suppliers in order to create a steady demand for their raw materials.
- *Provide specialised training of employees to maximize output*: Investing in training and education of employees is fundamental for ensuring that they are equipped with the relevant proficiencies that will enhance the quality of output and lower the costs associated with wastage of resources. Cross-training and job rotation will allow employees to gain multiple skills and be able to effectively perform activities throughout the entire production process.
- *Build markets for high-value sustainable trade*: Sourcing local inputs and raw materials provides MNCs with the opportunity to reap economies of scale and create a market for these raw materials in the production of products and services for developed markets.

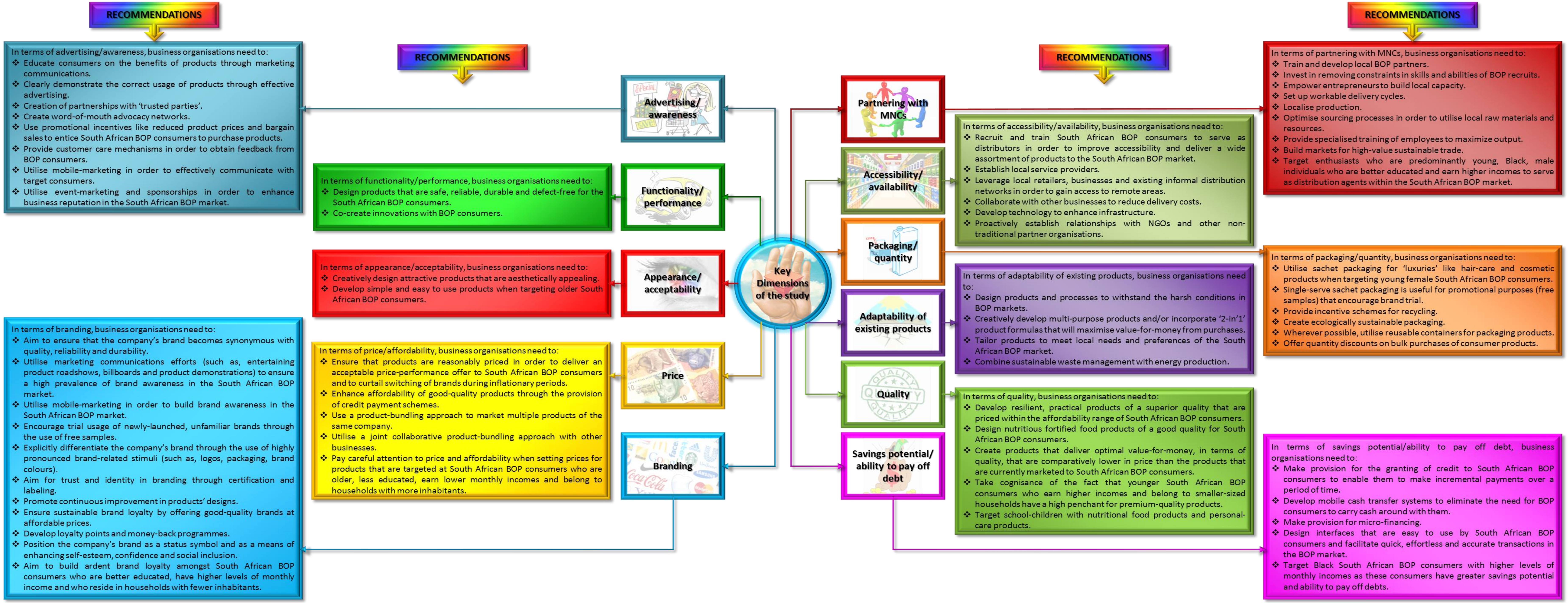
This strategy ensures that the excess supplies of raw materials from local cooperatives are exported for production to developed markets.

- *Target enthusiasts who are predominantly young, Black, male individuals who are better educated and earn higher incomes to serve as distribution agents within the South African BOP market:* Consumers with these biographical variables are more inclined to engage in joint collaborative efforts with MNCs.

The recommendations outlined in this section are depicted graphically as the constituents of a model of underlying strategies for active participation and competitive advantage at the bottom of the pyramid (BOP) in South Africa (Figure 8.1).

Figure 8.1

Recommendations for Active Participation and Competitive Advantage at the Bottom of the Pyramid (BOP) in South Africa



8.3 RECOMMENDATIONS FOR FUTURE RESEARCH

A business perspective on the lucrativeness of the South African BOP market is definitely warranted in order to ascertain whether or not the organisations' perceptions of consumers' needs and expectations are congruent with the actual needs and expectations of South African BOP consumers themselves. A study on this perspective will be extremely valuable in identifying strategies that have proven successful in servicing the needs of the South African BOP market, as well as isolating and revising strategies that were ineffective.

This study focused on the South African BOP consumers who reside in rural regions of South Africa and not on the BOP consumers living in urban areas. An investigation into the consumer behavioural practices and spending patterns of urban South African BOP consumers can be compared to, and contrasted with the findings of this study in order to uncover the similarities and differences.

Poverty alleviation is a gradual process and it is, therefore, necessary for a longitudinal study to be undertaken with a view to ascertaining the effectiveness of the implementation of Prahalad's (2005) BOP proposition in alleviating poverty in South Africa as well as generating profits for the MNCs that service these consumers' needs.

A study of this nature ought to be undertaken in the global arena in order to provide valuable insight into the current spending patterns, purchasing habits and consumer behaviour of BOP consumers across the world.

8.4 CONCLUSION

This chapter presented a comprehensive set of recommended strategies that business organisations can utilise as a foundation for their business ventures in the South African BOP market. These recommendations were based on the analysis of the South African BOP consumers' perceptions of the key dimensions of the study (branding, savings potential/ability to pay off debt, price/affordability, quality, appearance/acceptability, adaptability of existing products, functionality/performance, packaging/quantity, advertising/awareness, accessibility/availability and partnering with MNCs). The results of this study reveal that the South African BOP market is a lucrative market that can be harnessed by MNCs in order to generate profits. There is willingness on the part of South

African BOP consumers to enter into collaborative efforts with MNCs in an attempt to enhance their well-being and lifestyles and elevate themselves from their current ominous state of poverty. Prahalad's (2005) BOP proposition undoubtedly has the potential to succeed within the South African context. It is vital for businesses to act quickly in servicing the needs of the BOP markets in order to capitalise on the first-mover advantage and then work towards creating brand loyalty amongst these consumers. It is strongly recommended that business organisations implement the strategies outlined in Figure 8.1 in order to enhance active participation and competitive advantage at the bottom of the pyramid in South Africa.

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APPENDIX 1

QUESTIONNAIRE: ENGLISH

UNIVERSITY OF KWAZULU-NATAL
SCHOOL OF MANAGEMENT, IT & GOVERNANACE

PhD Research Project
Researcher: Pravina Devpersadh Oodith (031 260 7340)
Supervisor: Prof Sanjana Brijball Parumasur (031 260 7176)
Research Office: Ms P. Ximba (031 260 3587)

Dear Respondent

I, Pravina D. Oodith, am a PhD student in the School of Management, IT& Governance at the University of KwaZulu-Natal. You are invited to participate in a doctoral research project entitled: *Bottom of the Pyramid: Opportunity & Feasibility Analysis & Strategy Formulation*. The purpose of the study is to uncover whether or not big companies can make profits by selling their products and services to poor people living in South Africa and at the same time reduce poverty.

In this questionnaire you will be asked to indicate what is true for you so there is no "right" or "wrong" answer to any question. Your participation in this project is voluntary. You may refuse to participate or pull out from the project at any time with no bad consequences. You will not be paid any money for taking part in the survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by the School of Management, IT & Governance, UKZN.

