CORPORATE BRANDING: AN INVESTIGATION INTO HOW LOYAL PIETERMARITZBURG & SURROUNDING AREAS' SHOPPERS ARE TO THEIR PREFERRED GROCERY STORES

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By

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DECLARATION

I declare that this study represents my own original work and has not been submitted in any form for any degree or diploma to any University.

Where use has been made of the work of others, it is duly acknowledged in the text.

Gayle Frazer

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CHAPTER 1

CORPORATE BRANDING: AN INVESTIGATION INTO HOW LOYAL PIETERMARITZBURG & SURROUNDING AREAS' SHOPPERS ARE TO THEIR PREFERRED GROCERY STORES

STUDY CONCEPT & OVERVIEW

Branding, and in particular corporate branding has become a topic of interest for marketers worldwide. In an environment where competition is incredibly tight and organizations are striving to gain an advantage over fellow competitors, branding has been used as a tool for differentiation. It is a marketing tool that involves the organization investing a considerable amount of money in the marketing of the brand/s and also focussing on the long-term sustainability of the brand rather than short-term economic returns.

Retailers first competed with manufacturers' brands by producing their own product ranges – these were of a lower quality and were priced considerably lower than the manufacturers' products. Next, retailers competed directly by producing products of equal standard but still slightly cheaper than the manufacturers products, and lastly retailers began competing against manufacturers through branding. Corporate brands have been used by both parties as umbrellas, under which their range of products are identified. The use of corporate brands has helped organizations to communicate their visions and other general aspects, attributes, benefits and values they want associated with their products (for example, guarantees of satisfaction, quality, good customer care and value).

The overall objective of this dissertation was to investigate the loyalty of residents in the Pietermaritzburg and surrounding areas to their preferred grocery stores. It is a qualitative study of corporate branding and the role that it plays in determining the loyalty of customers to their preferred grocery stores. Research is very important to organizations in order to determine the success of their investment in branding on gaining loyalty from their customers and potential customers.

Loyalty can be measured in several different ways, but to gain the clearest and most comprehensive picture it is imperative that as many ways as possible are researched. This particular survey covered actual buying patterns (behavioural measures), switching cost measures, satisfaction / dissatisfaction measures, overall feelings measures and commitment measures. Together these five methods of measurement can determine whether the management of the grocery stores in question are on the right track or whether corrective action needs to be undertaken to increase their customers' level of loyalty.

RESEARCH QUESTIONS

- How loyal are existing customers to their preferred grocery stores?
- What are the reasons for such loyalty?
- What are the possibilities of customers switching to a competing grocery store chain?
- What are the reasons for such switching?

RESEARCH OBJECTIVES

- To investigate how brand loyal Pietermaritzburg and surrounding areas' residents are to the grocery stores available.
- To determine the level of loyalty these customers have toward their preferred grocery store chains.
- To establish why the residents of Pietermaritzburg and surrounding area are loyal to their preferred grocery stores.
- To find out what are the possibilities (if any) of these customers switching to competing grocery store chains.
- To discover why the customers would make the switch to the competing grocery store chains.

RESEARCH METHODOLOGY

To collect answers to the research question, a survey was conducted to determine whether or not Pietermaritzburg and surrounding areas' residents are loyal to their preferred grocery store and if so, the level of their loyalty and the reasons behind their loyalty. The questionnaire of 20 questions (both multiple choice and open-ended questions) was designed to assess loyalty from a number of different angles; namely, behavioural, switching costs, satisfaction, *"liking"* the brand and commitment (see Appendix A for copy of final questionnaire). Interviews were conducted at shopping centres around Pietermaritzburg, and it was felt that this method was the most appropriate as it allows for *"extensive explanations"* (Lambin, 2000, pp. 153).

The population was subdivided in terms of the grocery chain stores available to residents in the Pietermaritzburg and surrounding area (ie: Pick 'n Pay, Shoprite Checkers, Spar and Woolworths). As there are several stores located within the population area, one of each of the chain stores was selected randomly to determine where the interviewing would take place.

OVERVIEW OF THE STUDY REPORT

Chapters 2, 3 & 4:   *Literature review*

To introduce the topic of corporate branding in the grocery store industry, and overview of the general concepts of branding corporate branding followed by explanation of actual research relating to the grocery store retail industry.

Chapter 5:   *Research Methodology*

A description of the method used to research the topic of loyalty to corporate brands is given.

Chapter 6:   *Research Findings*

The findings of the empirical survey are described in this chapter. These findings are based entirely on knowledge that was gained from the questionnaire.

Chapter 7:   *Research Discussion, Conclusions & Recommendations*

It is in this chapter that the findings are contrasted and compared to those in the reviewed published research. Conclusions to the objectives are drawn and then recommendations are provided to give managers an idea of possible solutions to help overcome brand loyalty problems.

CHAPTER 2

LITERATURE REVIEW: GENERAL BRANDING INFORMATION

DEFINITION, TYPES AND FUNCTIONS OF BRANDING

Although it has only been in the latter half of the twenty-first century that branding has become a topic of interest in marketing management circles, many brands were long since established. The sudden interest was brought about by the fact that manufacturers had to find more convincing ways of differentiating their products from fellow competitors. Many companies have done this with great success by creating positive images that customers associate with a company or product. Take Nike and BMW as examples; Nike conjures images of the "Swoosh", Michael Jordon and "Just Do It", and BMW is just "sheer driving pleasure." Brands exist in the customers' minds and help lessen the anxiety of the unknown by providing the assurance of an old friend.

The American Marketing Association defines a brand as *"a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors"* (Kotler, 2000, pp. 404). A brand is basically a promise from the manufacturer to deliver a product of consistent features and standards to the consumer. A brand is a powerful marketing tool that can be used to convey more than just a guarantee of quality – it can also convey (Kotler, 2000, pp. 404):

- Attributes: certain qualities are brought to mind by the brand.
- Benefits: the identified attributes need to be translated into functional and emotional benefits.
- Values: the brand gives customers an idea of what values are important to the producer, for example, safety or performance.
- Culture: the brand may represent a certain culture.
- Personality: the brand can project certain personality traits, for example, regal or organized.
- User: the brand portrays the kind of customer who buys or uses the product.

de Chernatony and McDonald (1992, pp. 31-41) identify eight different types of branding that marketers employ, each with advantages and disadvantages that would obviously have to be weighed up, when the branding decision is made.

- A sign of ownership: brands were used to distinguish the products of manufacturers from those of the retailers.

- A differentiating device: brands were used to distinguish an organization's products from its fellow competitors. This distinction must provide added value to the product in order for the brand to succeed.

- A functional device: brands were used as a communication device to inform customers of the product's functional capability. Manufacturers used their brands to guarantee consistent quality, and thereafter to communicate specific functional benefits.

- A symbolic device: brands on certain products are used because of their ability to provide the users something with which they can express themselves. The brands enhance their personality, but this must be communicated in the promotions of the product.

- A risk reducer: buying new products is viewed as risky business and brands are used to help assuage fears and reduce risks.

- A shorthand device: the promotional strategy for some brands is to provide large chunks of information, and the brand helps customers recall information from memory at a later stage, when required.

- A legal device: brands became registered trademarks in order to prevent manufacturers of inferior products from packaging their products in identical packages as the competitor's brand.

- A strategic device: brands are being viewed as an organizational asset, and are being treated as such by being audited, future forces evaluated, and positioning the brand so as to achieve the desired return on investment.

The classic function of branding is to create a distinction among products that will satisfy a customer's need. Branding performs functions for both the buyer and the seller).

Figure 1: Functions of a Brand for the Buyer and Seller.
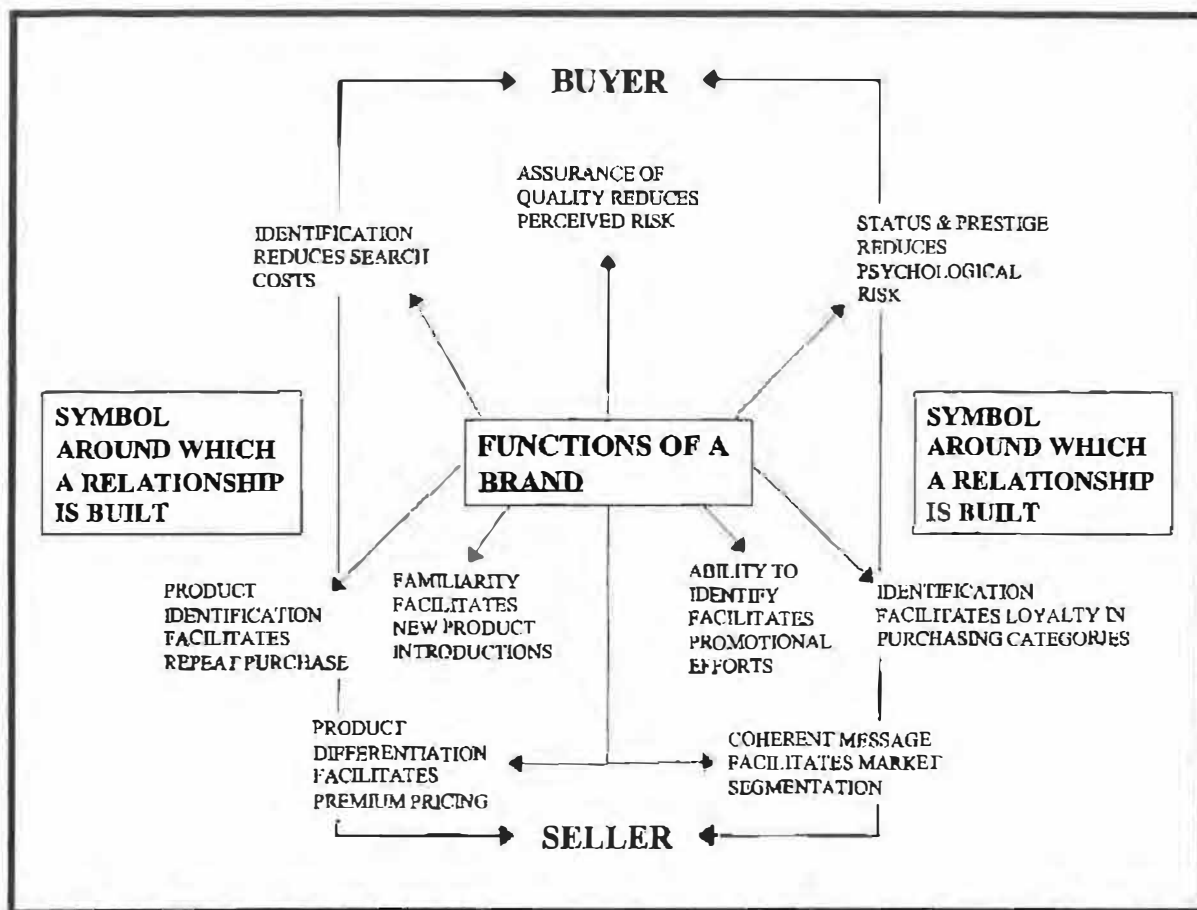
For buyers, brands perform the function of reduction by helping to identify specific products and thereby reducing search costs and reducing the perceived risks of purchasing new products. In using certain brands, the buyers are rewarded with levels of status and prestige, thereby reducing the social and psychological risks associated with owning and using the wrong brand (Berthon, Hulbert & Pitt, 1999, pp. 54).

For sellers, brands perform the function of facilitation by making products easily identifiable; some of the seller's tasks are made simpler. Brands can make the introduction of new products easier as buyers are more willing to try a new product if it carries the same familiar brand name. Marketing efforts are provided with an identity on which to focus its advertising, and branded products are often priced at a premium through the differentiation furnished by the brand name. Brands also facilitate market segmentation by enabling the organization to communicate a consistent message to a specific target group, and finally branding facilitates brand

loyalty, which is particularly important in product categories where repeat purchasing is a feature of buying behaviour (Berthon, Hulbert & Pitt, 1999, pp. 54).

A brand is used to communicate to the customer the origin of the product, and to protect both the manufacturer and customer from competing producers who would attempt to provide products that appear to be identical. With this in mind, it must be remembered that as an intangible asset of the firm, a brand neither appears on the balance sheet nor is depreciated, and therefore, needs to be maintained from short term profits – but more often than not gets neglected. The importance of maintaining a brand is clearly seen in a study performed in 2000 (Sampson, in de Bono, 2000, pp. 65) identifying some of the world's top brands. Brand value as a percentage of market capitalization shows that the brand as an intangible asset makes a considerable contribution to the total stock-market value; for example the Coca-Cola brand accounts for 51% of the total stock-market value and the McDonald's brand 63%.

Table 1: Top Global Brands & their Brand Value as a Percentage of Market Capitalization (2000).

COMPANY	YEAR FOUNDED	BRAND VALUE 2000 ($m)	BRAND VALUE 1999 ($m)	% CHANGE	MARKET CAPITALIZATION 2000	BRAND VALUE AS % MARKET CAPITALIZATION 2000
Coca-Cola	1886	72,537	83,845	-13%	142,163	51%
Microsoft-Windows	1975	70,197	56,654	24%	420,992	17%
IBM	1911	53,184	43,781	21%	194,236	27%
Intel	1968	39,049	30,021	30%	447,719	9%
Nokia	1865	38,528	20,694	86%	239,828	16%
General Electric	1913	38,128	33,502	14%	524,351	7%
Ford	1903	36,368	33,197	10%	48,781	75%
Disney	1923	33,553	32,275	4%	80,645	42%
McDonald's	1955	27,859	26,231	6%	44,012	63%
AT&T	1885	25,548	24,181	6%	118,671	22%

(Sampson, in de Bono, 2001, pp. 650).

Management must acknowledge that branding is a concept that needs to be incorporated throughout the business and makes little sense unless there is investment in its sustainability. Dr Thomas Oosthuizen (in de Bono, 2000, pp. 49) emphasises that *"the importance of the brand name lies in far more than the name itself. It entails the entire business concept, from the feelings and attitudes associated with the name, to the clarity of identity elements that make up the brand, to the saliency of*

such elements within a competitive or even global context. It includes the marketing mix factors... It includes business fundamentals... It lies in creating an unassailable competitive advantage in what you do and how you do it. And how every part of the business works towards that goal. But mostly it lies in a management attitude about what it is and what it can be." Branding, be it a corporate brand or be it a specific product brand, must be managed at a corporate level in order to reflect the core commitment that is necessary to strive for excellence and to ensure consistent brand messaging at every point of customer contact.

Further to branding being a core corporate commitment, there are other conditions that are considered favourable to successful branding (McCarthy & Perreault, 1990, pp. 236):

- The product is easy to identify by brand or trademark.
- The product quality is easy to maintain and is best value for money.
- Distribution is widespread and availability is dependable – customers are not limited to purchasing the brand in one particular place.
- Demand for the general product is high.
- Demand is strong enough for the market price to be such that branding is profitable.
- Economies of scale exist – if the branding is successful, costs should drop and profits increase.
- Favourable shelf locations or display space in stores will help.

BRANDING STRATEGIES

The branding strategy is one that needs to be carefully thought about considering the costs involved. A number of strategies have been identified providing organization's with a wide range of choice, and a fair amount of research is required prior to making a final decision on the manner in which the firm is going to brand its products.

Firstly, the manufacturing organization must decide whether or not it is going to produce all its products under its own brand. If the firm decides that it will produce every product under its own brand, then it must decide on the method of branding

strategy – line or brand extensions, multi-branding, co-branding or establishing an entirely new brand (Kotler, 2000, pp. 413-417).

The first choice involves introducing variations within the same product category whilst using the same brand name. This is known as a line extension strategy (Kotler, 2000, pp. 414), and an example of this would be Simonsberg, who originally produced a variety of flavoured cottage cheeses. The first line extension was that of Simonsberg cheese squares in the same flavours as the cottage cheeses; and most recently the Simonsberg line has been further extended to include Simonsberg creamy spread. Line extensions should not be made indefinitely and without consideration for the confusion that can be caused by using one name on products within the same category.

A second strategy involves the use of an existing name to launch new product ranges (Kotler, 2000, pp. 414-416). A classic example of a firm using its brand name across product categories is Caterpillar who produces large earthmoving equipment in one category and work boots in another. It is imperative for the organization to ensure that consistent standards of quality are retained and brand associations fit across the product categories otherwise customer's respect and loyalty will be lost by the firm.

Multi-branding, the third strategy, entails introducing different brands within the same product category (Kotler, 2000, pp. 416). This strategy is used when a company wishes to promote different features or appeal to different groups of customers. Unilever, for example, produces several differently branded detergents that compete with each other in the same category. This strategy is used to protect major brands by taking shelf space from competitor's brands, but rather than protecting a major brand, the others could cannibalise the market share and result in decreased profits. Building brands is a costly business, so an organization must make sure that each brand is as profitable as can be without cannibalising the others.

Sometimes the current brands owned by a company do not appropriately fit the new product category. In this instance, the fourth strategy is used, whereby a new brand is established (Kotler, 2000, pp. 416). Again, this strategy needs to be carefully

researched as the establishment of a new brand and the building thereof is a costly process.

A fifth and rising phenomenon is that of co-branding whereby two or more well-known brands are combined in an offer (Kotler, 2000, pp. 416-417). Each organization is expecting that combination of brands will strengthen the purchase intention. In the computer industry, all the top brands – Dell, IBM, Compaq, Mccer – purchase Intel Pentium processor chips for use in their computers. Dual advertising has convinced many customers to purchase computers using the Intel processing chips.

If, however, the manufacturing organization decides that the branding of its entire product line would be too costly, it can decide instead to brand certain parts that are then used within another manufactured product, or a manufacturer can sell all or part of its output to a middleman who then uses his own branding (Etzel, Walker & Stanton, 1997, pp. 247). This strategy helps a manufacturer who is looking to reach diverse target groups without risking their established brand. But it may lose customers for its own brands, and there is loss of control over the manner in which the product is marketed which could ultimately affect its revenues.

It is not only the manufacturers that need to question the branding strategy. Further down the supply chain are the middlemen (Etzel, Walker & Stanton, 1997, pp. 247-250). Middlemen have to decide whether to carry only producers' brands, or to carry a mixture of both producers' and middlemen's brand or, as a third alternative, to carry generic products. Retailers and wholesalers would use the strategy of carrying only producers' brands when they did not have the financial resources to promote a brand and maintain its quality. If the middleman wants to increase its control over their target markets, then it may market its own brand in place of or alongside producers' brands. Retailers are often able to sell their own brand at a substantially lower price than those of the producers' brands, either because the quality is lower than competing products or they are able to acquire their brand-carrying merchandise at lower costs. A third strategy is for the middleman to carry generic products whereby the products are simply labelled according to their contents. These products sell for

even less than the retailer's brands making them appealing to the cost-conscious shoppers.

Vishwanath and Mark conducted a study (1997, pp. 122-129) to research the profitability of premium brands across forty consumer goods categories, when Folgers, a Proctor & Gamble subsidiary, through geographical expansion attained market share domination hut did not gain the expected profitability. Their results found that market share alone does not drive profitability, but it is also affected by the nature of the category in which the product competes. *"A brand's relative market share (RMS) has a different impact on profitability depending on whether the overall category is dominated by premium brands or by value brands to begin with. That is, if a category composed largely of premium brands, then most of the brands in the category are - or should be – quite profitable"* (Vishwanath & Mark, 1997, pp. 124).

From their study, they conclude that when developing a strategy for a premium brand, managers must look at two dimensions – whether the product category is dominate by premium or value brands and the relative market share of the brand. They further developed a matrix into which any brand can be positioned, and this position will determine the strategy that needs to be used, and the implications of the position on the brand's profitability.

Figure 2: Two Dimensions, Four Strategies.

TWO DIMENSIONS, FOUR STRATEGIES

	Low	High
High	**THE HITCHIKER** (Average Return on Sales: 15% - 20%)	**THE HIGH-ROAD BRAND** (Return on Sales: greater than 20%)
Low	**THE DEAD-END BRAND** (Return on Sales: less than 5%)	**THE LOW-ROAD BRAND** (Return on Sales: 5% - 10%)

"PREMIUM" DEGREE OF CATEGORY

RELATIVE MARKET SHARE (RMS)

(Vishwanath & Mark, 1997, pp. 125)

- The Hitchhiker (Premium category, low RMS): For these brands gaining share by lowering prices is a dangerous strategy, it is preferable to follow the pricing strategies of the market leader. *"The common theme is an innovative brand for which consumers are willing to pay a premium price"* (Vishwanath & Mark, 1997, pp. 124). Healthy profits can be maintained for long periods but the brand is at the mercy of the market leaders pricing strategies, which can reduce the price gap and therefore erode profits.

- The High Road (Premium category, high RMS): A brand in this quadrant of the matrix is a market leader, and the key to its success is innovation and a loyal customer base willing to pay premium prices (but must in return be compensated with improvements and changes that deliver real value). *"When managers of high-road brands are confronted with a price war or a threat from a private label, it is critical for them to think through the consequences of their reactions"* (Vishwanath & Mark, 1997, pp. 125-126).

- The Low Road (Value category, high RMS): These brands often do not realize major profits as a result of their price premiums, so a primary goal should be to

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cut costs and then plough back the savings in order to lower the costs. *"The strategy is to encourage consumers who are buying value brands to purchase the premium brand by reducing the price gap between the two and boosting the brand's equity"* (Vishwanath & Mark, pp. 127). Costs can be cut through reducing stock, rationalizing capacity, consolidating suppliers and standardizing components. In the low road quadrant, research and development costs should focus on increasing proficiency in the manufacturing process and reducing waste.

- The Dead End (Value category, low RMS): In this quadrant it is really difficult to find a winning strategy, premium brands just do not make money. This severely limits the choice available to management – basically there is a choice between getting out of the business or committing to a major turnaround project to move the brand out of the quadrant. To move out of the dead end quadrant, managers can either slash prices, outsource in areas where economies of scale are not commanded or introducing a super-premium product to shake up the category.

Not only can this matrix be used for developing individual product strategies, but it can also be used to assist manager to understand the dynamics of a portfolio of products. *"By plotting their portfolio on the matrix, managers can see which brands are performing up to potential and adjust their expectations for individual brands – and their overall resource allocation – accordingly"* (Vishwanath & Mark, 1997, pp. 129). It must be remembered that a tool like this is not a once-off appliance, but should be used to re-examine products and portfolios on a regular basis. By doing this, managers can prepare for or initiate category changes, and help their organizations maximize profitability.

BRAND EQUITY

In the early 1990s, David Aaker, a reputable marketer stated that, *"brand equity is one of the hottest topics in management today"* (Aaker, 1991, pp. ix), with brand name awareness and brand dominance being identified as the key success factors in owning the market. In 1998, the Marketing Science Institute defined brand equity as *"the set of associations and behaviours on the part of the brand's customers, channel members, and parent corporations that permit the brand to earn greater volume or greater margins than it could without the brand name and that gives the brand a*

strong, sustainable, and differentiated advantage over competitors" (http://www.universe.indiana.edu/clp/be/brand1.htm). Aaker (1991, pp. 16) identified five categories of assets and liabilities that underlie brand equity; namely brand loyalty, name awareness, perceived quality, brand associations and other proprietary brand assets (ie: patents, trademarks etc).

As well as providing value for the firm in the form of enhanced efficiency and effectiveness of marketing programmcs, increased brand loyalty, increased prices and higher profit margins, greater possibility of brand extensions, increased trade leverage and improved competitive advantage (Aaker, 1991, pp. 16-19); brand equity also creates value for customers through assistance of product information interpretation and processing, enhanced confidence in making the purchase decision and increased user satisfaction through experience (Aaker, 1991, pp.16).

Of the five identified categories, brand loyalty is seen as the core dimension of brand equity (Aaker, 1991, pp. 39) – when customers continue to purchase from a particular store or purchase a particular brand even when a competitor offers a product of superior features, price and convenience. Brand loyalty, however, is not just a matter of repeat purchase behaviour, but rather, also incorporates a process of evaluation and a high degree of customer satisfaction. Jakoby and Kyner (1973, Lambin, 2000, pp. 215) presented six criteria that are considered necessary in defining brand loyalty:

- Non random
- Behavioural response
- Expressed over time
- By some decision-making unit
- With respect to one or more alternative brands out of a set of such brands, and
- Is a function of psychological (decision-making, evaluative) processes.

There are varying degrees of brand loyalty, which present a further challenge to manufacturers. David Aaker (1991, Kotler, 2000, pp. 405) distinguishes between five levels of brand loyalty:

- Customers that will change brands, especially for price reasons and convenience. There is no brand loyalty.

- Customers are satisfied. These customers are habitual buyers and find no reason to change brands.

- Customers are satisfied. They have invested time and money to get to know the brand and that changing brands would incur switching costs.

- Customers value the brand and see the brand as a friend.

- Customers are devoted to the brand. The brand is important to the customer and their confidence is such that they will recommend it to others.

Brand loyalty is the one dimension of brand equity that is inextricably linked with the experience of the customer – brand loyalty does not exist without the customer having purchased the product and being satisfied with it. Several methods have been identified to measure brand loyalty (Aaker, 1991, pp. 43-46) and it is most appropriate to use all the approaches in order to gain a deeper insight into why customers are loyal and how brand loyalty is linked to the organization's profitability.

- Behavioural measures: by surveying actual purchase patterns, one will be able to determine loyalty. Researchers can look at repurchase rates, percentage of purchases and/or number of brands purchased as patterns of purchase behaviour. As a stand-alone measure, behavioural pattern research is limited by expense, inconvenience and in terms of analysis of future trends.

- Switching costs: depending on the size of the investment made by the customer in purchasing the brand and the risk involved in switching to another brand, customer will stick to the brand they know or they will swap between brands at every opportunity. Analysing switching costs will provide insight into the extent to which customers are loyal to a brand because it would cost too much or it would be too risky to swap to another.

- Measuring satisfaction: a researcher must not only measure levels of satisfaction but also dissatisfaction and at the same time, this measure must be current, representative and sensitive. The customers must be given the opportunity to express any dissatisfaction; otherwise there is a great possibility that the research results will be skewed.

- Liking the brand: brand loyalty also involves an overall liking of the brand or firm. Researchers will want to find out whether or not customers "like" the brand, have feelings of "warmth, respect or friendship" towards the brand or firm. These

overall feelings towards the brand or organization raise the barriers to entry for competing brands and also increase the price customers are likely to pay for the product or service. Feelings of like can be scaled in various ways including liking, respect, friendship and trust.

- Commitment: commitment from customers is what every producer wants for their brand. Commitment can be quite easily detected by the level of interaction and communication involved with the product or by the extent to which the brand is important to the customer. Does the customer talk about the brand and recommend it to others?

Scott Bedbury, the man behind Nike's "Just Do It" logo and Starbucks "Frappuccino", believes that no matter the product, there are eight principles that are necessary to promote brand building and turn a brand into a GREAT one (1997, Bedbury, in Webber).

1. A great brand is in it for the long haul. When an organization remains focussed on short-term economic returns, investment into the long-term building of a brand diminishes. In the current climate of increased product choice and ever-ready information, a great brand is a necessity and not a luxury.

2. A great brand can be anything. There are some products that are much easier to brand than others, and this means that it is not impossible to brand anything. A great brand is able to make an emotional connection with the customer and keeps them returning for more.

3. A great brand knows itself. An organization has to understand who they are before brand building occurs. This information must be gathered at various levels from executives through to shop-level employees and also the customers. It is important to find everyone's likes, dislikes and what they associate with the brand. To be a long-term success story, the brand must be kept alive and interesting to the customers.

4. A great brand invents or reinvents an entire category. Established brands become supporters for their product categories and often become the trendsetters of the industry.

5. A great brand taps into emotions. A firm that is successful in today's times not only produces an innovative product, but also uses the product and brand to create an emotional connection with its customers.

6. A great brand is a story that is never completely told. A story is another method of making connections with the customers and a brand is an ever-evolving story that can provide an emotional context in which the customer experiences the product and brand. A little bit of mystery keeps the customers interested and coming back for more.

7. A great brand has design consistency. Whether the brand relates to a specific product or to the entire organization, the firm stays focussed on consistency and the image that is portrayed to the public. Any changes in design, communication and positioning are all handled internally so as to maintain a high level of integrity.

8. A great brand is relevant. Customers want quality, a brand that meets needs, performs in a satisfactory manner and is going to be around for a long time. It may seem preferable in the short-term to try and position the brand as being "cool" but this will not be sustainable as trends change. Reliability and consistent standards are assets that will stand the test of time.

Stobart (1994, pp. 5) uses the term *"Power brand"* to describe brands that are able to continually adapt to the environment in which they operate, survive and flourish. The bond between the power brand and the customer is one that cannot be matched by their competitors, and it is the unique blend of brand elements (quality, relevance, appealing, attractive, distinctiveness and differentiation) that provides the power. Power brands have several common features, besides the care and attention, which are showered on them by their owners (Stobart, 1994, pp. 11), that appear to be fundamental in creating their uniqueness:

- The brand cannot exist unless it is protected by intellectual property rights.
- The brand must stand out from the crowd, clearly showing that the brand has a personality. It is important that the customer recognizes and accepts the differences that the brand offers.
- The brand has to so desirable to the customer that it lends itself to being recommended and re-purchased.
- The brand must provide consistency for the customer in terms of delivery and not letting the customer down.

- The brand needs to support promotional strategies in order to retain a constant level of awareness amongst consumers. There is no point in trying to build a brand if the promotional activities do not compliment it.

- The brand must be scrupulously managed over an extended period of time – this includes maintaining quality levels, ensuring distribution and meeting any competitive challenges.