If you have any questions about completing the questionnaire or about participating in the study, you may contact me or my supervisor on the telephone numbers listed above. The survey should take you about 15-20 minutes to complete. I hope that you will take the time to complete the survey and that you will answer all questions on the questionnaire.

Yours Sincerely

Investigator's signature______________________________ Date ______________________

UNIVERSITY OF KWAZULU-NATAL
SCHOOL OF MANAGEMENT, IT & GOVERNANCE

PhD Research Project
Researcher: Pravina Devpersadh Oodith (031 260 7340)
Supervisor: Prof Sanjana Brijball Parumasur (031 260 7176)
Research Office: Ms P. Ximba (031 260 3587)

CONSENT

I____(full names of participant) hereby confirm that I understand what this document is all about and the purpose of the research project, and I agree to participate in this research project. I understand that I am allowed to pull away from the project at any time if I want to.

Signature of Participant ___________________________ Date ____________________

SECTION A: BIOGRAPHICAL DETAILS

Instructions: Please tick the appropriate block that applies to you.

1. Gender:
   - Male ☐ 1
   - Female ☐ 2

2. Age in years:
   - 18 – 29 ☐ 1
   - 30 – 39 ☐ 2
   - 40 – 49 ☐ 3
   - 50 – 59 ☐ 4
   - 60 and over ☐ 5

3. Race:
   - African ☐ 1
   - White ☐ 2
   - Asian ☐ 3
   - Coloured ☐ 4

4. Highest Educational Qualification:
   - No education ☐ 1
   - Primary school ☐ 2
   - High school ☐ 3
   - Diploma ☐ 4
   - Degree ☐ 5

5. Monthly Income:
   - Under R250 ☐ 1
   - R251 – R500 ☐ 2
   - R501 – R1000 ☐ 3
   - R1001 – R1500 ☐ 4
   - R1501 – R2000 ☐ 5
   - Above R2000 ☐ 6

6. Number of people living in your household:
   - 1 – 3 ☐ 1
   - 4 – 6 ☐ 2
   - 7 – 9 ☐ 3
   - 10 or more ☐ 4

SECTION B

Instructions: Please indicate your response to each of the following statements by ticking the relevant option in the scale provided where:
1 = Strongly Disagree (SD)
2 = Disagree (D)
3 = Neither Agree nor Disagree (N)
4 = Agree (A)
5 = Strongly Agree (SA)

		1 SD	2 D	3 N	4 A	5 SA
1.	I am aware that there are different brands of items that I buy.	O	O	O	O	O
2.	I am able to easily tell the difference between the different brands from their logos, design and/or colouring.	O	O	O	O	O
3.	I easily recognise the packaging of the brands that I usually buy.	O	O	O	O	O
4.	I have bought the same brand of an item five times in a row.	O	O	O	O	O
5.	I do not change brands often.	O	O	O	O	O
6.	I buy the brands that I prefer even when the price goes up.	O	O	O	O	O
7.	I buy the same brands because I do not want to waste my money on unfamiliar brands.	O	O	O	O	O
8.	I am getting good value for money from the brands that I often buy.	O	O	O	O	O
9.	I buy new brands even if I am not sure of its quality.	O	O	O	O	O
10.	I do not mind paying a little extra for the brands that I believe are good quality.	O	O	O	O	O
11.	Using a good quality brand makes me feel good about myself.	O	O	O	O	O
12.	I spend all the income that I receive and have nothing left to save.	O	O	O	O	O
13.	I spend my money because I will lose it if my home is burgled.	O	O	O	O	O
14.	I have access to a bank account into which I deposit money regularly.	O	O	O	O	O
15.	I save as much money as I can for special occasions like Christmas.	O	O	O	O	O
16.	Whenever I need a loan, I borrow money from the money-lenders in my community.	O	O	O	O	O

		1 SD	2 D	3 N	4 A	5 SA
17.	I feel that the interest on the loans that the money-lenders charge me is affordable.	○	○	○	○	○
18.	I believe that being able to save will help me get a better lifestyle in the future.	○	○	○	○	○
19.	I buy products that are slightly higher in price because I believe that they are better in quality.	○	○	○	○	○
20.	When the prices of products that I usually buy increase, I switch to other products that are cheaper.	○	○	○	○	○
21.	I buy the cheapest products that are available.	○	○	○	○	○
22.	I would buy good quality products if the prices were much lower.	○	○	○	○	○
23.	I prefer to pay small amounts over time for goods than to pay a big amount at one time.	○	○	○	○	○
24.	I would buy good quality products if I was allowed to pay small amounts over time.	○	○	○	○	○
25.	I currently do not buy good quality products because I cannot afford them.	○	○	○	○	○
26.	I regard the products that I currently buy as poor quality.	○	○	○	○	○
27.	The products that I buy do not fully satisfy my needs.	○	○	○	○	○
28.	I do not get value-for-money from the products that I buy.	○	○	○	○	○
29.	I buy products that are easy to use.	○	○	○	○	○
30.	I do not buy products that I do not find attractive.	○	○	○	○	○
31.	I do not buy products that are not designed for my living conditions.	○	○	○	○	○
32.	I buy products with more than one use because I get value for money from my purchase.	○	○	○	○	○
33.	The products that I buy are not long-lasting.	○	○	○	○	○
34.	Too many products that I currently buy are faulty in some way.	○	○	○	○	○
35.	I prefer buying small quantities of products because it is lighter and easier to carry to my home.	○	○	○	○	○
36.	Buying small packages of goods allows me to store them better at home as they require less space.	○	○	○	○	○
37.	I buy small packets of products because the prices are much lower.	○	○	○	○	○
38.	I buy products that are packaged in a container so that I can use the container after it is empty.	○	○	○	○	○

	1 SD	2 D	3 N	4 A	5 SA
39. I buy small quantities of beauty and hair-care products to use for special occasions.	O	O	O	O	O
40. Buying small quantities of goods allows me to buy many different products with my income.	O	O	O	O	O
41. I buy large quantities of goods because it saves me money later on.	O	O	O	O	O
42. I will buy products that my family and friends recommend.	O	O	O	O	O
43. I will buy a product if the advert teaches me how to use it.	O	O	O	O	O
44. I will buy a product if the advert shows me how I will benefit from using it.	O	O	O	O	O
45. I buy the products that I have coupons for in order to get the discounts.	O	O	O	O	O
46. The spaza shops that are near my home do not have a wide variety of products to choose from.	O	O	O	O	O
47. I have to travel a long distance to buy my products from a supermarket.	O	O	O	O	O
48. I am willing to distribute goods in my village for big companies	O	O	O	O	O
49. I do not trust big companies and will not work for them.	O	O	O	O	O
50. I feel that working together with big companies will help me improve my lifestyle.	O	O	O	O	O

51. From the list below, choose the top **5** categories in the order in which you spend most of your income on. (Example: Assign 1 to the category that you spend most of your income on and 5 to the category that you spend least of your income on).

	Rank
Food and groceries	
Telecommunications (cellphone airtime)	
Transport	
Alcohol and Cigarettes	
Education	
Festivals, Entertainment, Recreation & Luxuries	
Clothing, Toiletries & Footwear	
Health	
Other (Specify) ______________________________	

52. Which of the following statements do you strongly agree with?

- I did not have any debts in the past year. ☐ 1
- I was always able to pay my debts on time in the past year. ☐ 2
- In the past year, I was only sometimes able to pay my debts on time. ☐ 3
- In the past year, I was never able to pay my debts on time. ☐ 4

53. From the list below, tick the **4** most important things that you consider when you purchase products. (Assign 1 to the category that is most important to you and 4 to the category of lesser importance).

	Rank
The price of product	
The quality of product	
The product brands	
The performance of the product	
The packaging sizes of the product	
The appearance of the product	
The multi-purpose design of products	
The convenience of buying the product	
The products that were recently advertised	

Thank you for your time and cooperation.