It has to be noted that owning a power brand does not mean a complete guarantee of future volumes or cash flow. It entails constant monitoring and reviewing to ensure that the brand remains relevant and appealing to its present and potential customers.

Keller states, *"building and properly managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets. ... from strong brand equity flow customer loyalty and profits"* (Keller, 2000, pp. 147). He identifies ten characteristics that are common amongst the world's strongest brands and uses them to create a brand report card to assist managers to identify where their brands are strong and where they need improvement. The ten commonalities are:

- The brand excels at delivering the benefits customers truly desire. Customers not only buy the product but also the intangible factors like brand image that make up an attractive package.

- The brand stays relevant. As stated above, customers purchase both the product and intangible factors related to the product and organization. These intangibles include *"user imagery" (the type of person who uses the brand), "usage imagery" (the type of situation in which the brand is used), the type of personality the brand portrays, the feeling that the brand tries to elicit in customers; and the type of relationship it seeks to build with its customers* (Keller, 2000, pp. 148). Without compromising their core strengths, the strongest brands remain on the leading edge in the product arena and fine-tune their intangible factors to fit in with the current trends and times.

- The pricing strategy is based on customers' perceptions of value. Organizations need to strive for the right blend of product quality, design, features, costs and prices; and this blend relates to what the customer thinks of the product. Charging too little or too much can be detrimental to the organization.

- The brand is properly positioned. Strong brands that are properly positioned occupy a specific niche in the customers' minds, and are also similar to and different from competing in certain identifiable ways.

- The brand is consistent. Strong brands portray an image that does not get muddled up, lost or confuse customers through vigorous marketing efforts that often send conflicting messages.

- The brand portfolio and hierarchy make sense. Most organizations establish more than one brand that cover various market segments. Several branding strategies are used – from using a corporate brand to further product branding in each market. Branding at each level of the hierarchy contribute to the overall equity of the brand portfolio.

- The brand makes use of and coordinates a full repertoire of marketing activities to build equity. A brand is made up of several marketing elements that can be trademarked (ie: logos, symbols, slogans, packaging and signage). *"Strong brands mix and match these elements to perform a number or brand-related functions, such as enhancing or reinforcing consumer awareness of the brand or its image and helping to protect the brand both competitively or legally"* (Keller, 2000, pp. 152).

- The brand's managers understand what the brand means to consumers. Managers can make decisions regarding the brand with confidence because they understand the totality of their brand both from the organization's and customers' perspectives.

- The brand is given proper support, and it is sustained over the long run. Brand equity is achieved through thorough and careful research and maintenance of the brand and the associations related to it. Basic branding considerations are often bypassed in order to concentrate on short-term success instead of long-term sustainability.

- The company monitors sources of brand equity. On-going research is conducted to collect information on the products or services being offered and how they are being marketed and branded; and customer perceptions and beliefs.

Building a strong brand involves maximising all of these characteristics – a comprehensive understanding of the brand's meaning and a well-defined position

guide the development of a most favourable marketing plan. *"Ultimately, the power of a brand lies in the minds of consumers or customers, in what they have experienced and learned about the brand over time. Consumer knowledge is really at the heart of brand equity"* (Keller, 2000, pp. 157).

BRAND EXTENSIONS

As previously discussed, one strategy managers must decide about is whether or not to extend their brand to new products. A strong brand name is an invaluable asset and managers must know when to exploit it and when to protect it. Using the established brand name is often irresistible, especially when the alternatives and the costs thereof are considered; and when the success rate of new products is not very high. David Aaker (1990, pp. 47-56) wrote an article discussing *"the good, the bad and the ugly"* in terms of the strategic decision of brand extensions.

"The good" is the rationale behind the extension, the contributions that the brand name makes to the extension and vice versa. Customers often purchase products based on a number of attributes that are considered important. The organization has to determine an attribute that is both important to the target groups and differentiates the product from its competitors. Aaker states that brand associations can provide a point of differentiation for the brand extension. He quotes from a study conducted by Tauber, in which 276 brand extensions were studied and he concluded that brand associations approximately fit into seven approaches; *"(i) same product in a different form* (ie: Simonsberg cottage cheese and Simonsberg creamy spread), *(ii) distinctive taste, ingredient or component* (ie: Philadelphia cream cheese and Philadelphia cream cheese salad dressing), *(iii) companion product* (ie: Colgate toothpaste and Colgate toothbrushes), *(iv) customer franchise* (ie: American Express credit cards and American Express travellers cheques), *(v) expertise* (ie: Bic razors, company has experience in manufacturing inexpensive disposable plastic razors), *(vi) benefit, attribute, feature* (ie: Sunkist orange juice and Sunkist vitamin c tablets) *and (vii) designer or ethnic image* (ie: Pierre Cardin suits and Pierre Cardin wallets). "* (Tauber, in Aaker, 1990, pp. 48).

If brand association as a point of differentiation does not work, the organization needs to find something else with which to differentiate the brand extension, for example,

by gaining a perception amongst customers of high quality. To gain acceptance for the new product, the brand name has to be made aware of and its presence felt. Fortunately by using an established hrand name, awareness is more probable and marketing communications will be made considerably easier. This in turn enhances the likelihood that customers will be more willing to try the new product. Management must only use the established brand name on the product extension if the extension enhances the core brand and the organization's image.

"The bad" occurs when the brand name fails to assist the extension in any way. The brand name should be used if it is able to add value to the product extension. This can be determined through research before the product extension reaches the market shelves. Unfortunately, using the cstablished brand name could, in fact, create negative associations especially if the brand name does not adequately describe or elaborate on the attribute associations. This can lead to confusion especially when the name implies a very different product from the one being delivered. It is also very important that the orgamization provides appropriate support to the extension and not just relies on the power of the brand name.

"The ugly" is definitely the worst situation a firm can find itself in. This happens when the extension fails and proceeds to damage the brand name by creating undesirable attribute associations, damaging the brand's perceived identity, or altering existing associations. A disaster out of the organization's control can also have very serious consequences for a strong brand name, for example, the situation Ivory (a Proctor and Gamble product) found itself in when it was discovered that the model used for their campaigns was a pornography star. Aaker believes that *"the worst potential result of an extension is a forgone opportunity to create a new brand equity"* (Aaker, 1990, pp. 54).

From the possible outcomes that can result when brand extensions are manufactured, it is obvious that this is not a strategic decision to be taken lightly, and certain conditions must be in place for brand extensions to be the optimal choice. These conditions include:

- The associations provided by the strong brand name provide a point of differentiation and competitive advantage for the extension.

- The extension assists the core brand by reinforcing key associations, avoiding negative associations and enhancing name recognition.
- The category into which the firm is considering extending cannot provide the resources needed to establish a new brand name, or a new brand name would not provide meaningful associations or a foundation for future growth.

Management needs to also consider whether there will be future extensions beyond the first extension, whether the firm will consider establishing brands within brands (also known as nested branding), how closely the developed brand is to be linked to the extension especially when vertical extensions to a lower quality product are pursued, and how to maximise comparative advantage through extending the life cycle and creating awareness in a very cluttered market. The bottom line is to decide whether the extension is going to enhance or destroy the established brand name or not, and as one of the organization's most valuable assets, it needs to be nurtured and protected.

BRAND MANAGEMENT

Brand management, as a management category is said to have emerged in the 1930s when Proctor and Gamble decided that each brand that it had established would have a manager and assistants dedicated to marketing activities of that brand (from creating a brand marketing programme, and then coordinating it with sales and manufacturing) (Aaker and Joachimsthaler, 2000, pp. 3-7). These brand managers competed internally for limited corporate resources and externally for a successful positioning in the market place against competing brands. This was known as the Classic Brand Management Model and work well for many years. During the 1990s, however, there have been major changes in the area of brands and brand management structures and a new Brand Leadership Model emerged (Aaker and Joachimsthaler, 2000, pp. 7), which was very different from the Classic Proctor & Gamble Model in that it emphasizes strategy as well as tactics, its scope is broader, and it is driven by brand identity as well as sales.

Aaker and Joachimsthaler (2000, pp. 7-13) summarise the main differences between the Classic and Brand Leadership Models. From a management perspective, the manager is strategic and visionary; involved in developing a strategy that reflects the organization's strategic vision and corporate culture, is responsible for guiding the total communication effort, and holds a senior management position. The goal of the model is to build brand equity, develop a brand identity and focus on the longer-term instead of short-term sales and profit figures. The new brand manager does not focus on only one product / brand but rather covers a broader scope like an entire product category, especially with the practice of brand extensions. Global branding is pursued, so the brand manager must be able to manage the brand across markets and countries.

Table 2: The Differences between the Classic (Proctor & Gamble) Brand Management Model and the Brand Leadership Model.

	THE CLASSIC BRAND MANAGEMENT MODEL	THE BRAND LEADERSHIP MODEL
From Tactical to Strategic Management		
PERSPECTIVE	Tactical and reactive	Strategic and visionary
BRAND MANAGER STATUS	Less experienced, shorter time horizon	Higher in the organization, longer time horizon
CONCEPTUAL MODEL	Brand image	Brand equity
FOCUS	Short-term financials	Brand equity measures
From a Limited to Broad Focus		
PRODUCT-MARKET SCOPE	Single products and markets	Multiple products and markets
BRAND STRUCTURE	Simple	Complex brand architectures
NUMBER OF BRANDS	Focus on single brands	Category focus – multiple brands
COUNTRY SCOPE	Single country	Global perspective
BRAND MANAGER'S COMMUNICATION ROLE	Coordinator of limited options	Team leader of multiple communication options
COMMUNICATION FOCUS	External/customer	Internal as well as external
From Sales to Brand Identity as Driver of Strategy		
DRIVER OF STRATEGY	Sales and share	Brand identity

(Aaker and Joachimsthaler, 2000, pp. 8).

Berthon, Hulbert and Pitt (1999, pp. 55-58) believe pressure to change has been exerted by several factors including the influx of information technology, changing consumer values, the abundance of brands, the dilution of the brand through multiple extensions, the influence trade customers and the incentives offered for increasing short-term profits.

THE FUTURE OF BRAND MANAGEMENT

Berthon, Hulbert and Pitt (1999, pp. 59-63) propose three scenarios as to future of brand management – the evolutionary, the intermediate and the revolutionary:

- Evolutionary: This scenario continues with current trends. As competition increases, the number of mimicry brands will peter out. As firms rearrange their brand systems, it is expected that more emphasis will be focussed on corporate-level branding and brand architecture will become more prominent. Corporate branding will be pursued rather than product branding. Brand management teams will be thinned out leaving senior-level personnel who will increasingly work in cross-functional work teams. These new brand managers will have to be well-educated and well-rounded individuals.

- Intermediate: This scenario is partly in place in some organizations. Brand and organizational structures are simplified and are focussed on trade, or proximal customers. Manufacturers will develop joint strategies with these trade customers, in order to improve performance, delivery and efficiency. As customer-focus increases, changes will be made in human resource management by including customers in training and development activities.

- Revolutionary: As the name describes, this scenario involves radical rethinking in terms of the role of brands and customers. Information technology can be used as the lever to enable this radical rethinking to take place. This scenario reorganizing and managing brands on a customer basis instead of the usual product basis. Managing on a customer basis rather than a brand basis enables the customer to be viewed holistically. Changes within the organization's management structure include brand managers becoming brand or product experts that provide a supportive role to the customer-portfolio managers. Instead of brands being the pillars of the firm and all other functional activities serving them, the customer-portfolios become the pillars, which are served by the brands and other functional activities.

Table 3: Possible Future Scenarios for Brand Management.

SCENARIO	ORGANIZATIONAL STRUCTURE	STRATEGY	SYSTEMS	HUMAN RESOURCE CHARACTERISTICS
EVOLUTIONARY	• Rationalize brands and product lines • Manage brand and product combinations separately • Increasingly use cross-functional teams	• Weaken brand and emphasize product • Strengthen corporate or umbrella brand	• Augment traditional financial and market measures with brand-equity "health-checks" • Institute activity-based product costing	• Fewer, better educated brand managers • Greater seniority of remaining brand managers as numerous minor brands are dropped
INTERMEDIATE	• Shift to corporate or umbrella structures of greater simplicity	• Emphasize trade, or proximal, customers, and develop cooperative strategies	• Implement ways to measure customer satisfaction and institute incentives • Use "hot line" feedback system, eg. toll-free telephone numbers	• Hiring of new employees from among customers • Customers involved in recruiting, training, and development
REVOLUTIONARY	• Replace product- or brand-based structures with customer- and market-based structures	• Focus on enhancing long-term value of customers • Use "partnership" contracts at all levels	• Use IT to emphasize "segment of one" and even "one-to-one" relationships • Encourage proactive customer communication	• Greater empathy toward customers • Use of focus groups or clinics • Emphasis on two-way relationships • Focus on similarity

(Berthon, Hulbert and Pitt, 1999, pp. 59).

Berthon, Hulbert and Pitt do not predict when, or how rapidly these changes will take place or which of the above scenarios is more likely, but they recommend that brands be viewed from *"an evolutionary perspective and be conceptualised as a solution to problems or opportunities within the business context"* (Berthon, Hulbert and Pitt, 1999, pp. 63). Brand management will involve being flexible enough to deal with continual change, creative enough to provide optimal support to the customer-portfolios and focussed on the brand functions instead of the brands themselves. Crainer (1995, pp. 140) emphasizes that *"brands must live in and build from the present. They must be organized to make the most of today's environment to meet today's goals."*

Brand management not only looks at the strategizing and managing of product brands, but also involves the decision of whether or not to promote its corporate name within the branding strategy. Corporate branding involves promoting all of the organization's products under *"a single umbrella image that casts one glow over a panoply of products"* (Hatch & Schultz, 2001, pp. 129).

CHAPTER 3

LITERATURE REVIEW: CORPORATE BRANDING

DEFINITION, FUNCTIONS & BENEFITS

Branding is not only about giving your product or services a personality that makes them stand out from the crowd, but *"internationally, recognition is increasingly being given to the corporate brand. There is a growing awareness that companies have a value way above the tangible value of their assets, provided they have created the value added aspect by creating and building brands and projecting their own image"* (Sampson, 1995, pp. 36-37). Corporate branding is defined as *"the process of creating and maintaining a favourable reputation of the company and its constituent elements by sending signals to its target groups by managing behaviour, communication and symbolism"* (Einwiller & Will, 2001, pp. 2). The corporate identity is a result of what the organization consciously decides to portray to the public in terms of its mission and philosophy. The corporate image, on the other hand, is a collection of perceptions that the public has about the organization (Zietsman & Higgs, 1998). It is therefore imperative that the identity the organization portrays and the experiences the customers have are aligned and provide the organization with a competitive advantage.

There is strong link between the image of an organization and the image of its products and services, and many organizations use this to their advantage by using the corporate brand name on each of their products, be they in one product category or extended into other product categories. A prime example of a successful corporate identity is that of Richard Branson's Virgin brand, which sells products from vodka to financial services to airline services. Another huge success story is that of Phil Knight's Nike – a company that began producing sports apparel for basketball received such acclaim that is was able to expand into further sports ranges. In this case, the established Virgin and Nike brands have been used to gain stature for new product lines that are introduced. There is a danger involved in brand extensions – if the corporate brand is over-extended, there could be lose of credibility and eventually the brand could become a label without any distinctive and differentiating features.

As defined previously, a brand is a label that is used by a company to distinguish itself from its rivals. The brand can be used to describe specific products or services or the entire organization. When a brand is used to encompass the whole company it is known as the corporate brand. John Murphy, founder of Interbrand, had this to say regarding corporate branding; *"While it is tempting to regard branding as being solely the preserve of packaged goods businesses, an important trend... is towards a much greater recognition of the importance and power of the corporate brand... Thus ...enterprises involved in business-to-business sector have all come to recognise that their corporate brand and the way in which it is perceived by various key audiences... can be critical to business success"* (in Sampson, 2000, pp. 63). A customer purchases a product in order to fill a need or urge, but it is the brand that determines the customer's choice. The more a brand is related to a specific product, the more the customer will match the product's characteristics with the brand itself. This added value to the product and the emotional attachment the customer gains, helps to provide some defence against the competition. When the brand is closely associated with a corporate name, it gets credited with a more generalised overall competence. The image of a corporate brand is closely identified with the customer's expectations of trust, guarantee of quality and intimate knowledge of the product area (Tennant, in Stobart, 1994, pp. 36).

Establishing and maintaining a *favourable* corporate brand fulfils several important functions that have been identified as those of corporate branding. Although corporate branding provides a unified identity and image to all stakeholders, the functions are different for internal and external parties. *"Directed towards the inside, corporate branding generates a shared identity and team spirit which enhance motivation, facilitate co-ordination and the creation of synergies. This should eventually lead to improved performance. Directed towards external target groups, corporate branding in a first step raises attention for the corporation, its strategy, purpose etc. which shall enhance acceptance and esteem leading to support and trust. Corporate branding further creates an impression of unity as well as a sense of power and strength"* (Einwiller & Will, 2001, pp. 4).

Due to the success of multinational brands like Ford, IBM and Sony, corporate branding is thus being discussed widely in the boardrooms of the world's most powerful companies. Corporate branding can bring about the following substantial benefits (Mottram, in Hart & Murphy, 1998, pp. 64):

- Attracts and inspires employees, stakeholders and business partners. Stronger relationships can be established and longer-term investment secured.

- Connects up all the goodwill produced by the business' operations. Public support for the organization and in times of crisis, credibility can be provided by the corporate brand.

- New product launches and brand extensions become cheaper and can be implemented more speedily.

- Provides a long-term, strategic rather than short-term, tactical focus on a single brand.

- Financial performance and value creation can be enhanced.

Although, corporate branding can offer all these advantages, it is important to note that the sophistication of customers is the factor that can impact on the future of corporate brands (Mottram, in Hart & Murphy, 1998, pp. 64). With the enormous amount of information available, organizations will no longer be able to offer empty promises. Customers used to be satisfied when corporate brands added a few higher, service-based values to their product offerings but this is no longer the case. Corporate branding, however, is useless and worthless unless it reflects the vision and purpose of the organization.

Corporate branding involves the alignment of three essential elements – corporate vision, culture and image (Hatch & Schultz, 2001, pp. 129). If these elements are aligned, the corporate brand can offer the organization the following:

- Corporate brands reduce costs: the use of a corporate brand allows the organization to exploit economies of scale in advertising and marketing.

- Corporate brands give customers a sense of community: customers are willing to pay a premium for a *"badge of identification"* (Hatch & Schultz, 2001, pp. 133).

- Corporate brands provide a seal of approval: a strong established corporate brand provides customers with an idea of what to expect from the organization and also help defend itself from outside assault.

- Corporate brands create common ground: *"The most successful corporate brands are universal and so paradoxically facilitate differences of interpretation that appeal to different groups. This is particularly true of corporate brands whose symbolism is robust enough to allow people across cultures to share symbols even when they don't share the same meaning"* (Hatch & Schultz, 2001, pp. 133).

Using a corporate brand can really provide an organization with a competitive edge over competitors, and is well worth being viewed as a strategic option.

PUBLISHED ARTICLES ON CORPORATE BRANDING

Harris and de Chernatony (2001, pp. 441-456) believe that corporate branding requires a management approach that focuses more on internal processes and the role of staff in the brand building process. Employees must be regarded as ambassadors for the firm, as they are the point of contact between the firm and its external environment. Employees can have a powerful impact on the customer's perceptions of both the brand and the organization, so top management need to ensure that the information the employees provide to customers is compatible with intended organizational perceptions.

In 1999, de Chernatony developed a model known as the Identity-Reputation Gap Model, which proposes a process for narrowing the gap between the brand's identity and its reputation. Brand identity is concerned with how managers and employees make the brand unique – what values the organization wishes to portray to its customers; and brand reputation is a *"collective representation of a brand's past actions and results that describes the brand's ability to deliver valued outcomes to multiple stakeholders"* (Harris & de Chernatony, 2001, pp. 441-456). Corporate branding will be most successful when the organizational brand identity and reputation are aligned.

Several other articles have been published in marketing journals discussing the topics of corporate identity (Balmer, 1998; Balmer & Wilson, 1998; Olins, 1995; Schmidt, 1995; Steidl & Emory, 1997; Stuart, 1998a, 1998b, 1999a; van Rekom, 1997, van Riel, 1995; and van Riel & Balmer, 1997, in Balmer, 2001, pp. 254), corporate image (Brown, 1998; Gray & Balmer, 1998; Grunig, 1993; Kennedy, 1997; van Heerden, & Puth, 1995 and van Riel, 1995, in Balmer, 2001, pp. 255) and corporate branding (Aaker, 1996; Balmer, 1995, 1999; Ind, 1996; de Chernatony, 1999; Gregory, 1997; Kapferer, 1992; King, 1991; Macrae, 1999 and Maathius, 1999, in Balmer, 2001, pp. 253).

Balmer (2001, pp. 248-291) provides fifteen explanations as to why there is so much confusion surrounding the subject of corporate identity, branding and marketing. From the use of multiple terminology to the lack of communication between researchers to weaknesses in traditional marketing models of corporate identity / image management and formation; the article clearly outlines areas that scholars need to be aware of when researching this topic further.

Abratt and Mofokeng's study (2001, pp. 368-386) gathers empirical evidence on how South African organizations manage their corporate image management process. A number of the corporate image management process models that have been developed were described, but a specific objective of their study was to test the model developed by Shee and Abratt in 1989. The Shee and Abratt model describes three distinct stages – corporate personality (what the company is to do, its beliefs and how it will operate), identity (the visual cues through which the public identify the company) and image (all the experience, beliefs, feelings, knowledge and impressions the public have of the company and their resultant behaviour). Ten organizations that had recently undergone major identity changes were interviewed and the results of the study showed that corporate image management processes were followed and there was agreement that a positive image and reputation is seen favourably by the target markets.

van Riel and Balmer (1997, pp. 340-355) examined the concept of corporate identity, how it can be measured and how it can be managed. The concept of corporate identity is a confusing one, as there seem to be three separate views, each with their

own definitions and paths of development. The first view is that of corporate identity being synonymous with the company logos and having a strong visual identification. This view has progressed and the role of company symbols has changed providing a visual presence to assisting in the communication of the corporate strategy. The second view arose from the idea of the importance of there being consistency in the visual and marketing communications of the organization – formal corporate communications must be consistent to all stakeholders concerned. The third view takes a much broader stance in that the corporate identity is viewed as being a culmination of behaviour, communications and symbolism to both internal and external stakeholders.

Once a corporate identity is established that is desirable to all stakeholders, there must be procedures put in place to manage this identity. Organizations want to keep a consistently desirable image that will keep the customers purchasing their products or services. Corporate identity management procedures must be in place to monitor stakeholder satisfaction and provide for any changes that are necessary, should the firm fall out of favour. van Riel and Balmer (1997, pp. 343-348) describe three methods, for determining what the organization's corporate identity actually is – the laddering technique, Balmer's Affinity Audit and the Rotterdam Organizational Identification Technique.

The Laddering Technique, which was adapted to measure corporate identity by Van Rekom (1993, in van Riel and Balmer, 1997, pp. 343), helps to explain what is important to the employees of the firm. Employees are interviewed about their job descriptions, work activities, behaviour and why things are important to them. Their answers are built up and ultimately provide insights into the employees' values and their relation to the organization's identity.

Balmer's Affinity Audit (1997, pp. 343-344) explains the underlying factors that sustain the organization's corporate identity. Through research, Balmer concluded that there is a system of values and beliefs within the organization and that the employees fall into different places within this system. The dominant values and beliefs that are identified by the employees are what form the basis of the corporate personality and subsequently the corporate identity. Balmer is also of the view that

this audit can be modified to research external stakeholders, which will provide insigbt into the branding structure, corporate communications strategies, and possibly changes to the corporate mission that need to be adopted.

The third method described for determining the actual corporate identity is the Rotterdam Organizational Identification Test. Due to the idea that employee behaviour affects the corporate identity, it is therefore necessary that the employee identifies with the organization's goals and vision. A questionnaire containing 5-point scale questions is to used determine whether the employee identifies with the organization. The questions are used to establish whether there is *"feeling of belonging, congruency between the organizational goals and values, positive organizational membership, organizational support, recognition of distinct contributions, a feeling of acceptance and security"* (van Riel and Balmer, 1997, pp. 347) and the level of these aspects helps to determine how strongly the employee identifies with the organization. Management will be able to reveal where corrective action needs to be instituted to change bad attitudes.

Having identified the desirable corporate identity and determining the actual identity, management need to set about aligning these two. A number of authors have proposed several ways of setting up a corporate identity programme (Abratt, 1989; Balmer, 1995; Cutlip, Center and Broom, 1994; Dowling, 1986, 1994; Grunig and Hunt, 1984; Olins, 1978; van Riel, 1995, in van Riel and Balmer, 1997, pp. 348-349). Underlying commonalties include a basic process that needs to be followed – problem recognition, development of strategies, execution of action plan and implementation. This development of an action is only necessary, however, if research reveals that a new identity is required, otherwise discrepancies identified through monitoring can be rectified through adapting communications or other policies.

Markwick and Fill (1997, pp. 396-409) provide further insights into the corporate identity management process. Their article is split into two parts, the first discussing the components associated with corporate identity (namely, corporate image, reputation, personality and how these components are linked); and the second showing the application of the proposed corporate identity management process framework.

Markwick and Fill (1997, pp. 397) define corporate identity as *"the organization's presentation of itself to its various stakeholders and the means by which it distinguishes itself from all other organizations."* This presentation is projected to the stakeholders through visual, behavioural and communicational cues. These cues are usually deliberate, organized and aimed at a specific audience but they are often negatively impacted on by other unintentional messages that are simultaneously transmitted. The corporate image exists in the minds of the stakeholders and is developed from the way in which the corporate identity cues are perceived. The corporate image is unmanageable in that the organization cannot physically change what is inside the stakeholders' heads, but by ensuring that consistent and positive internal identity exists, the organization can reduce the possibility that the corporate image formed is a negative one. Corporate reputation is closely linked to the corporate image and is based on an accumulation of the experiences and cues that the stakeholder has stored in his mind (Markwick & Fill, 1997, pp. 398). A positive reputation is obviously what the organization wants to strive for, and must therefore ensure that consistency in its service and projected cues. Corporate personality is a culmination of all the characteristics projected by the organization and has its roots in the organization's ideology and its reason for being.

The linkages between the corporate identity, image, reputation and personality are explained through Markwick and Fill's proposed corporate identity management process.

Figure 3: The Main Components of the Corporate Identity Management Process (CIMP) and the Linkages and Dominant Forms of Corporate Communications within it.
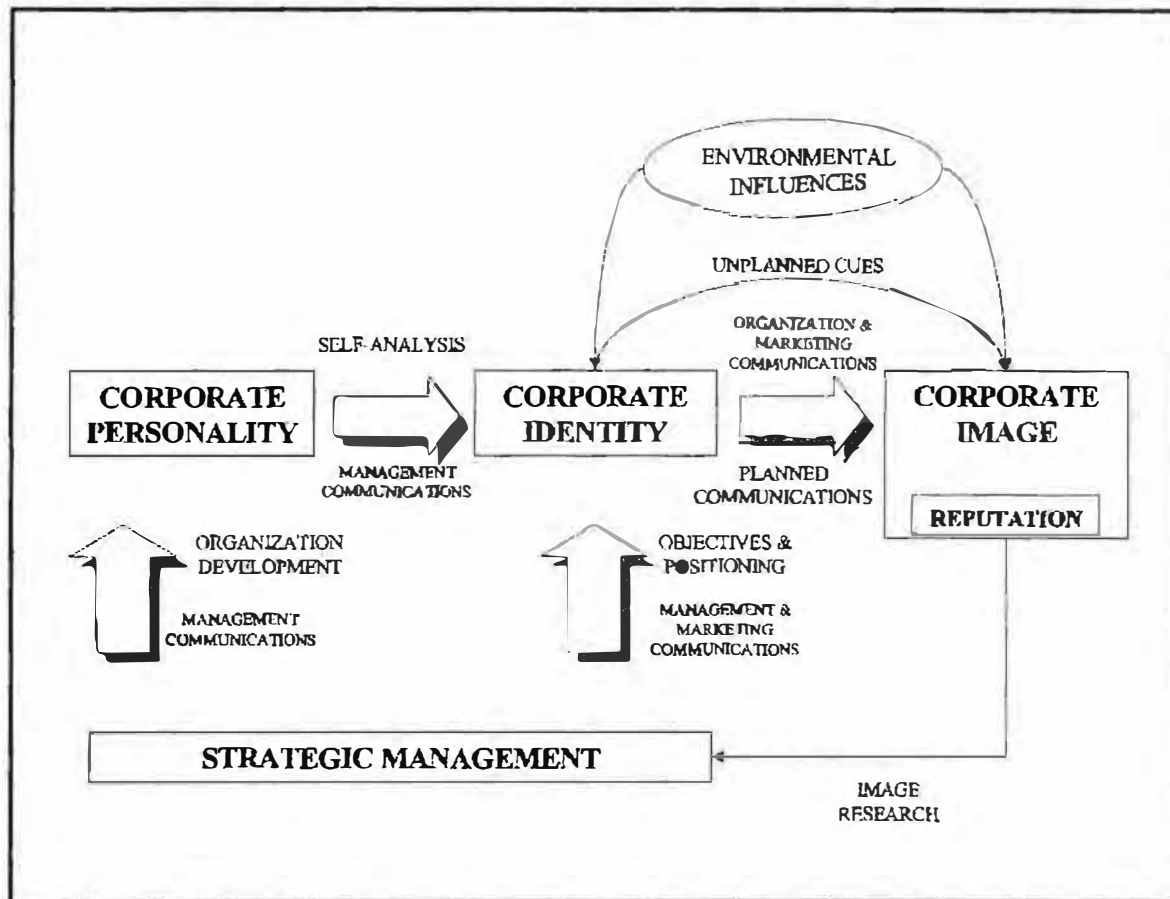
(Markwick and Fill, 1997, pp. 400).