APPENDIX 2

QUESTIONNAIRE: isi-ZULU

UNIVERSITY OF KWAZULU-NATAL
SCHOOL OF MANAGEMENT, IT & GOVERNANACE

PhD Research Project
Researcher: Pravina Devpersadh Oodith (031 260 7340)
Supervisor: Prof Sanjana Brijball Parumasur (031 260 7176)
Research Office: Ms P. Ximba (031 260 3587)

Sawubona Mhlanganyeli

Mina, Pravina D. Oodith, ngiyisitshudeni se-PhD ku-School of Management, IT & Governance eNyuvesi yaKwaZulu-Natali. Uyamenywa ukuthi uhlanganyele kuphrojekthi yocwaningo yobudokotela enesihloko esithi: *Bottom of the Pyramid (Phansi nePhiramidi): Opportunity & Feasibility Analysis & Strategy Formulation (Ukuhlaziywa Kwethuba kanye Nokwenzeka kanye Nokwenziwa Kwesu).* Inhloso yalolu cwaningo ukuthola ukuthi ingabe izinkampani ezingenkulu zingakwazi yini ukwenza inzuzo ngokuthengisa imikhiqizo yazo kanye nezinsizakalo zazo kubantu abampofu abahlala eNingizimu Afrika
khona lapho zibe zinciphisa ubumpofu.

Kuleli phephambuzo uzocelwa ukuthi ukhombise ukuthi yini eyiqiniso kuwe, ngakho-ke ayikho impendulo yombuzo nanoma yimuphi "elungile" noma "engalungile." Ukuhlanganyela kwakho kule phrojekthi ngokokuzithandela. Ungala ukuhlanganyela noma uphume kule phrojekthi noma nini ngaphandle kwemiphumela emibi. Akukho mali ozokhokhelwa yona ngokubamba iqhaza ocwaningweni (survey). Imfihlo kanye nokungaziwa kwamarekhodi akukhombayo njengombambiqhaza kuzogcinwa yi- School of Management, IT & Governance, UKZN.

Uma kukhona imibuzo onayo ngokugcwalisa iphephambuzo noma ngokuhlanganyela ocwaningweni, ungaxhumana nami noma nosuphuvayiza wami ezinombolweni zocingo ezibhalwe ngenhla. Ucwaningo kufanele lukuthathe cishe imizuzu eyi-15-20 ukuluqeda. Ngiyethemba ukuthi uzothatha isikhathi ukugcwalisa ucwaningo nokuthi uzoyiphendula yonke imibuzo esephephenimbuzo.

Yimina

Ukusayina komphenyi_______________________________ Usuku ______________________

UNIVERSITY OF KWAZULU-NATAL
SCHOOL OF MANAGEMENT, IT & GOVERNANCE

PhD Research Project
Researcher: Pravina Devpersadh Oodith (031 260 7340)
Supervisor: Prof Sanjana Brijball Parumasur (031 260 7176)
Research Office: Ms P. Ximba (031 260 3587)

IMVUME

Mina ___________________________ (amagama aphelele omhlanganyeli) ngiyaqinisekisa ukuthi ngiyaqonda ukuthi lo mbhalo ukhuluma ngani kanye nenhloso yale phrojekthi yocwaningo, futhi ngiyavuma ukuhlanganyela kule phrojekthi yocwaningo. Ngiyaqonda ukuthi ngivunyelwe ukuphuma kuphrojekthi noma nini uma ngifuna.

Ukusayina koMhlanganyeli ________________________________ Usuku ____________________

<u>ISIGABA A</u>: IMININININGWANE EPHATHELENE NOMLANDO WABANTU

<u>Imiyalelo</u>: Sicela umake ibhlokwe efanele esebenzayo kuwe.

1. Ubulili:

   Owesilisa ☐ 1
   Owesifazane ☐ 2

2. Ubudala ngeminyaka:

   18 – 29 ☐ 1
   30 – 39 ☐ 2
   40 – 49 ☐ 3
   50 – 59 ☐ 4
   60 nangaphezulu ☐ 5

3. Ubuhlanga:

   Umuntu omnyama ☐ 1
   Umuntu omhlophe ☐ 2
   Um-Eshiya ☐ 3
   Umkhaladi ☐ 4

4. Iziqu Zemfundo Eziphezulu Kakhulu:

   Akanamfundo ☐ 1
   Isikole Samabanga Aphansi ☐ 2
   Isikole Samabanga Aphakeme ☐ 3
   I-Diploma ☐ 4
   Iziqu ☐ 5

5. Imali engenayo ngenyanga:

   Ngaphansi kuka-R250 ☐ 1
   R251 – R500 ☐ 2
   R501 – R1000 ☐ 3
   R1001 – R1500 ☐ 4
   R1501 – R2000 ☐ 5
   Ngaphezu kuka-R2000 ☐ 6

6. Inombolo yabantu abahlala emzini wakho:

   1 – 3 ☐ 1
   4 – 6 ☐ 2
   7 – 9 ☐ 3
   10 noma ngaphezulu ☐ 4

<u>ISIGABA B</u>

<u>Imiyalelo</u>: Sicela ukhombise impendulo yakho esitatimendeni ngasinye ezitatimendeni ezilandelayo ngokuthi umake into oyikhethayo efanele esikalini esihlinzekiwe lapho u-:

1 = Angivumi Ngamandla (AN)
2 = Angivumi (A)
3 = Ngiyavuma Angivumi (NA)
4 = Ngiyavuma (N)
5 = Ngiyavuma Ngamandla (NN)

		1 AN	2 A	3 NA	4 N	5 NN
1.	Ngiyazi ukuthi kunezinhlobo zemikhiqizo ezahlukene zezinto engizithengayo.	O	O	O	O	O
2.	Ngiyakwazi ukubona umehluko kalula phakathi kwezinhlobo zemikhiqizo eyahlukene ngezimpawu zayo, idizayini kanye/noma umbala.	O	O	O	O	O
3.	Ngikubona kalula okokufaka izinhlobo zemikhiqizo engivame ukuyithenga.	O	O	O	O	O
4.	Ngithenge uhlobo lomkhiqizo olufanayo lwento izikhathi ezinhlanu zilandelana.	O	O	O	O	O
5.	Angilushintshi uhlobo lomkhiqizo kaningi.	O	O	O	O	O
6.	Ngithenga izinhlobo zomkhiqizo engiwuthandayo ngisho ngabe amanani entengo ayakhuphuka.	O	O	O	O	O
7.	Ngithenga izinhlobo zomkhiqizo ofanayo ngoba angifuna ukumosa imali yami ngezinhlobo zemikhiqizo engajwayelekile.	O	O	O	O	O
8.	Ngithola okufanele imali ezinhlotsheni zemikhiqizo engiyithengayo kaningi.	O	O	O	O	O
9.	Ngithenga izinhlobo zomkhiqizo omusha ngisho ngabe anginasiqiniseko ngekhwalithi yawo.	O	O	O	O	O
10.	Anginandaba nokukhokha kakhudlwana ngezinhlobo zomkhiqizo engikholwa wukuthi ziyikhwalithi enhle.	O	O	O	O	O
11.	Ukusebenzisa uhlobo lomkhiqizo oluyikhwalithi enhle kungenza ngizizwe ngiphatheke kahle ngami uqobo.	O	O	O	O	O
12.	Ngiyisebenzisa yonke imali engiyitholayo bese ngingabi nalutho olusele ukuthi ngilondoloze.	O	O	O	O	O
13.	Ngiyayisebenzisa imali yami ngoba izongilahlekela uma umuzi wami ugqekezwa.	O	O	O	O	O
14.	Ngiyafinyelela ku-akhawunti yasebhange engidiphozitha kuyo imali ngokuvamile.	O	O	O	O	O