The process seeks to clarify the means by which corporate communication is used to harness the valuable information generated through image research studies. The linkage between corporate personality and identity is termed self-analysis; an organization's values, beliefs, capabilities and desired direction are examined (Markwick & Fill, 1997, pp. 401). The linkage between corporate identity and image is made through corporate communications, which presents the organization's identity to its stakeholders. Markwick and Fill propose that more attention be given to the linkage between corporate image and strategic management processes (1997, pp. 402). If there are any marked differences between the organization's perceived identity and the stakeholders' perceived image of the organization, this information needs to be fed back to management in order for corrective action to be pursued. This, in turn, will feed changes back into the corporate personality, identity and image of the organization.

de Chernatony and McDonald (1992, pp. 129-132) believe that in order for organizations *"to present themselves in the most favourable way, firms develop a corporate identity programme, ensuring that all forms of external communication are coordinated and presented in the same way."* The advantages of adopting a well-thought out corporate identity programme are numerous; life cycles are getting shorter but by having an adaptable brand, this can be overcome, brands are used as a point of differentiation and by having a corporate identity, this helps sustain the real point of differentiation, with the costs of promotional activities being high, and a corporate identity programme can be a more cost-effective means of revealing the company's values to its customers.

van Rekom (1997, pp. 410-422) provides insight to the study of corporate identity (branding) from another perspective. His publication seeks clarity on the concept of corporate identity and the criteria underlying this concept that will be useful for corporate communications; and how these criteria can be found empirically within the organization before communicating with external stakeholders. Corporate identity is the desired image that the organization has of itself and corporate communication is the method in which this desired image is revealed to the stakeholders (van Rekom, 1997, pp. 410-412). When there are differences between the desired and actual image, management have to decide how they wish to influence the message communicated to its target groups. Obviously, these messages can only be communicated within the boundaries of what the organization is at that particular moment in time.

van Rekom describes in detail Albert and Whetton's three criteria for corporate identity (1985, in van Rekom, 1997, pp. 413-415) – claimed central character (features that are the essence of the organization), claimed distinctiveness (features that distinguish the organization from others) and claimed temporal continuity (features that exhibit sameness over time). From these three criteria, van Rekom sees the ultimate criterion of corporate identity being centrality. The method of measuring corporate identity within the organization must, therefore, establish the criteria that constitute centrality within the organization. van Rekom proposes means-end measurement (also known as the Laddering Technique), as the appropriate method to determine those activities that are central to the organization and its identity. Further

research is required to establish exactly to what degree continuity over time and specificity to the organization are encompassed by the criterion of centrality.

CORPORATE BRANDING STRATEGIES

Just like product branding requires strategies of how to brand, so too does corporate branding require strategizing. *"The brand strategy determines the relationship between the corporate brand and product as well as subsidiary brands. With regard to the signals sent to the target groups, management has to choose between using the corporate brand name or symbol to identify all of the company's signals or using separate brand names or symbols to identify product- or subsidiary-related signals"* (Einwiller & Will, 2001, pp. 5). Jeremy Sampson (1995, pp. 36-37) and Simon Mottram (in Hart & Murphy, 1998, pp. 65-66) discuss three approaches to corporate branding and Sabine Einwiller and Markus Will (2001, pp. 5) add a fourth approach:

- The "Monolithic or monobrand" approach – in which all products or services are sold under the corporate brand and portray the same identity and values. Most products or services sold under a single corporate brand are largely homogenous or where product ranges are wide and always changing. Examples of companies using this approach would be Nike, Reebok or Adidas, who all produce sports apparel from shoes to clothing to equipment. Advantages include the transfer of goodwill, cheaper brand building and instant credibility when launching new products or extending into new markets, but the brand has to be flexible enough to cover different products and markets. One has to be cautious in using this strategy because damage to the corporate brand's reputation in one area will spread to other parts of the organization.

- The "Sub-brand" approach – the individual product or service brands are used in combination with the corporate brand. There is a close and clear link between the corporate and product or service brands.

- The "Endorsed" approach – where the individual products or services each have their own brand but the corporate brand name is used to endorse the product brand. The corporate brand is used to identify generalised attributes that the company want portrayed, and add security, trust and credibility to the product or service and the product brand is used to identify more specific personality

attributes. Cadbury's is a good example, where the corporate name is used in conjunction with more specific product names such as Dairy Milk, Bourneville and Nutties.

- The "Branded or separate brand" approach – where all products or services are branded separately and the corporate brand is only used to identify corporate signals. This approach is used when the range of products or services is so large, that the brands are individually identifiable and each has their own marketing budget. This approach was used by large organizations such as Unilever, Nestlé and Proctor and Gamble with multitudes of products. This approach, however, is being used less because of the expense involved in maintaining brand awareness and loyalty.

Mottram concludes, *"... there is no 'right way' to structure brands in a portfolio. What is clear is that the higher up the brand ladder towards a monolithic structure a company goes, the greater the practical challenges of moving from product-based brand equity to a higher-level brand platform. The key challenge is to persuade customers to transfer the goodwill that they have for one product or service to another of the company's products without blurring the product or corporate brands' strength in the process"* (Mottram, in Hart & Murphy, 1998, pp. 66).

When the corporate brand is used as well as a product brand, these products and their positioning must be managed in relation to the corporate brand and its area of competence. Pagano (in Stobart, 1994, pp. 61) states *"The corporate brand is based on the tradition of its core products as well as the composite of all its current product brand images."* Simply put, the product and corporate brands must complement each other, and there must be careful monitoring that this relationship remains stable. The corporate brand concept should provide a framework within which the products can be fitted profitably. Each and every addition should bring credibility and strength to the corporate brand.

Hatch and Schultz (2001, pp. 128-134) in an article in the Harvard Business Review, propose a tool kit that assists companies in getting the most out of a corporate branding strategy as long as three essential elements are aligned – vision, culture and image. Companies prefer to save marketing budgets by promoting a corporate brand

(defined as *"a single umbrella image that casts one glow over a panoply of products"* Hatch & Schultz, 2001, pp. 129-130). Their research of over ten years and across hundreds of companies indicates that a strong corporate brand is a result of the alignment of the organization's vision, culture and image. The aligning of these elements takes great managerial skill due to the different parties involved in each element – for example; the vision is the top management's aspirations for the company, the culture is the values, behaviours and attitudes of the employees within the organization, and the image is what the external stakeholders perceive of the organization.

Hatch & Schultz's proposed corporate branding tool kit helps top management to identify where the essential elements fall out of line. Through a series of diagnostic questions gaps between vision and culture, image and culture and image and vision are revealed. Thereafter the hard work of developing solutions and implementing the solutions begins. The gaps that can be revealed are identified through the following questions (Hatch & Schultz, 2001, pp. 130-132):

- The Vision-Culture Gap: This gap develops when top management choose a strategic direction that the employees do not understand or support. Management blame employees for resisting change and employees view any changes with suspicion and cynicism. Questions asked include;
  - Does your company practice the values it promotes?
  - Does your company's vision inspire all its subcultures?
  - Are your vision and culture sufficiently differentiated from those of your competitors?
- The Image-Culture Gap: This gap arises when the company does not practice what it preaches, which leads to confusion among the customers about what the organization actually stands for. With the today's technology opinions spread like wildfire and maintaining a positive image is increasingly challenging. Questions include;
  - What images do stakeholders associate with your company?
  - In what ways do your employees and stakeholders interact?
  - Do your employees care what stakeholders think of the company?

- The Image-Vision Gap: This gap occurs when stakeholders' image of the organization is misaligned with management's strategic vision. The stakeholders cannot be ignored, despite a carefully planned vision, if it is not what the stakeholders want, then the vision will fail. Question to ask include;
  - Who are your stakeholders?
  - What do your stakeholders want from your company?
  - Are you effectively communicating your vision to your stakeholders?

Through the identification of the essential elements of the corporate brand and revealing any gaps between the elements, this tool kit can help organizations reap the benefits of a corporate branding strategy. Hatch and Schultz state *"while corporate vision and culture are themselves powerful strategic tools, once they are aligned with stakeholder images, the corporate brand can become a powerhouse"* (2001, pp. 134).

The studies (Abratt & Mofokeng, 2001; Balmer, 2001; Christensen & Askegaard, 2001; Harris & de Chernatony, 2001; Markwick & Fill, 1997; van Rekom, 1997; and van Riel & Balmer, 1997) on corporate branding that have been reviewed all relate to the process of managing the corporate image and do not research the level of loyalty of customers to the corporate brands. A corporate image may be decided on through the help of some customers but on-going research will need to be conducted to ensure that customers are satisfied with the organization and will continue to use them loyally.

Once the corporate, product and/or subsidiary brands have been created and established, the organization must leverage as much power from these brands as possible. *"The overall brand power of a company represents the value and strength of the brand system as a whole. The brand system is the network of all of the company's brands, ie. corporate brand, product and subsidiary brands; their relationship to each other is defined by the brand architecture. The brand system should be designed to generate the greatest amount of the collective brand power from the sum of individual brands. ... The stronger the brand system the higher the value for the whole company and for its shareholders"* (Einwiller & Will, 2001, pp. 16).

CHAPTER 4

LITERATURE REVIEW: RETAIL BRAND RESEARCH

THE HISTORY OF RETAIL BRANDING

Although, anything has the potential to be branded, the fast-moving consumer goods sector features tight competition between manufacturers and retailers as well as amongst the retailers. As discussed in a previous chapter, it is not only the manufacturer that has to strategise whether or not to brand, but this decision also falls upon the middleman or retailer.

Before the Industrial Revolution, groceries were commonly sold as commodity items (Jefferies, in de Chernatony & McWilliam, 1988, pp. 1). But with the onset of industrialization, consumer goods manufacturers saw an opportunity in increased sales from the rapid growth of urban areas and improved transportation. As competition increased, manufacturers began to use their company name on their products, produced products of a more consistent quality and used packaging to make their products more easily recognisable. Therefore, branding was seen as the exclusive domain of the producers, but the increased prominence of multiple food retailers and the emergence of powerful retail brands has put this idea to rest. The dominance of the multiple food retailers has been further increased by the use of both product and corporate branding to make themselves as visible as possible in a highly competitive arena.

Grocery shopping be it daily, weekly or monthly, is an essential chore that has to be done and so it not viewed in the same light as clothes shopping. It is therefore a challenge to the retailers to make this experience as enjoyable and pleasant as possible. Within the British food retailers (Leahy, in Stobart, 1994, pp. 121-136), this challenge was taken up and enormous efforts made to improve the grocery shopping experience. After intense research and finding that the unhelpful format of most retail outlets was a primary cause of irritation for customers, changes were made to the following areas:

- Self-service in the stores was introduced. In the past, the grocer and his staff served each and every customer but with the advent of good quality pre-packaged foodstuffs, customers could save time by serving themselves and the retailer could save money by cutting back on staff numbers.

- The savings made by the retailer on staff costs enabled him to offer reduced product prices to the customers. Paying less meant that customers could buy more, thereby increasing the retailer's volumes and enabling him to purchase larger quantities at better prices. Both parties clearly benefited from this economies of scale effect.

- With an increase in the number of people owning motor vehicles, distance became a lesser factor in the location of the retail outlet. Many stores were re-located to sites on the edge of town away from the hustle and bustle, and expense of the town centre. More time was saved for the customer.

- The final change involved the retail stores being increased in size and the broadening of the product lines being offered. These stores offered the customer a "one-stop" shopping experience, which was far more preferable to the *"High Street"* shopping experience where one had to go to the butcher, the baker and the candlestick maker.

As more retail outlets were built, it soon became clear to some retailers that a strategy was needed to entice customers to their particular store. Customers primarily select a retail store on the basis of the quality of both the store and the products, the convenience of the location and the efficiency of the shopping trip, so retailers knew that they had to offer something of benefit to the customer over and above these reasons (Leahy, in Stobart, 1994, pp. 125-128). Retail brand evolution was born – success stories in Britain include Tesco, Marks & Spencer, Sainsbury and Safeway.

Following on from the success of the branding of the retail stores, retailers started competing against the manufacturers by developing their own product lines and using the corporate brand name to market these products. Originally, the products were developed as *"cheaper, value-for-money alternatives"* (Leahy, in Stobart, 1994, pp. 129), but once it was realised that their own brand had an impact on the customer's choice of retail outlet to frequent, retailers began benchmarking the quality of their

products against that of the market leaders. It is not surprising, today, to see that retailers' product brands are listed amongst the market leaders.

PUBLISHED ARTICLES ON RETAIL BRANDING

Research has been conducted in Europe specifically regarding the grocery store industry and the competition between the national and retail brands. In Britain a study was conducted on the strategic role of retail brands in grocery retailing. Burt (2000, pp. 875-890) discussed the strategic value of the evolution of retail brand products from a lower quality product into a real quality brand alternative. Major grocery chains, originally sought to compete against manufacturers brands by producing lower priced, lower quality product alternatives. These products were manufactured as a "no-name brand" and the objective was to increase profit margins for the grocery chains and provide choice in pricing for customers. With some success in certain target markets, specifically the younger and more affluent customers willing to take risks in purchasing "unknown" products, the grocery chains further sought to compete against the established manufacturers by producing their own branded products. The objectives were to enhance category margins, expand customer choice and build corporate image. These retail brands are clearly seen as an appropriate alternative to the manufacturer's brands with the same quality assurances and product developments (Laaksonen & Reynolds, in Burt, 2000, pp. 879). A question that arises regarding future issues is how far the retail brand and attributes attached the brand name can be pushed – how loyal will customers be to the corporate brand?

Stephen Hoch, a Professor of Marketing at the University of Pennsylvania, has studied and published a number of articles regarding national and private brands (1993, p. 57-67, & 1996, p. 89-103).

In 1993, along with Banerji, Hoch set out to determine when private brands succeed. It was already known that these private brands had provided the retailers with increased profits and a source of competition against the manufacturers national brands. Studies by the Private Label Manufacturers Association showed that the market share of the private brands varied significantly across supermarket

merchandise groups, so Hoch and Banerji propose a framework to try and explain this variation. The authors further try to isolate the determinants of success and examine the roles of relative price and quality. Their research focused on private brands in the grocery retail industry, where they accounted for 13 percent of American supermarket sales in the year ending June 1991.

Table 4: Performance of Private Labels by Category in U.S. Supermarkets (1989)

CATEGORY	DOLLAR SHARE OF PRIVATE LABELS	UNIT SHARE OF PRIVATE LABELS
Dry Grocery: Food	11.6%	13.6%
Dry Grocery: Nonfood	10.8%	14.2%
Frozen Foods	15.0%	12.2%
Refrigerated Foods	20.4%	22.6%
Health & Beauty Aids	4.4%	6.7%
TOTAL SUPERMARKET	12.7%	15.3%

(Hoch and Banerji, 1993, pp. 58).

Determining what factors provided the private labels with their success, was not an easy task as there are three different players – customers, retailers and manufacturers – whose expectations and actions all affect private brand success.

1. Customers: Demand for private labels is impacted upon by the needs, expectations and behaviour of the customers. Consistent product quality is important to the customer and branding is used to reassure them of this consistency. Hoch and Banerji believe that private brands may be seen as having two dimensions – *"the mean level of quality relative to that of national brands and the variability in quality"* (Hoch & Banerji, 1993, pp. 59). If the level of the manufacturing process is low and the technology used inexpensive, the private brand will be conceived as being of a higher quality than the national brands and vice versa. Quality variability also depends on the technology used for processing; if the manufacturing processes are relatively unsophisticated, the private brands' quality variability is likely to be low.

2. Retailers: By having their own brand means an investment by the retailer in functions that were traditionally co-funded by the manufacturers and retailers. To recover these previously shared costs, retailers must allocate resources to those product categories with the highest potential for returns.

3. Manufacturers: Obviously retail brands will be competing directly with the manufacturer's brands and entry into a product category will depend on the

number of competitors and competing product variants in the particular category and the extent of advertising and promotion required.

Hoch and Banerji's investigation serves to examine the influence of the above three parties on the success of the private brands. Data was accessed from both primary and secondary sources and their main findings showed that private brands are more successful in product categories where quality levels are high and variability low, and in categories that offer the retailer attractive margins but experience difficulties when in categories where there are multiple national brands that invest greatly in promotional activities (Hoch & Banerji, 1993, pp. 63-65). These findings can provide sound advice for retailers wanting to develop their own private brands; for example, as customers are interested in the quality of the product, retailers should position their brands alongside national brands. They should also exercise caution before trying to compete in product categories where technology would prevent them from reaching similar quality levels. From a manufacturer's perspective, the findings help identify which product categories are most likely to be under threat from private brands.

Hoch, (1996, pp. 89-103), took his research in this area further, and examined what strategies manufacturers could use in order to ward off any threat from the retailer's private brands. The retailer's brand, although directly competing with the manufacturers' brands, has to be handled with care as the retailer also sells the manufacturers' brands and so they do not want to harm their relationship. Again, Hoch's research focuses on the food retailing industry where private brands hold dominant positions in several product categories. In the past, the traditional view of private brands held that they were cheaper inferior-quality products; but through technological investment and advancement, this is no longer the case. Most manufacturers now regard private brands as "equal" competitors; however, there are some fundamental differences (Hoch, 1996, pp. 90-91) that need to be taken into account when deciding on the most appropriate strategy to compete with:

- The private brand is the only trademark that appears throughout the store.
- As the private brand belongs to the retailer, he has to invest in processes, such as marketing and inventory that are usually co-funded by the retailers and manufacturers for national brands.

- As the private brand belongs to the retailer, distribution of these products is guaranteed and given preferential shelf space is given.
- Promotions of private brands are not subject to the same consequences as the promotions of national brands. Trade deals offered by manufacturers to motivate temporary in-store price reductions are only passed on to the customers once the retailers slice off their share.

With these pertinent differences in mind, manufacturers have to decide on the most appropriate strategy to use – these include waiting and doing nothing, further separating themselves through technological innovation from private brands, reducing the price gap between their brand and the retailers or establishing "me too" strategies. Hoch concludes *"national brands that want to remain both big and national should adopt a wait-and-see attitude while they vigorously pursue and invest in opportunities to distance themselves from private label substitutes. 'Me too' strategies involving reductions in either price or quality may be appropriate in some instances (eg. as a competitive signal or under conditions of long-term excess capacity) but match secondary brands better. National brands must continue to invest in brand building. ... National brands should emphasize their strengths"* (Hoch, 1996, pp. 100-101). Manufacturers and retailers alike must realise that co-existence is better for both parties than each trying to fight a losing battle. On one hand, the manufacturer must not try to compete against the retailer on price, which is the only dominating attribute of the retailer's brands; and on the other, the retailer must recognize that it is better to sell both their own brands as well as the manufacturer's brands.

Harald Biong conducted a study in Norway (Biong, 1993, pp. 21-38), which looked at satisfaction and loyalty to suppliers within the grocery trade. In this study, the retailer is the customer and their level of satisfaction and loyalty towards their working relationship is of interest to the suppliers. Biong believes that the supplier's marketing mix strategy can positively or negatively affect the retailer's satisfaction and loyalty. The objective of both parties would be to have a mutually beneficial relationship that is of a long-term nature. Biong's main hypothesis is that the more satisfied the retailer is with the supplier, the more loyal he is likely to be. Although this research looks at parties within the distribution channel and not the ultimate

customer, the underlying principles remain the same – several different factors affect the levels of satisfaction and loyalty that the customer feels towards the supplier/retailer. It is therefore important that organizations realise that by presenting a unified corporate image and ensuring that all aspects of the business are focussed on positively affecting customer loyalty, there is a greater likelihood that the customers will remain loyal.

Another retail branding study was conducted in the United States in April 2002 by The Polling Company on behalf of the Grocery Manufacturers of America (GMA) to determine the attitudes and loyalty of American consumers towards "the brands" (national and store) of food, beverage and consumer products. The survey sought to determine, amongst other things, *"the extent to which brand influences purchases and solidifies habits, the depth of brand loyalty as it matures to brand monogamy or regresses to brand flirtation, and the differentiation between, and receptivity, toward national brands and store brands. "* (The Polling Company, 2002, pp. 1).

The questionnaire was split into finding out details on six different aspects – brand, quality, price, national versus store brands, research and development and safety, and the keys findings are summarised as follows (The Polling Company, 2002, pp. 3-17):

1. Brand: *"Americans notice, identify with, and adhere to 'brand' – and are deeply committed to those brands they have used the longest. "*

    -   Forty-nine percent indicated that "familiar brand name" was the first or second most important element when making a purchase.
    -   Seventy-six percent consider the brand before making their product selection.
    -   Thirty-six percent pointed out that they currently use some brands because they had used them whilst growing up.
    -   Brand loyalty is high with sixty-seven percent either shopping elsewhere to purchase their preferred brand or doing without until their next shopping trip.
    -   Peer pressure often influences purchases – thirty-three percent are more likely to try another brand if it is recommended by someone they know and twenty-one percent signalled that peer recommendation was a reason for switching brands.

2. Quality: *"Consumers believe that brands have quality; additionally, quality is a brand."*

   - Twenty-eight percent, when asked to describe what quality means to them when shopping, listed "freshness" as their interpretation.
   - Quality is perceived as expensive and worth the price as fifty-seven percent choose the brands of high quality that cost more over ones of average quality that cost less.
   - Both changes in quality (thirty-two percent) and in taste (twenty-two percent) may result in switching brands.

3. Price: *"Americans recognize the cost of products, possibly more frequently than they recognize 'brand,' and although they are willing to pay more for that which they deem 'quality' they fail to turn in a blind eye to their purse strings, regardless of their income category."*

   - Shoppers are conscious of the price with eighty-two percent taking the price into account when making a final purchase selection.
   - Although fifty-seven percent say they shop at the same grocery store regardless of specials or convenience, forty-two percent describe those elements as having an influence on the store they choose.
   - In terms of a price increase, twenty percent said that this would be a factor in their switching brands.

4. National versus store brands: *"Americans also recognize that national brands produce higher quality products than do store brands, and credits the national brands with investing time and money to conduct research and development."*

   - Seventy-six percent are more likely to buy national brands and seventeen percent to buy store brands.
   - National brands were described as being more expensive (ninety percent), of better quality (fifty-eight percent) and tasting better (sixty-one percent).
   - Store brands were seen as copying national brands (eighty-four percent), of lower quality (sixty-two percent), looking like national brands (sixty percent), develop their own products (thirty-seven percent) and are less safe than national brands (twenty-nine percent).

5.   Research and Development (R&D): *"R&D by national brands is acknowledged and appreciated by the public, as an overwhelming majority firmly agree that national brands should exert the time and money on such endeavours. What's more, Americans actually identify 'R&D' with national brands, not store brands."*

6.   Safety: *"... When it comes to food and groceries, 'safety' is often assumed, and therefore does not resonate as a factor of importance when choosing a product brand. However, 'environmentally safe' components are virtually irrelevant when purchasing a product."*

In conclusion, The Polling Company has indicated that Americans are widely focussed on *"F.A.S.T shopping"* – Fineness, freshness and taste, Affordability, Safety and security; and Truth in advertising.

In South Africa specifically, Markinor conducts an annual brands survey to supply brand owners and their marketers with information about brand perceptions within the South African society. The findings relate to spontaneous awareness, level of trust and confidence, and most admired companies and brand names.

- In 1998, retailers OK Bazaars (a subsidiary of Shoprite Checkers), Pick 'n Pay and Spar are listed in fifth, sixth and seventh positions respectively on the Top 10 Brands list, and Pick 'n Pay lies sixth on the Most Admired Companies list, ahead of OK Bazaars (Botha, 1998).

- In the 1999 survey, the Top 10 Brands list for any type of product, company or service included Checkers, Pick 'n Pay, Spar and OK Bazaars. Pick 'n Pay and OK Bazaars are again listed on the Most Admired Companies list (de Bono, 2000, pp. 86).

- The 2000 Markinor survey shows that Checkers, Spar and Pick 'n Pay are, yet again, listed in the Top 10 list for spontaneous awareness. OK Bazaars fell out of the Top 10 list for the first time since Markinor began surveying in 1994. The retailers on the Most Admired list remained the same, namely Pick 'n Pay and OK Bazaars. In the retailer sector, clothing shops top the awareness list but six of the Top 10 are grocery retailers – Checkers, Pick 'n Pay, Spar, Shoprite/Checkers,

Woolworths and OK Bazaars. There was plenty of confusion surrounding the retailer Checkers, which is now known as Shoprite Checkers (de Bono, 2000, pp. 87-89).

CORPORATE GROCERY RETAILER BRANDS

The prominent retailers in the South African food industry are Pick 'n Pay, Shoprite Checkers (includes OK Bazaars), Spar and Woolworths. All four retailers have realised the importance of a corporate brand and have so stated in their vision or mission statements. They also compete against manufacturers with their own branded products – of equal quality but at a more competitive price.

We serve. With our hearts we create a great place to be. With our minds we create an excellent place to shop'

Pick'n Pay

Our people make the difference

Pick 'n Pay executives acknowledge that the company's brand name is one of the most precious elements it owns. Pick 'n Pay created its business and positioning as a discounter delivering the lowest prices to its primary target market, the South African housewife. The brand has been developed beyond that of a discounter through the creation of a strong corporate culture by Pick 'n Pay's founder, Raymond Ackerman. The mission statement states *"We serve. With our minds we create a great place to be. With our hearts we create an excellent place to shop"* (http://www.picknpay.co.za). As part of its strategy as a discounter of branded products, Pick 'n Pay has developed two in-house brands – "No Name Brand", a generic brand and "Pick 'n Pay Choice", which provides *"value-added"* extras. Pick 'n Pay acknowledges that brand building has to start internally and depends on a highly trained and motivated workforce, so as to project a single identity to the public. *"With this in mind, Pick 'n Pay employees regularly attend a rigorous two-day training course called Building the Brand which entrenches the importance of upholding Pick 'n Pay's abiding values and the core principles upon which the company was founded"* (http://www.picknpay.co.za). One area of branding that has been identified as problematic is the differentiation between the chain's supermarkets,

hypermarkets and superstores. The use of different colours for uniforms and other in-store designs but a bolder approach could be used (Preston, 1993, pp. 104).

Ackerman created Pick 'n Pay to interpret and satisfy consumer demand. With this in mind, Pick 'n Pay has invested in niche marketing by stocking foodstuff imported from foreign countries to satisfy the foreign clientele, established food halls competing against Woolworths and Pick 'n Pay Pantries competing against other Take-Away shops, is very vocal on consumer issues (ie: price fixing in the cigarettes, petrol, chicken and motor car tyre industries) and has a well-developed corporate social responsibility programme. *Pick 'n Pay has thus established itself as the chain which helps the consumer, protects his or her interests, and is helping to create a better society"* (Preston, 1993, pp. 105).

Shoprite Checkers is the first amalgamation of two supermarkets and thereafter promotes itself under the joint name. Checkers' history is marked by change, from its introduction of self-service shopping, the use of trolleys and the use of plastic checkout bags. The founder, Norman Herbert took what he had learnt from a tour of shopping centres around Europe and the United States and adapted it to South African conditions – a store which *"set out to deliver lower prices, faster service and less travelling time for consumers along with cleanliness and quality."* (Preston, 1993, pp. 60).

Despite several ownership changes and some inconsistent advertising, the brand remained stable and Clive Weil became the first Managing Director to appear on television during a promotional campaign. Promotional efforts continued to emphasize the brand's strengths – competitive prices and convenience and everyone will always remember their advertising punchline *"Check a Checkers just up your street"*. Like Pick 'n Pay, Checkers developed their own brand, "Yellow Band" to

compete as a lower-priced alternative to the national manufacturer's brands. And their guiding mission is to be *"the customer's preferred shopping destination, by retailing food and non-food products at the lowest prices from conveniently located outlets in an environment conducive to shopping"* (http://www.checkers.co.za).

Spar has built its brand's success on what they call their four cornerstones – retail (*"Provide the best shopping experience in terms of value, image, freshness and service"*), distribution (*"Provide the most efficient and cost effective replenishment system, plus world-class marketing and support services to retail members"*), the brand (*"Make Spar the most respected, loved and sought after retail brand name in South Africa"*) and it's people (*"Build absolute trust and co-operation between all players in Spar and ensure continued development of all people in the Spar family"*) (Claassens, 2002, Welcome to the World of Spar presentation). Commitment to the brand's core values of motivation, efficiency and customer care have ensured the retention of the brand's value. Spar's branding vision is *"Our Pledge of Commitment to be BEST in FRESH. SPAR is committed to being the Best in Fresh and to fulfil this objective we offer SPAR's exclusive Freshness Guarantee. Our pledge to you our customer, is that any product that you purchase from one of our service departments - Butchery, Bakery, Fresh Produce and Deli, - is guaranteed to be fresh or SPAR will replace the product purchased as well as refund your money. It's how we demonstrate our commitment to quality and freshness, and a unique shopping experience"* (http://www.spar.co.za).

Spar's colours of red and white with the green fir tree logo make it instantly recognizable around South Africa, as well as worldwide. Spar is an international supermarket that was founded by a Dutch wholesaler Adriaan van Well. The grocery chain was originally named DESPAR – an abbreviation of a slogan *"he created to describe a philosophy which united the efforts of both the independent wholesaler and retailer: Door Eendrachtig Samenwerken Profiteren Allen Regelmagtig ... 'All will benefit from united co-operation."* (Preston, 1993, pp. 181). Spar International's mission is *"To establish Spar as a world wide brand and to ensure that Spar remains*

the world's largest chain of retail food stores" (Claassens, 2002, Welcome to the World of Spar presentation).