		1 AN	2 A	3 NA	4 N	5 NN
15.	Ngilondolozela izimo ezikhethekile njengoKhisimuzi kakhulu kangangoba ngingakwazi.	O	O	O	O	O
16.	Noma nini uma ngidinga imalimboleko, ngiboleka imali kubabolekisi bezimali emphakathini wami.	O	O	O	O	O
17.	Ngicabanga ukuthi inzalo yezimalimboleko abebolekisi bezimali abangikhokhisa yona iyakhokheka.	O	O	O	O	O
18.	Ngikholwa wukuthi ukulondoloza kuzongisiza ukuthola indlela yokuphila engcono esikhathini esizayo.	O	O	O	O	O
19.	Ngithenga imikhiqizo enenani lentengo elithe ukuba phezudlwana ngoba ngikholwa wukuthi ziyikhwalithi engcono.	O	O	O	O	O
20.	Uma amanani entengo emikhiqizo engivame ukuyithenga ekhuphuka, ngishintshela kweminye imikhiqizo eshibhile.	O	O	O	O	O
21.	Ngithenga imikhiqizo eshibhe kakhulu kuneminye ekhona.	O	O	O	O	O
22.	Bengingayithenga imikhiqizo yekhwalithi enhle ukuba amanani ayo abephansi kakhudlwana.	O	O	O	O	O
23.	Ngithanda ukukhokhela izimpahla amanani amancane isikhathi eside kunokukhokha inani elikhulu ngesikhathi esisodwa.	O	O	O	O	O
24.	Bengingathenga imikhiqizo eyikhwalithi enhle ukuba bengivumelekile ukuthenga amanani amancane esikhathini eside.	O	O	O	O	O
25.	Njengamanje angiyithengi imikhiqizo eyikhwalithi enhle ngoba angikwazi ukuyikhokhela.	O	O	O	O	O
26.	Imikhiqizo engiyithengayo njengamanje ngiyithatha njengekhwalithi embi.	O	O	O	O	O
27.	Imikhiqizo engiyithengayo ayizanelisi izidingo zami ngokuphelele.	O	O	O	O	O
28.	Angikutholi okufanele imali emikhiqizweni engiyithengayo.	O	O	O	O	O
29.	Ngithenga imikhiqizo okulula ukuyisebenzisa.	O	O	O	O	O
30.	Angiyithengi imikhiqizo engingayiboni iheha.	O	O	O	O	O
31.	Angiyithengi imikhiqizo engenzelwe izimo zenhlalo yami.	O	O	O	O	O
32.	Ngithenga imikhiqizo esetshenziselwa ngaphezu kokukodwa ngoba ngithola okufanele imali ngengikuthengile.	O	O	O	O	O
33.	Imikhiqizo engiyithengayo ayihlali isikhathi eside.	O	O	O	O	O
34.	Imikhiqizo eminingi kakhulu engiyithengayo njengamanje inephutha ngandlela thize.	O	O	O	O	O

		1 AN	2 A	3 NA	4 N	5 NN
35.	Ngithanda ukuthenga amanani amancane emikhiqizo ngoba alula futhi kulula ukuwathwala ngiwayise ekhaya.	○	○	○	○	○
36.	Ukuthenga amaphakheji amancane ezimpahla kungivumela ukuthi ngiyigcine kangcono ekhaya njengoba zidinga indawo encane.	○	○	○	○	○
37.	Ngithenga amaphakethe amancane emikhiqizo ngoba amanani entengo aphansi kakhulu.	○	○	○	○	○
38.	Ngithenga imikhiqizo efakwe esitsheni ukuze ngizokwazi ukusebenzisa isitsha ngemuva kokuba sesingasenalutho.	○	○	○	○	○
39.	Ngithenga amanani amancane emikhiqizo eyizimonyo neyokunakekela izinwele ukuze ngiyisebenzisele izimo ezikhethekile.	○	○	○	○	○
40.	Ukuthenga amanani amancane ezimpahla kungivumela ukuthi ngithenge imikhiqizo eminingi ehlukene ngemali yami.	○	○	○	○	○
41.	Ngithenga amanani amakhulu ezimpahla ngoba kungongela imali ekuhambeni kwesikhathi.	○	○	○	○	○
42.	Ngizothenga imikhiqizo umndeni wami kanye nabangane abayincomayo.	○	○	○	○	○
43.	Ngizowuthenga umkhiqizo uma isikhangisi singifundisa ukuthi ngiwusebenzisa kanjani.	○	○	○	○	○
44.	Ngizowuthenga umkhiqizo uma isikhangisi singikhombisa ukuthi ngizosizakala kanjani ngokuwusebenzisa.	○	○	○	○	○
45.	Ngithenga imikhiqizo enginamakhuphoni ayo ukuze ngithole izaphulelo.	○	○	○	○	○
46.	Iziphaza eziseduze nomuzi wami azinazo izinhlobo ezahlukene zemikhiqizo yokuthi ngikhethe kuyo.	○	○	○	○	○
47.	Kufanele ngihambe ibanga elide ukuyothenga imikhiqizo yami esuphamakethe.	○	○	○	○	○
48.	Ngiyafuna ukuhambisela izinkampani ezinkulu imikhiqizo endaweni esemakhaya engihlala kuyo.	○	○	○	○	○
49.	Angizethembi izinkampani ezinkulu futhi angeke ngizisebenzele.	○	○	○	○	○
50.	Ngicabanga ukuthi ukusebenzisana nezinkampani ezinkulu kuzongisiza ukwenza ngcono indlela yami yokuphila.	○	○	○	○	○

51. Ohlwini olungezansi, khetha izigaba eziphezulu ezi-**5** ngokulandelana osebenzisa kuzo kakhulu imali yakho. (Isibonelo: Faka u-1 esigabeni osebenzisa kakhulu kuso imali kanye no-5 esigabeni osebenzisa kuso imali yakho kancane kakhulu kuso).

	Izinga
Ukudla negrosa	
Ukuxhumana ngocingo (i-airtime yeselula)	
Isi(zi)thuthi	
Utshwala noGwayi	
Imfundo onayo	
Amafestivali, Ukuzithokozisa, Ukuzivuselela Nokungcebeleka	
Izimpahla zokugqoka, Izinto Zokugeza Nokugcoba kanye Nokokufaka ezinyaweni	
Impilo	
Okunye (Cacisa) ______________________________	

52. Yisiphi ezitatimendeni ezilandelayo ovumelana naso ngamandla?

Bengingenazikweletu nanoma yiziphi ngonyaka odlule. ☐ 1

Njalo ngangikwazi ukukhokha izikweletu zami ngesikhathi ngonyaka odlule. ☐ 2

Ngonyaka odlule, ngangikwazi ukukhokha izikweletu zami kuphela ngezinye izikhathi. ☐ 3

Ngonyaka odlule, ngangingakwazi nhlobo ukukhokha izikweletu zami ngesikhathi. ☐ 4

53. Ohlwini olungezansi, maka izinto ezi-**4** ezibaluleke kakhulu ozicabangayo uma uthenga imikhiqizo. (Faka u-1 esigabeni esibaluleke kakhulu kuwe kanye no-4 esigabeni esibaluleke kancane).

	Izinga
Inani lentengo yomkhiqizo	
Ikhwalithi yomkhiqizo	
Izinhlobo zemikhiqizo	
Ukusebenza komkhiqizo	
Ubukhulu bokokuphatha umkhiqizo	
Ukubukeka komkhiqizo	
Idizayini yomkhiqizo yokusetshenziselwa izinhloso eziningi	
Usizo lokuthenga umkhiqizo	
Imikhiqizo eyayisandakukhangiswa	

Siyabonga ngesikhathi sakho nokuhlanganyela.

APPENDIX 3

QUESTIONNAIRE: TSHIVENDA

YUNIVESITHI YA KWAZULU NATAL
TSHIKOLO TSHA VHULANGULI, IT NA MAVHUSELE
Thandela ya Ṱhoḓuluso ya PhD
Muṱoḓuluso: Pravina Devpersadh Oodith (031 260 7340)
Mugudisi: Prof Sanjana Brijball Parumasur (031 260 7176)
Ofisi ya Ṱhoḓuluso: Ms P. Ximba (031 260 3587)

Ha Mufhinduli

Nṋe, Pravina D. Oodith, ndi mutshudeni wa PhD kha Tshikolo tsha Vhulanguli, IT na Mavhusele Yunivesithi ya KwaZulu-Natal. Vha khou rambiwa u vha tshipiḓa tsha thandela ya ṱhoḓuluso ya dokuthireithi ine ya pfi: *Tsindeni ḽa Phiramidi: Tsenguluso ya Zwikhala na Khonadzea na u Ita Tshiṱirathedzhi (Bottom of the Pyramid: Opportunity & Feasibility Analysis & Strategy Formulation)*. Ndivho ya heyi ngudo ndi u ṱoḓulusa uri khamphani khulwane dzi a kona naa kana hai u wana mbuelo nga u rengisa zwithu na tshumelo dzadzo kha vhashai vha Afrika Tshipembe dza dovha dza fhungudza vhushai nga tshifhinga tshenetsho.

Kha hei khweshenee vha ḓo humbelwa uri vha sumbedze zwine zwa vha ngoho kha vhone, zwenezwo a huna phindulo i re “yone” kana “i si yone” kha mbudziso na nthihi. Vha dzhenela hei thandela nga u tou funa. Vha nga ḓi hana u vha tshipiḓa kana vha ḓibvisa kha thandela tshifhinga tshiṅwe na tshiṅwe ha sa vhe na masiandaitwa a si avhuḓi. A vha nga holeliwi u vha havho tshipiḓa tsha saveyi. Tshiphiri na u sa bulwa dzina ha rekhodo dza maṅwalo oṱhe ane a vha ṱalusa zwi ḓo dzhielwa nzhele nga Tshikolo tsha Vhulanguli, IT na Mavhusele, UKZN.

Arali vha na mbudziso malugana na u ḓadza khweshenee kana nga u dzhenela havho ngudo ino, vha nga nkwama kana mugudisi wanga kha nomboro dza luṱingo dzo bulwaho afho nṱha. Saveyi i ḓo fhedza minete dza 15-20. Ndi fulufhela uri vha ḓo ḓi fha tshifhinga tsha u fhindula saveyi na uri vha ḓo fhindula mbudziso dzoṱhe dzi re kha khweshenee.

Wavho a fulufhedzeaho

Tsaino ya muṱoḓulusi_________________________________Datumu__________________

UNIVERSITY OF KWAZULU-NATAL
TSHIKOLO TSHA VHULANGULI, IT NA MAVHUSELE
Thandela ya Ṱhoḓuluso ya PhD
Muṱoḓulusi
Pravina Devpersadh Oodith (031 260 7340)
Mugudisi: Prof Sanjana Brijball Parumasur (031 260 7176)
Ofisi ya Ṱhoḓuluso: Ms P. Ximba (031 260 3587)

THENDELO

Nṋe____(vha ṅwale madzina a mudzheneli nga vhuḓalo) ndi khou khwaṱhisedza uri ndi a pfesesa zwo ṅwalwaho kha heḽi ḽiṅwalo na ndivho ya thandela ya ṱhoḓuluso, na u tenda u vha tshipiḓa tsha hei thandela ya ṱhoḓuluso. Ndi a pfesesa uri ndo tendelwa u ḓibvisa kha thandela tshifhinga tshiṅwe na tshine nda funa.

Tsaino ya Mudzheneli ______________________________Datumu___________________

<u>KHETHEKANYO A</u>: ZWIDODOMBEDZWA ZWA NGANEAVHUTSHILO

<u>Dzindaela</u>: Vha swaye nga thikhi kha tshidanga tshine tsha vha kwama.

1. Mbeu

   Tshinnani ☐ 1
   Tshisadzini ☐ 2

2. Vhukale nga miṅwaha:

   18 – 29 ☐ 1
   30 – 39 ☐ 2
   40 – 49 ☐ 3
   50 – 59 ☐ 4
   60 na u fhira ☐ 5

3. Murafho:

   Murema ☐ 1
   Mutshena ☐ 2
   MuAsia ☐ 3
   Mukhaḽadi ☐ 4

4. Pfunzo dza Nṱhesa dze vha Phasa:

   A vho ngo funzea ☐ 1
   Tshikolo tsha phuraimari ☐ 2
   Tshikolo tsha Sekondari ☐ 3
   Dipuḽoma ☐ 4
   Digirii ☐ 5

5. Muholo wa Ṅwedzi:

   Fhasi ha R250 ☐ 1
   R251 – R500 ☐ 2
   R501 – R1000 ☐ 3
   R1001 – R1500 ☐ 4
   R1501 – R2000 ☐ 5
   Nṱha ha R2000 ☐ 6

6. Tshivhalo tsha vhathu vhane vha dzula muḓini wavho:

   1 – 3 ☐ 1
   4 – 6 ☐ 2
   7 – 9 ☐ 3
   10 kana u fhira ☐ 4

KHETHEKANYO B

Dzindaela: Ri humbela uri vha sumbedze phindulo ya iṅwe na iṅwe ḽa haya mafhungo nga u swaya nga thiki khetho yavho kha tshikalo tshi re nga fhasi:
1 = Hanedza Tshoṱhe (HT)
2 = Hanedza (H)
3 = Thi Tendi kana u Hanedza (TTH)
4 = Tenda (T)
5 = Tenda Tshoṱhe (TT)

		1 HT	2 H	3 TTH	4 T	5 TT
1.	Ndi a zwi ḓivha uri hu na pfungavhuṋe (burende) dzo fhambanaho dza zwithu zwine nda zwi renga.	O	O	O	O	O
2.	Ndi a kona u vhona zwavhuḓi phambano vhukati ha pfungavhuṋe dzo fhambano nga u vhona logo, dizaini na/mivhala yadzo.	O	O	O	O	O
3.	Ndi a kona u ṱalusa kupakelwe kwa pfungavhuṋe dzine nda anzela u dzi renga.	O	O	O	O	O
4.	Ndo no renga pfungavhuṋe ya tshirengiswa i fanaho luṱanu lu tshi khou tevhekana.	O	O	O	O	O
5.	A thi anzeli u tshintsha dzipfungavhuṋe.	O	O	O	O	O
6.	Ndi renga dzipfungavhuṋe dzine nda dzi takalela naho mitengo ya gonya.	O	O	O	O	O
7.	Ndi renga pfungavhuṋe nthihi ngauri ndi shavha u tambisa tshelede nga u renga zwe nda sa zwi ḓowele.	O	O	O	O	O
8.	Ndi wana mbuelo ya tshelede yanga kha pfungavhuṋe dzine nda anzela u dzi renga.	O	O	O	O	O
9.	Ndi renga pfungavhuṋe ntswa naho ndi si na vhuṱanzi uri ndi dza khwaḽithi.	O	O	O	O	O
10.	A thi vhilaheli u badela tshelede nnzhi kha pfungavhuṋe ine nda ḓivha khwaḽithi yayo.	O	O	O	O	O
11.	U shumisa pfungavhuṋe yavhuḓi zwi ita uri ndi ḓipfe ndo vhofholowa.	O	O	O	O	O
12.	Ndi shumisa muholo woṱhe nda sala ndi si na ya u vhulunga.	O	O	O	O	O
13.	Ndi shumisa tshelede yanga ngauri ndi shavha uri i ḓo tswiwa arali huḓi wanga wa kwashiwa.	O	O	O	O	O
14.	Ndi na akhaunthu ine nda kona u diphositha khayo tshelede misi yoṱhe.	O	O	O	O	O
15.	Ndi vhulunga tshelede nnzhi nga hune nda nga kona u itela zwifhinga zwi fanaho na Khushumusi.	O	O	O	O	O