Looking at Spar Southern Africa, the Group's mission statement is *"to grow and develop Spar in Southern Africa through strategically placed distribution centres and create wealth for members and shareholders while ensuring the development of all the people that make up the Spar family"* (Claassens, 2002, Welcome to the World of Spar presentation). Claassens also explained that it was Spar Southern Africa's strategic intent *"to **dominate food** retailing in **Southern Africa** through **Spar** and its system of trading."*

- Dominate: biggest presence, coverage, most stores, and best brand name.
- Food: all food solutions, general merchandise, and liquor.
- Southern Africa: South Africa, Namibia, Swaziland, Lesotho, Botswana, Zimbabwe, Zambia, Mozambique, Malawi, Angola, Tanzania, and Indian Ocean Islands.
- Spar: only one trading brand.
- System of trading: voluntary trading and strategic large corporate stores.

Brand building exercises include theme promotions such as Sparnival, Win-a-Car and sports sponsorships as well as carefully chosen corporate social investment initiatives in education, sporting and cultural activities, health and self-help projects. Spar stores follow one of three formats, Spar for neighbourhood shopping, Superspar for one-stop competitively priced, bulk shopping and Kwikspar for everyday convenience.

Spar's commitment is to quality, freshness and providing a unique shopping experience through offering a wide range of Spar branded products of *"leading brand quality"* (http://www.spar.co.za) at a more competitive price. Quality is a top priority, and Spar offers a *"Double Money Back Quality Guarantee"* on all Spar-branded products as well as testing the products on a monthly basis by an independent laboratory to ensure Spar is meeting specifications and in keeping with leading brand standards. The South African group maintain the standards set by its international parent through regular retail training programmes. *"The South African market is becoming increasingly sophisticated and discerning, and we intend to meet this with*

an increasingly wide and upmarket range of SPAR products. We are focusing on introducing more interesting and exciting ranges, which will provide the consumer with convenient, affordable options for meals, both for every day and special entertaining" (http://www.spar.co.za).

WOOLWORTHS

Woolworths aspires *"to being the most trusted and respected African retail brand. We will achieve this by nurturing and building lifetime relationships with our customers. These relationships will be earned by us all making the Woolies difference"* (http://www.woolworths.co.za). Woolworths are aiming to provide customers with an experience they can trust by combining quality and value with a warm, helpful service ethic. Woolworths, like Pick 'n Pay, believe that its employees are a vital part in achieving success and so ensure that they nurture, understand and value their employees with the same care and coherence that they foster for customers.

Branding was and continues to be the method (amongst others) that is used by manufacturers to provide some form of differentiation to their products or services. Many of the modern world's most well-known and valuable brands were established in the latter half of the nineteenth century confirming that brand building is a long-term process that involves time, money and lots of dedication.

With the success of branding products, managers have proceeded to branding organizations. The strategic vision and mission along with a name and/or symbol are used as umbrella to identify the organization as well as any of the products or services they offer. In terms of this research report, the specific industry focussed on is the grocery retail industry where there is strong competition between the manufacturers and retailers. Following on from the success of branding the retail stores, retailers started competing against the manufacturers by developing their own product lines and using the corporate brand name to market these products. The competition has

increased with intensity as retailers are now producing products that on a par in terms of quality and value-for-money. The precise aspect of branding that has been researched is that of brand loyalty – are customers loyal to their preferred grocery stores?

CHAPTER 5

RESEARCH METHODOLOGY

INTRODUCTION

Branding, and in particular corporate branding, has become a topic of interest for marketers worldwide. In an environment where competition is incredibly tight and organizations are striving to gain an advantage over fellow competitors, branding has been used as a tool for achieving competitive advantages. The use of corporate branding has helped organizations to communicate their visions and other general aspects, attributes, benefits and values they want associated with their products (for example, guarantees of satisfaction, quality, good customer care and value) (Kotler, 2000, pp. 404).

The overall objective of this dissertation was to investigate the loyalty of residents in the Pietermaritzburg and surrounding areas to their preferred grocery stores. It is a qualitative study of corporate branding and the role that it plays in determining the loyalty of customers to their preferred grocery stores.

PROBLEM STATEMENT

Branding, both corporate and product, has been used to create a distinction among products that will satisfy a customer's need. It is a marketing tool that involves the organization investing a considerable amount of money in the marketing of the brand/s and also focussing on the long-term sustainability of the brand rather than short-term economic returns. (Bedbury, in Webber, 1998). Research is very important to organizations in order to determine the success of their investment in branding on gaining loyalty from their customers and potential customers. The purpose of this research paper was to determine the loyalty levels of Pietermaritzburg and surrounding areas residents and reasons for such loyalty; what are the possibilities of customers switching to a competing grocery store and the reasons therefor.

RESEARCH QUESTIONS

- How loyal are existing customers to their preferred grocery stores?
- What are the reasons for such loyalty?
- What are the possibilities of customers switching to a competing grocery store chain?
- What are the reasons for such switching?

HYPOTHESES

The following hypotheses were developed and residents from Pietermaritzburg and surrounding areas were interviewed to test each hypothesis.

H_1 Residents of Pietermaritzburg and surrounding areas are loyal to their preferred grocery stores.

H_2 Residents of Pietermaritzburg and surrounding areas are committed to specific stores of their preferred grocery store chains.

H_3 Switching between grocery store chains is a result of dissatisfaction with their usual preferred grocery stores.

H_4 Corporate branding influences the loyalty of Pietermaritzburg and surrounding areas' residents to their preferred grocery stores.

RESEARCH OBJECTIVES

The purpose of the above hypotheses was:

- To investigate how brand loyal Pietermaritzburg and surrounding areas' residents are to the grocery stores available.
- To determine the level of loyalty these customers have toward their preferred grocery store chains.

- To establish why the residents of Pietermaritzburg and surrounding areas are loyal to their preferred grocery stores.

- To find out what are the possibilities (if any) of these customers switching to competing grocery store chains.

- To discover why the customers would make the switch to the competing grocery store chains.

RESEARCH METHODOLOGY

To collect answers to the research question, a survey was conducted to determine whether or not Pietermaritzburg and surrounding areas' residents are loyal to their preferred grocery store and if so, the level of their loyalty and the reasons behind their loyalty. The questionnaire of 20 questions (both multiple choice and open-ended questions) was designed to assess loyalty from a number of different angles (Aaker, 1991, pp. 43-46); namely, behavioural, switching costs, satisfaction, *"liking"* the brand and commitment (see Appendix A for copy of final questionnaire).

- Questions A to F cover behavioural measures by questioning the respondents' choice of chain store for bulk and frequent buying and reasons for choice, preference to a specific store within the chain or not, grocery shopping habits, and product purchase preferences.

- Questions G and H determine whether or not the respondents' switch between grocery chain stores and the reasons for such behaviour.

- Questions I and J investigate the levels of satisfaction or dissatisfaction the respondents have towards the chain store where they do their bulk buying. Open-ended questions gave the respondents' the opportunity to express their feelings or opinions openly.

- Questions K to N provide insight into the respondents' *"liking"* of the brand through descriptions of their impressions, opinions and feelings. Respondents' were also asked whether or not they would pay more in order to shop at their preferred chain store.

- Questions O and P cover the commitment measures by determining whether the interviewees' discuss their shopping experiences with other and whether they persuade others to use the same store.

- Questions Q to T provide a general description of the sample of Pietermaritzburg and surrounding areas residents that were interviewed in order to gain insight into their loyalty levels.

The questionnaire was so designed to measure loyalty from the different angles in order for a more comprehensive picture to be provided for understanding loyalty and the management thereof. *"A consideration of several measurement tacks will provide additional insights into its scope and nuances as well as provide a practical tool in using the construct and linking it to profitability"* (Aaker, 1991, pp. 43).

The questionnaires were administered at shopping centres around Pietermaritzburg, and it was felt that this method was the most appropriate as it allows for *"extensive explanations"* (Lambin, 2000, pp. 153). Shopping centre surveys have a number of characteristics, which add to the appropriateness of their use in collecting the data required (Martins et al, 1996, pp. 129 – 130);

- Complexity and versatility: Shopping centre interviews are more flexible than an in-house personal interview. The interviewer can demonstrate products and easily observe or interact with the respondents.
- Quality: With the interview taking place face-to-face, the interviewer can reduce anxiety and measurement error but interviewer bias may occur through the choice of respondents.
- Response Rate: The response rate for shopping mall surveys is quite high, approximately eighty percent, with refusals anywhere between ten and thirty percent. Refusals are not too much of a problem as substitutes can be quickly found.
- Cost: Shopping centre surveys are cheaper than personal in-house interviews for the following reasons – able to employ fewer interviewers therefore less training, travel expenses are limited with no call backs necessary and it is much easier to find a substitute if someone refuses to take part in the survey.
- Time: These interviews can he conducted quite quickly and the data is verified and processed on the spot.
- Application: Shopping mall surveys are especially useful when respondents have to see, handle or consume the product. They are most useful for testing

concepts, products, packaging, copies and so forth. The speed of data collection is ideal when results are needed urgently.

SAMPLING METHOD

Due to the fact that it is impossible to survey the entire population that should be covered by the research, a sample of the population was surveyed instead. In order to ensure that the research was reliable and valid, a quota sampling method was used. *"Quota sampling resembles stratified random sampling and convenience sampling. The interviewer finds and interviews a prescribed number of people in each of several categories. The sample units are selected on a subjective rather than a probabilistic basis"* (Lambin, 2000, pp. 161).

The population was subdivided in terms of the grocery chain stores available to residents in the Pietermaritzburg and surrounding area (ie: Pick 'n Pay, Shoprite Checkers, Spar and Woolworths). As there are several stores located within the population area, one of each of the chain stores was selected randomly to determine where the interviewing would take place. A minimum sample size of 150 respondents was required, and in order to ensure a stratified sample was interviewed, a minimum of 38 people were interviewed per chain store.

ANALYSIS

An Excel spreadsheet was designed to analysis completed questionnaires. Graphs were created and automated to self-update as new results were entered. One hundred and sixty-six responses were analysed to assess the loyalty of the sample population and whether or not the results can be generalised across the target population.

CHAPTER 6

RESEARCH ANALYSIS

INTRODUCTION

Three hundred and forty-five people were approached for interviewing, of which one 166 people were duly interviewed. This provided a response rate of 48%. Although the response rate was lower than that quoted in textbooks, usually around 80% (Martins, Loubser & van Wyk, 1996, pp. 129), substitutes were quickly found to ensure that the minimum sample of 150 people was achieved. In order to ensure that a stratified sample was interviewed, a minimum of 38 people were interviewed per chain store. Reasons for declining to be interviewed included time constraints on the part of the interviewees, language constraints and general lack of interest.

Figure 4: The Percentage of Interviewees Accepting and Declining to be Interviewed

Percentage of interviewees accepting & declining to be interviewed

48%

52%

■ Percentage declining to be interviewed ◙ Percentage accepting to be interviewed
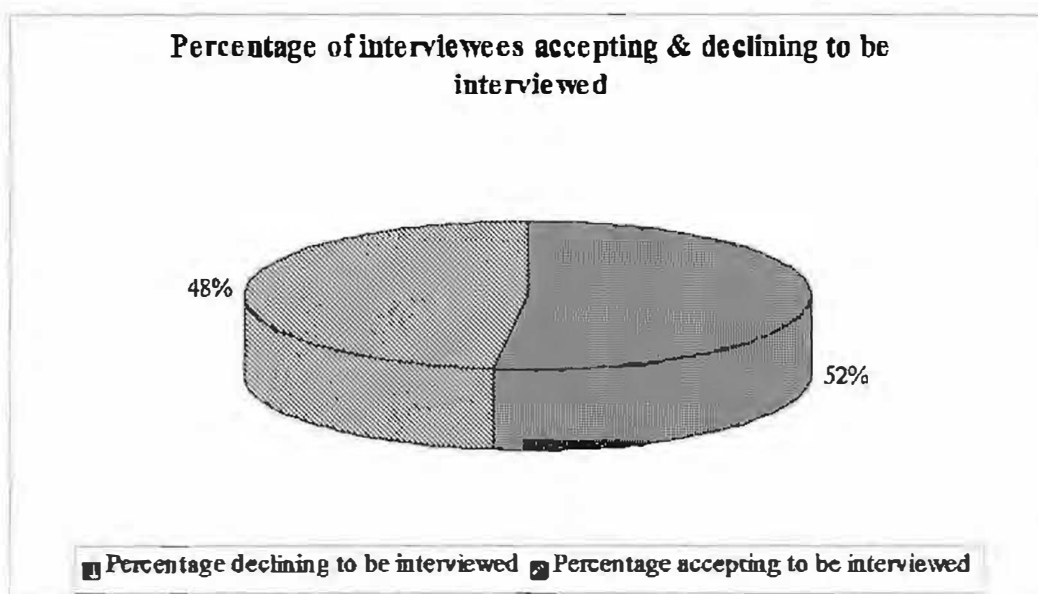
SAMPLE DESCRIPTION

Figure 5: The Suburbs of Pietermaritzburg and Surrounding Areas' in which the Interviewees Reside.

Residential suburbs of interviewees
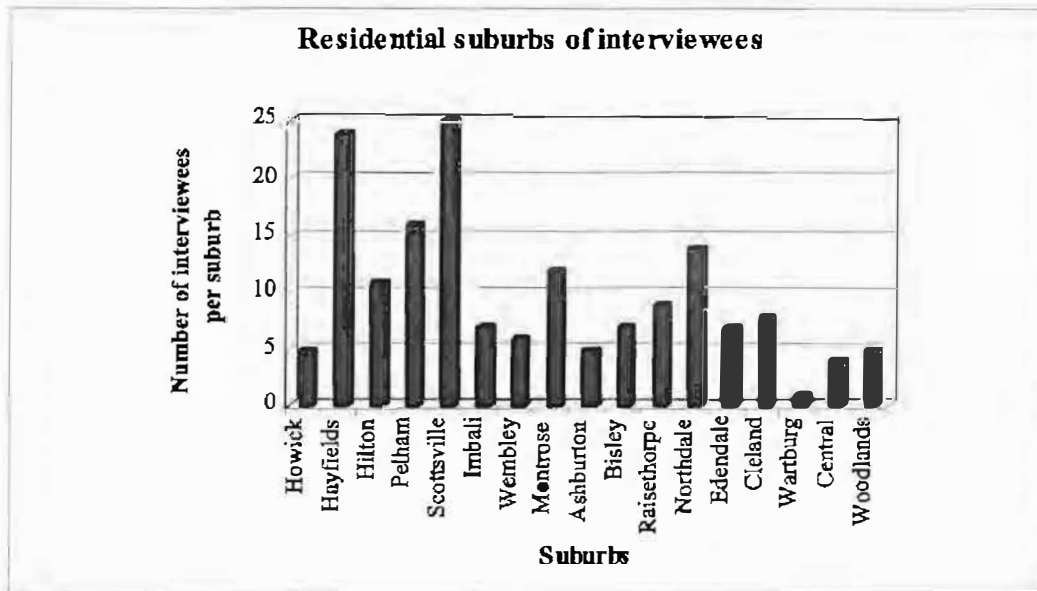
The people interviewed reside in Pietermaritzburg and surrounding areas. Although this graph portrays a skewing toward the Hayfields and Scottsville residential areas, this does not affect the results as interviews were based on a quota sampling of people shopping at the randomly chosen chain stores and not on their residential areas. The interviewees do reside in more suburbs than those listed in the graph but several have been condensed under the major suburb in order for them to be identified in the graph.