		1 HT	2 H	3 TTH	4 T	5 TT
16.	Tshifhinga tshine nda shaya khadzimiso, ndi hadzima tshelede kha vho matshonisa vha hune nda dzula hone.	○	○	○	○	○
17.	Ndi vhona nyingapfuma ine vho matshonisa vha mbadelisa i tshi swikelea.	○	○	○	○	○
18.	Ndi a tenda uri u kona u vhulunga zwi ḓo nthusa uri ndi tshile khwine matshelo.	○	○	○	○	○
19.	Ndi renga zwithu zwa mutengo wa nṱha nyana ngauri ndi fulufhela uri ndi zwa khwaḽithi.	○	○	○	○	○
20.	Musi mitengo ya zwithu zwine nda anzela u zwi renga i tshi gonya, ndi a tshentshela kha zwo tshipaho.	○	○	○	○	○
21.	Ndi renga zwithu zwo tshipesaho zwine nda zwi wana.	○	○	○	○	○
22.	Ndi nga renga zwithu zwa khwaḽithi arali mitengo i fhasi nyana.	○	○	○	○	○
23.	Ndi takalela u badela nga zwiṱuku lwa tshifhinga tshilapfu u fhirisa u badela tshelede nnzhi nga khathihi.	○	○	○	○	○
24.	Ndi nga renga zwithu zwa khwaḽithi fhedzi arali ndi tshi tendelwa u badela nga zwiṱuku lwa tshifhinga tshilapfu.	○	○	○	○	○
25.	Zwa zwino a thi rengi zwithu zwa khwaḽithi ngauri a thi zwi swikeli.	○	○	○	○	○
26.	Ndi dzhia zwithu zwine nda zwi renga zwa zwino sa zwa khwaḽithi ya fhasi.	○	○	○	○	○
27.	Zwithu zwine nda zwi renga a zwi fushi ṱoḓea dzanga.	○	○	○	○	○
28.	A thi wani ndeme ya tshelede yanga kha zwithu zwine nda zwi renga.	○	○	○	○	○
29.	Ndi renga zwithu zwi sa konḓi u shumisea.	○	○	○	○	○
30.	A thi rengi zwithu arali zwi sa kungi maṱo anga.	○	○	○	○	○
31.	A thi rengi zwithu zwi songo itelwaho nyimele yanga.	○	○	○	○	○
32.	Ndi renga zwithu zwine nda nga zwi shumisa kha masia o fhambanaho ngauri ndi wana ndeme ya tshelede yanga musi ndi tshi zwi renga.	○	○	○	○	○
33.	Zwithu zwine nda zwi renga a zwi lengi u ṱahala.	○	○	○	○	○
34.	Vhunzi ha zwithu zwine nda zwi renga zwi anzela u vha hu na he zwa khakhea hone.	○	○	○	○	○
35.	Ndi takalela u renga zwithu nga zwiṱuku nga zwiṱuku u itela uri ndi kone u zwi hwala ndi tshi zwi isa hayani.	○	○	○	○	○
36.	U renga zwithu nga zwiputu zwiṱuku zwi nthusa uri ndi kone u zwi vhea zwavhuḓi hayani ngauri a zwi shayi fhethu huhulwane ha u zwi vhea.	○	○	○	○	○

		1 HT	2 H	3 TTH	4 T	5 TT
37.	Ndi renga zwiputu zwiṱuku zwa zwithu ngauri mitengo yazwo i fhasi.	○	○	○	○	○
38.	Ndi renga zwithu zwine zwa putelwa nga zwifaro uri ndi kone u shumisa zwifaro zwenezwo musi zwi tshi fhela.	○	○	○	○	○
39.	Ndi renga mishonga ya lunako na ya mavhudzi miṱuku ine nda i shumisa nga zwifhinga zwo khetheaho.	○	○	○	○	○
40.	U renga zwithu zwiṱuku zwi zwinzhi hu nthusa uri ndi kone u renga zwithu zwinzhi zwo fhambanaho nga muholo wanga.	○	○	○	○	○
41.	Ndi renga zwithu zwi zwinzhi ngauri ndi vhulunga tshelede nga murahu.	○	○	○	○	○
42.	Ndi renga zwithu zwine vha muṱa wanga na dzikhonani vha zwi themendela.	○	○	○	○	○
43.	Ndi ḓo renga tshithu arali khungedzelo i tshi ngudisa uri tshi shuma hani.	○	○	○	○	○
44.	Ndi ḓo renga tshithu arali khungedzelo i tshi ntsumbedza uri ndi ḓo vhuyelwa hani nga u tshi shumisa.	○	○	○	○	○
45.	Ndi renga zwithu zwine nda vha na khuphoni dzazwo uri ndi wane luafhulelo.	○	○	○	○	○
46.	Zwiphaza zwi re tsini na ha hashu a zwi na tshaka nnzhi dza zwithu dzine wa nga nanga khadzo.	○	○	○	○	○
47.	Ndi fanela u fara lwendo lulapfu u ya u renga zwithu suphamakete.	○	○	○	○	○
48.	Ndo ḓiimisela u rumela thundu dza muvhunduni wa hashu kha khamphani khulwane.	○	○	○	○	○
49.	A thi funi khamphani khulwane nahone ndi nga si shume khadzo.	○	○	○	○	○
50.	Ndi vhona unga u shuma na khamphani khulwane zwi ḓo nthusa u khwinisa vhutshilo hanga.	○	○	○	○	○

51. Kha mutevhe u re afha fhasi, kha ha nange khethekanyo **5** dza nṱha nga u tevhekana hadzo u ya nga hune vha shumisa muholo wavho khadzo. (Tsumbo: Vha fhe 1 khethekanyo ine vha shumisa vhunzhi ha muholo wavho khayo na 5 hune vha shumisa zwiṱukusa zwa muholo wavho).

	Rennge
Zwiḽiwa na gurosari	
Vhudavhidzani ha ṱhingo (airtime ya luṱingothendeleki)	
Vhuendi	
Zwikambi na Segereṱe	
Pfunzo	
Festhivaḽa, Vhuḓimvumvusi na Maṱeleṱele	
Zwiambaro, Zwiḓolo na Zwienda	
Mutakalo	
Zwiṅwe (kha vha buletshedze) ___________________	

52. Ndi ḽifhio kha mafhungo a tevhelaho ḽine vha Tendelana tshoṱhe naḽi?

A tho ngo vha na tshikolodo na tshithihi ṅwaha wo fhiraho. ☐ 1

Ndo kona u badela zwikolodo zwanga misi yoṱhe ṅwaha wo fhiraho. ☐ 2

Ṅwaha wo fhiraho, tshiṅwe tshifhinga ndo vha ndi tshi kona u badela zwikolodo zwanga nga tshifhinga. ☐ 3

Ṅwaha wo fhiraho, a tho ngo kona u badela zwikolodo zwanga nga tshifhinga. ☐ 4

53. Kha mutevhe u re afho fhasi, vha thikhe zwithu **4** zwa ndemesa zwine vha zwi sedzesa musi vha tshi renga zwithu. (Vha fhe 1 kha khethekanyo ya ndemesa kha vhone na 4 kha khethekanyo i si ya ndeme na luthihi).

	Rennge
Mutengo wa tshithu	
Khwaḽithi ya tshithu	
Pfungavhuṋe ya tshithu	
Kushumele kwa tshithu	
Vhuhulwane ha tshiputu tsha tshithu	
Mbonalo ya tshithu	
U kona u shuma zwithu zwinzhi ha tshithu	
U sa konḓa u wanala ha tshithu	
Zwithu zwo kungedzelwaho tshifhinga tshenetsho	

Ndo livhuwa tshifhinga na tshumisano yavho.

APPENDIX 4

QUESTIONNAIRE: XHOSA

UNIVERSITY OF KWAZULU-NATAL
SCHOOL OF MANAGEMENT, IT & GOVERNANACE

PhD Research Project
Researcher: Pravina Devpersadh Oodith (031 260 7340)
Supervisor: Prof Sanjana Brijball Parumasur (031 260 7176)
Research Office: Ms P. Ximba (031 260 3587)

Mphenduli Obekekileyo

Mna, Pravina D. Oodith, ndingumfundi we PhD kwiSikolo soLawulo, i-IT kunye noLawulo kwi Yunivesithi yaKwaZulu-Natal. Uyamenywa ukuba uthathe inxaxheba kumsebenzi wophando wobugqirha onesihloko esithi: *Umzantsi wePhiramidi: Uhlahlelo lwaMathuba kunye Nokunokwenzeka kunye Nokucaciswa koBuchule bokuphatha umcimbi.* Injongo yovavanyo kukufuna ukwazi ukuba iinkampani ezinkulu zingabanako na okanye zingangabinako ukwenza iinzuzo ngokuthengisa iimveliso zazo kunye neenkonzo kubantu abahluphekileyo abahlala eMzantsi Afrika nangaxesha linye zinciphise ubuhlwempu.

Kweliphepha lemibuzo uzakucelwa ukuba ubonise into eyinyaniso kuwe ngoko ke ayikho impendulo "elungileyo okanye engalunganga" nakomphina umbuzo. Ukuthatha inxaxheba kulomsebenzi (project) kungokuzithandela. Ungalandula ekuthatheni inxaxheba okanye urhoxe kulomsebenzi nangaliphina ixesha ngaphandle kweziphumo ezibi. Awuzukubhatalwa nayiphina imali ngokuthatha inxaxheba koluphononongo. Iimfihlo kunye nokungaziwa kweengxelo ezolatha wena njengomthathi-nxaxheba zizakugcinwa siSikolo soLawulo, i-IT kunye noLawulo, UKZN.

Ukuba unayo nayiphina imibuzo ngokuphendula iphepha lemibuzo okanye ngokuthatha inxaxheba kuphononongo, ungaqhagamshelana nam okanye nomntu wam owongameleyo kwiinombolo zefoni ezidweliswe ngasentla. Uvavanyo kufuneka lukuthathe malunga nemizuzu eli-15-20 ukulugqiba. Ndiyathemba ukuba uzakuthatha ixesha lakho ukulugqiba oluvavanyo kwaye uzakuphendula yonke imibuzo kwiphepha lemibuzo.

Owakho Ozithobileyo

Isignitsha yomphandi______________________________ Umhla______________________

UNIVERSITY OF KWAZULU-NATAL
SCHOOL OF MANAGEMENT, IT & GOVERNANCE

PhD Research Project
Researcher: Pravina Devpersadh Oodith (031 260 7340)
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Research Office: Ms P. Ximba (031 260 3587)

IMVUME

Mna____(igama elipheleleyo lomthathi-nxaxheba) ndiqinisekisa ngenxa yoko ukuba ndiyaluqonda ukuba oluxwebhu lungantoni kunye neenjongo zomsebenzi wophando, kwaye ndiyavuma ukuthatha inxaxheba kulomsebenzi wophando. Ndiyaqonda ukuba ndivumelekile ukuba ndirhoxe kulomsebenzi nangaliphina ixesha ukuba ndifuna ukwenza njalo.

Isignitsha yomthathi-nxaxheba ____________________________ Umhla_______________

<u>ICANDELO A</u>: IINKCUKACHA ZEBHAYOGRAFI

<u>Imiyalelo</u>: Nceda ufake uphawu kwibhloko echaphazela wena.

1. Isini:

Indoda	☐	1
Ibhinqa	☐	2

2. Ubudala ngeminyaka:

18 – 29	☐	1
30 – 39	☐	2
40 – 49	☐	3
50 – 59	☐	4
60 nangaphezulu	☐	5

3. Uhlanga:

Um-Afrika	☐	1
Umntu Omhlophe	☐	2
Um-Asian	☐	3
AbeBala	☐	4

4. Izifundo zemfundo eziphakame kakhulu:

Akafundanga	☐	1
Amabanga aphantsi	☐	2
Amabanga emfundo ephakamileyo	☐	3
I-Diploma	☐	4
Isidanga	☐	5

5. Umvuzo wenyanga:

Ngaphantsi kwama-R250	☐	1
R251 – R500	☐	2
R501 – R1000	☐	3
R1001 – R1500	☐	4
R1501 – R2000	☐	5
Ngaphezulu kwama-R2000	☐	6

6. Inani labantu abahlala endlwini yakho:

1 – 3	☐	1
4 – 6	☐	2
7 – 9	☐	3
10 okanye ngaphezulu	☐	4

<u>ICANDELO B</u>

<u>Imiyalelo</u>: Nceda ubonise impendulo yakho kuyo nganye kwezinkcazelo zilandelayo ngokuthi ufake
uphawu kumkhethe ohambiselana nesikali esinikezelweyo apho:
1 = Andivumeleni Kakhulu (AK)
2 = Andivumelani (A)
3 = Ndiyavumelana Ndingavumelani (NN)
4 = Ndiyavumelana (N)
5 = Ndiyavumelena Kakhulu (NK)

		1 AK	2 A	3 NN	4 N	5 NK
1.	Ndinolwazi lokuba kukho iintlobo ezahlukeneyo zezinto endizithengayo.	○	○	○	○	○
2.	Ndinako ukuxela lula umahluko phakathi kweentlobo ezahlukeneyo ukusuka kwiilogo zazo, idizayini kunye/okanye umbala.	○	○	○	○	○
3.	Ndiyiqonda lula ipakheji yeentlobo endiqhele ukuzithenga.	○	○	○	○	○
4.	Ndiye ndathenga uhlobo olufanayo lwento amaxesha amahlanu ngokulandelelana.	○	○	○	○	○
5.	Andizitshintshi rhoqo iintlobo.	○	○	○	○	○
6.	Ndithenga iintlobo endizikhethayo nokuba ixabiso liyenyuka.	○	○	○	○	○
7.	Ndithenga iintlobo ezifanayo kuba andifuni ukuchitha imali kwiintlobo ezingaqondakaliyo.	○	○	○	○	○
8.	Ndifumana ixabiso elihle lemali kwiintlobo endizithenga rhoqo.	○	○	○	○	○
9.	Ndithenga iintlobo ezintsha nokuba andiqinisekanga ngekhwalithi yazo.	○	○	○	○	○
10.	Andikhathazeki kukubhatalela ngaphezulu kancinane ngeentlobo endikholelwa ukuba zezekhwalithi entle.	○	○	○	○	○
11.	Ukusebenzisa uhlobo lwekhwalithi entle kundenza ukuba ndizive kakuhle ngesiqu sam.	○	○	○	○	○
12.	Ndichitha wonke umvuzo endiwufumanayo kwaye ndingabinanto eshiyekileyo yokuba ndiyilondoloze.	○	○	○	○	○
13.	Ndichitha imali yam kuba ndizakulahlekelwa yiyo ukuba ikhaya lam liqhekeziwe.	○	○	○	○	○
14.	Ndinofikelelo kwiakhawunti yebhanki apho ndifaka khona imali rhoqo.	○	○	○	○	○

		1 AK	2 A	3 NN	4 N	5 NK
15.	Ndilondoloza imali eninzi kangangoko ndinako ndilondolozela amathuba awodwa anjenge Krisimesi.	○	○	○	○	○
16.	Naninina xa ndifuna imali-mboleko, ndiboleka imali koomatshonisa abakwindawo yam yasekuhlaleni.	○	○	○	○	○
17.	Ndinoluvo lokuba inzala yemali-mboleko efunwa kum ngoomatshonisa iyabhataleka.	○	○	○	○	○
18.	Ndiyakholelwa ukuba ukubanako ukulondoloza kuzakundinceda ukuba ndifumane indlela yokuphila yobomi ebhetele kwixesha elizayo.	○	○	○	○	○
19.	Ndithenga iimveliso eziphezulu kancinane ngexabiso kuba ndikholelwa ukuba zibhetele ngekhwalithi.	○	○	○	○	○
20.	Xa amaxabiso eemveliso endiqhele ukuzithenga enyuka, nditshintshela kwezinye iimveliso ezitshipu.	○	○	○	○	○
21.	Ndithenga ezona mveliso zitshipu kakhulu ezifumanekayo.	○	○	○	○	○
22.	Ndingathenga iimveliso zekhwalithi entle ukuba amaxabiso ebephantsi noko.	○	○	○	○	○
23.	Ndikhetha kubhatala izixa-mali ezincinane ngokuhamba kwexesha ngeemveliso kunokubhatala isixa-mali esikhulu ngaxesha linye.	○	○	○	○	○
24.	Ndingathenga iimveliso zekhwalithi entle ukuba bendivumelekile ukuba ndibhatale izixa-mali ezincinane ngokuhamba kwexesha.	○	○	○	○	○
25.	Ngoku andithengi iimveliso zekhwalithi entle kuba andinako ukuzithenga.	○	○	○	○	○
26.	Iimveliso endizithengayo ngoku ndizithatha njengezekhwalithi yomgamgangatho ophantsi.	○	○	○	○	○
27.	Iimveliso endizithengayo azizanelisi ngokupheleleyo iimfuno zam.	○	○	○	○	○
28.	Andifumani ixabiso lemali kwiimveliso endizithengayo.	○	○	○	○	○
29.	Ndithenga iimveliso ekulula ukuzisebenzisa.	○	○	○	○	○
30.	Andizithengi iimveliso endingazifumani zinomntsalane.	○	○	○	○	○
31.	Andizithengi iimveliso ezingenzelwanga iimeko zokuphila kwam.	○	○	○	○	○
32.	Ndithenga iimveliso ezisetyenziswe ngaphezulu kunakanye kuba ndifumana ixabiso lemali ekuthengeni kwam.	○	○	○	○	○
33.	Iimveliso endizithengayo azihlali ixesha elide.	○	○	○	○	○
34.	Uninzi lweemveliso endizithengayo ngoku zineziphene ngandlela ithile.	○	○	○	○	○

		1 AK	2 A	3 NN	4 N	5 NK
35.	Ndikhetha ukuthenga ubuninzi obuncinane beemveliso kuba zikhaphukhaphu kwaye zilula ukuziphatha ukuya ekhaya.	O	O	O	O	O
36.	Ukuthenga iipakethi ezincinane zeempahla kundivumela ukuba ndizigcine ekhaya njengokuba zifuna isithuba esincinane.	O	O	O	O	O
37.	Ndithenga iipakethi ezincinane zeemveliso kuba amaxabiso aphantsi noko.	O	O	O	O	O
38.	Ndithenga iimveliso ezipakishwe kwisikhongozelo ukuze ndibenokusebenzisa isikhongozelo emva kokuba singenanto.	O	O	O	O	O
39.	Ndithenga ubuninzi obuncinane beemveliso zobuhle kunye nonakekelo lweenwele ukuzisebenzisela amathuba awodwa.	O	O	O	O	O
40.	Ukuthenga ubuninzi obuncinane beemveliso kundivumela ukuba ndithenge iimveliso ezininzi ezahlukeneyo ngomvuzo wam.	O	O	O	O	O
41.	Ndithenga ubuninzi obukhulu beemveliso kuba kundilondolozela imali emva kwexesha.	O	O	O	O	O
42.	Ndizakuthenga iimveliso ezicetyiswa lusapho lwam kunye nabahlobo.	O	O	O	O	O
43.	Ndizakuthenga imveliso ukuba intengiso indifundisa indlela esetyenziswa ngayo.	O	O	O	O	O
44.	Ndizakuthenga imveliso ukuba intengiso indibonisa indlela endizakuzuza ngayo xa ndiyisebenzisa.	O	O	O	O	O
45.	Ndithenga iimveliso endineekhuponi zazo ukuze ndifumane izaphulelo.	O	O	O	O	O
46.	Iivenkile zespaza ezikufuphi nekhaya lam azinazo iintlobontlobo ezibanzi zeemveliso zokukhetha kuzo.	O	O	O	O	O
47.	Kunyanzelekile ukuba ndihambe umgama omde ukuze ndithenge iimveliso kwisuphamakethi.	O	O	O	O	O
48.	Ndizimisele ukuhambisela iinkampani ezinkulu iimpahla kwilali yam.	O	O	O	O	O
49.	Andizithembi iinkampani ezinkulu kwaye soze ndizisebenzele.	O	O	O	O	O
50.	Ndinoluvo lokuba ukusebenzisana ndikunye neenkampani ezinkulu kuzakundinceda ukuphucula indlela yokuphila yobomi bam.	O	O	O	O	O

51. Ukusuka kuluhlu olungezantsi, khetha iindidi ezi-**5** eziphezulu ngokwendlela ochitha ngayo uninzi lomvuzo wakho kuzo. (Umzekelo: Faka u-1 kudidi ochitha uninzi lomvuzo wakho kulo kunye no-5 kudidi ochitha ubuncinane bomvuzo wakho kulo).

	Nika umlinganiselo
Ukutya kunye neegrosari	
Unxibelelwano (i-airtime yefoni yeselula)	
Uthutho	
Utywala kunye neesigarethi	
Imfundo	
Imibhiyozo, Ulonwabo, Ukuzonwabisa kunye Nobuncwane	
Impahla, iithoyiletri kunye nezihlangu	
Impilo	
Enye (Cacisa) ______________________________	

52. Yeyiphi kwezinkcazelo zilandelayo ovumelana kakhulu nayo?

Khange ndibenawo nawaphina amatyala kunyaka odlulileyo. ☐ 1

Bendisoloko ndinako ukubhatala amatyala am kwangexesha kunyaka odlulileyo. ☐ 2

Kunyaka odlulileyo, ngamanye amaxesha kuphela bendinako ukubhatala amatyala am kwangexesha. ☐ 3

Kunyaka odlulileyo, zange ndibenako ukubhatala amatyala am kwangexesha. ☐ 4

53. Ukusuka kuluhlu olungezantsi, faka uphawu kwizinto ezi-**4** ezibaluleke kakhulu ozithathela ingqalelo xa uthenga iimveliso. (Faka u-1 kudidi olubaluleke kakhulu kuwe kunye no-4 kudidi olubaluleke kancinane).

	Nika umlinganiselo
Ixabiso lemveliso	
Ikhwalithi yemveliso	
Iintlobo zemveliso	
Ukusebenza kwemveliso	
Ubukhulu beepakethi bemveliso	
Inkangeleko yemveliso	
Ukudizayinwa kokusetyenziselwa iinjongo ezininzi kweemveliso	
Uncedo lokuthenga imveliso	
Iimveliso ebezikwintengiso kutsha nje	

Enkosi ngexesha kunye nentsebenziswano yakho.

APPENDIX 5

TRANSLATION CERTIFICATE FOR QUESTIONNAIRE

APPENDIX 6

ETHICAL CLEARANCE APPROVAL LETTER

APPENDIX 7

TURNITIN SIMILARITY INDEX