Figure 6: The Ethnicity of the Interviewees (as a percentage).

Ethnicity of interviewees (percentage)

Caucasian African Coloured Indian
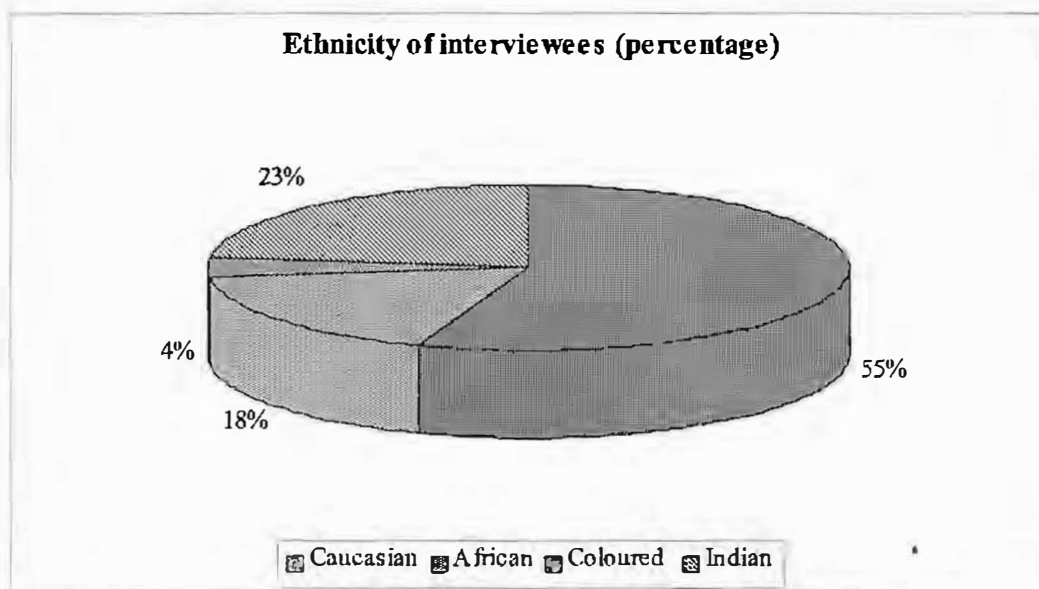
The ethnicity of the sample population does not collate with the South African population, which is due to the fact that more refusals to partake in the interviewing process were received from African and Coloured people than from Caucasian and Indian people. Another reason for the skewedness is that less African and Coloured people were available for approaching to be interviewed. This could be because alternative stores not included in the research are frequented in preference to Pick 'n Pay, Shoprite-Checkers, Spar and Woolworths; stores such as Super Save, Mini Market, Cash & Carry Wholesalers and other general dealers

Figure 7: The Pre-Tax Monthly Household Income Level of the Interviewees.
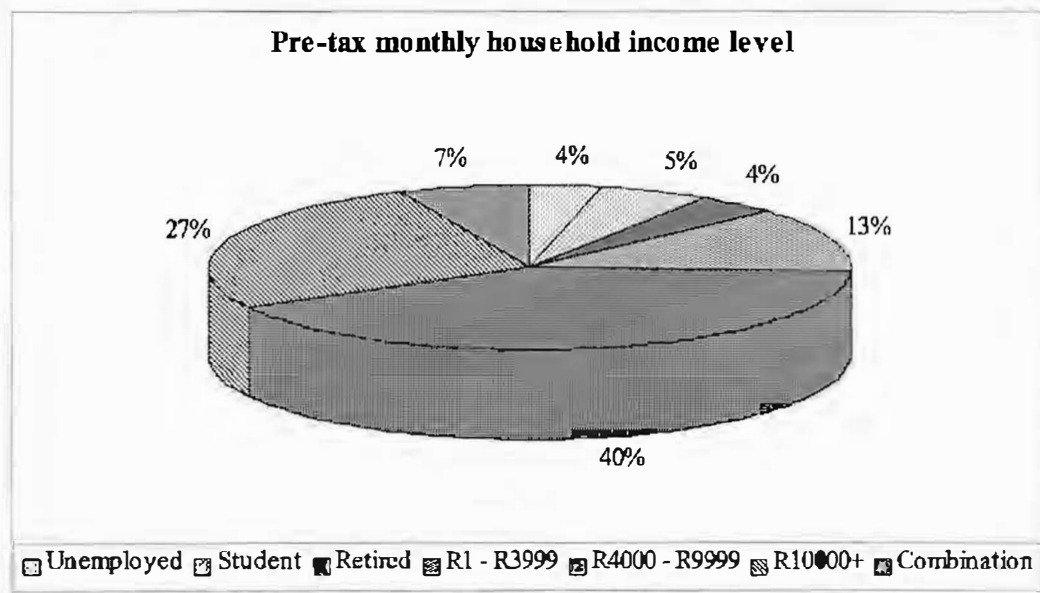
Income levels varied considerably with the majority (40%) of the interviewees falling within the R4000 – R9999 pre-tax monthly household income level. 7% of the interviewees gave multiple answers – these were either a combination of being a student and having a monthly income; or being retired and providing details of their pension income level.

Figure 8: The Age of the Interviewees (as a percentage).

Ages of interviewees (percentage)

10%   6%

40%

44%

16-24   25-40   41-60   60+
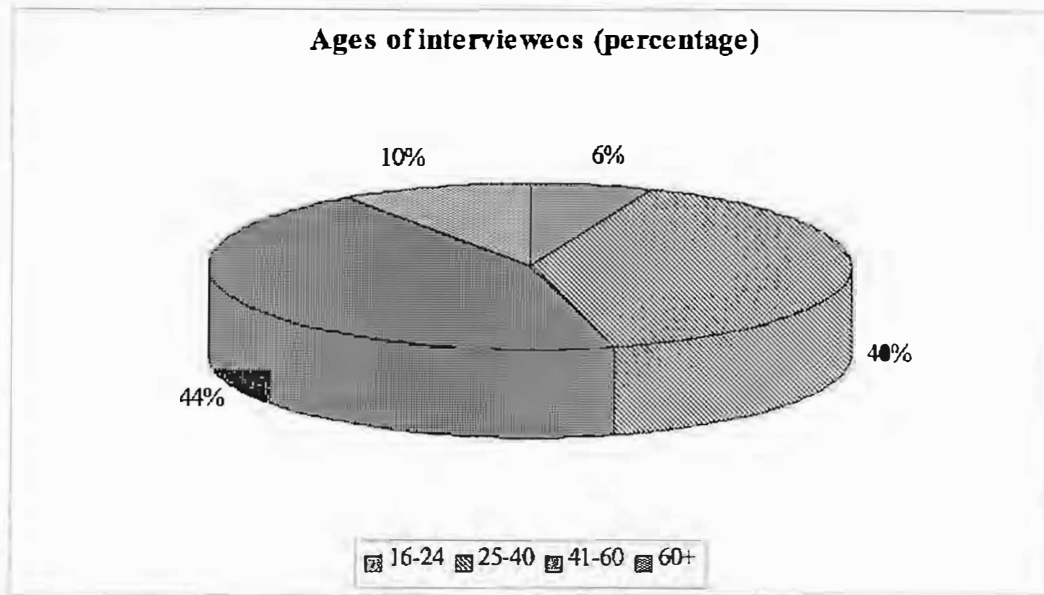
The ages of interviewees are also skewed with the majority of the interviewees falling within the 41-60 (44%) and 25-40 (40%) age groups. This skewedness is probably a result of the days and times interviewing took place (after work and on weekends) when employed people are more likely to be doing their grocery shopping. A further reason for the skewedness could result from interviewer bias.

BEHAVIOURAL MEASURES

By surveying actual purchase patterns, loyalty to a product or grocery store can be determined. Patterns of purchase behaviour include repurchase rates, percentage of purchases and/or number of brands purchased. As a stand-alone measure, behavioural pattern research is limited by expense, inconvenience and in terms of analysis of future trends (Aaker, 1991, pp. 44), but these limits have been overcome by also using other approaches to measure loyalty.

Grocery store of choice for bulk buying

23%

2%

0%

13%

45%

17%

■ Pick 'n Pay ■ Shoprite Checkers ■ Spar ■ Woolworths ■ Other ■ Combination

In terms of bulk grocery buying, the preferred grocery store chain by a large majority (45%) is Pick 'n Pay. Shoprite-Checkers and Spar were the chosen stores for 17% and 13% of the interviewees respectively. 23% percent of the interviewees listed more than one grocery store chain as their preferred store for bulk buying.

Figure 10: The Grocery Store of Choice when Bulk Buying (combinations of multiple answers).

Grocery store of choice for bulk buying (combinations)
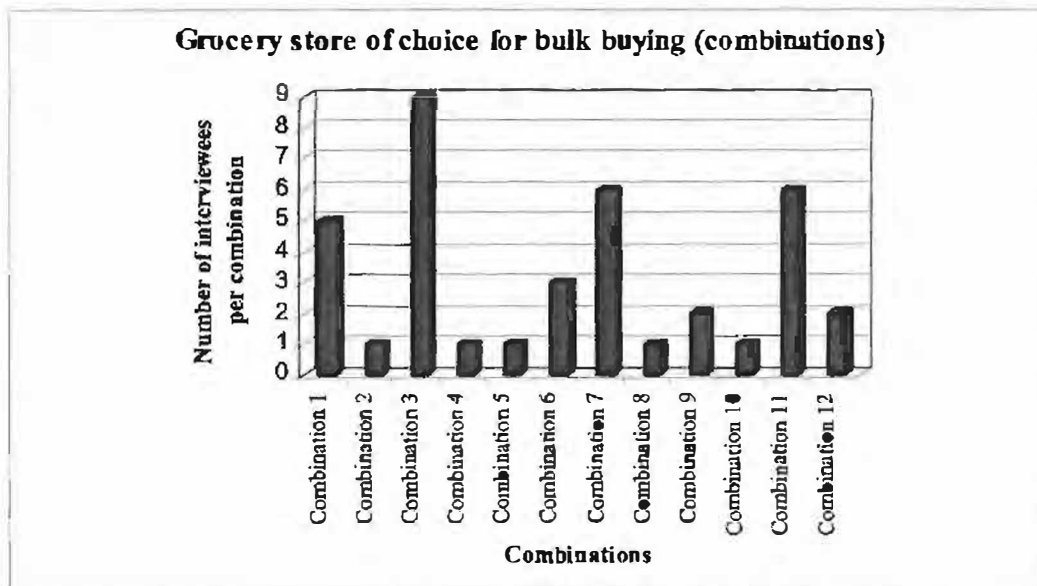
This graph shows the combinations of grocery store chains of choice for bulk buying that 23% of the interviewees listed as their preferred shopping outlets. The combinations are as follows:

- 66 -

- Combination 1: Shoprite-Checkers / Spar
- Combination 2: Shoprite-Checkers / Spar / Other
- Combination 3: Pick 'n Pay / Shoprite-Checkers
- Combination 4: Pick 'n Pay / Shoprite-Checkers / Spar / Other
- Combination 5: Pick 'n Pay / Shoprite-Checkers / Woolworths
- Combination 6: Pick 'n Pay / Other
- Combination 7: Pick 'n Pay / Spar
- Combination 8: Pick 'n Pay / Shoprite-Checkers / Spar
- Combination 9: Pick 'n Pay / Spar / Woolworths
- Combination 10: Pick 'n Pay / Spar / Woolworths / Other
- Combination 11: Pick 'n Pay / Woolworths
- Combination 12: Spar / Other

Of these combinations, nine of the twelve combinations include Pick 'n Pay, further adding to the popularity of Pick 'n Pay as the preferred grocery store of choice for bulk buying.

Figure 11: The Grocery Store of Choice when Buying Frequently Used Items.
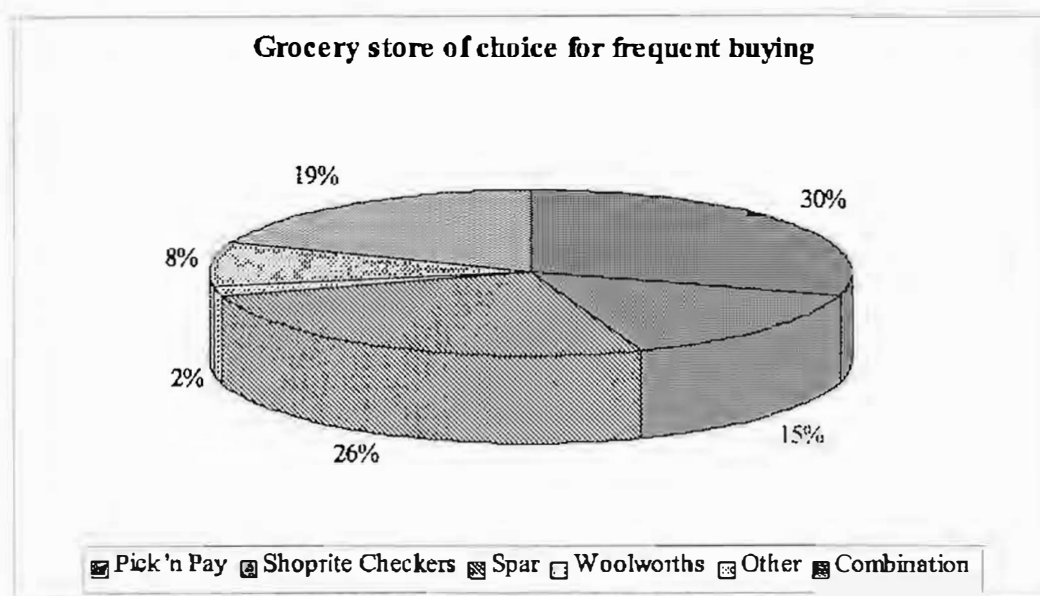
In terms of buying frequently used groceries such as milk and bread, 30% of interviewees listed Pick 'n Pay as their grocery store of choice, followed closely by

Spar with 26% and Shoprite-Checkers with 15%. 19% of the interviewees use a combination of grocery store chains to purchase their frequently used groceries.

Figure 12: The Grocery Store of Choice when Purchasing Frequently Used Items (combinations of multiple answers).
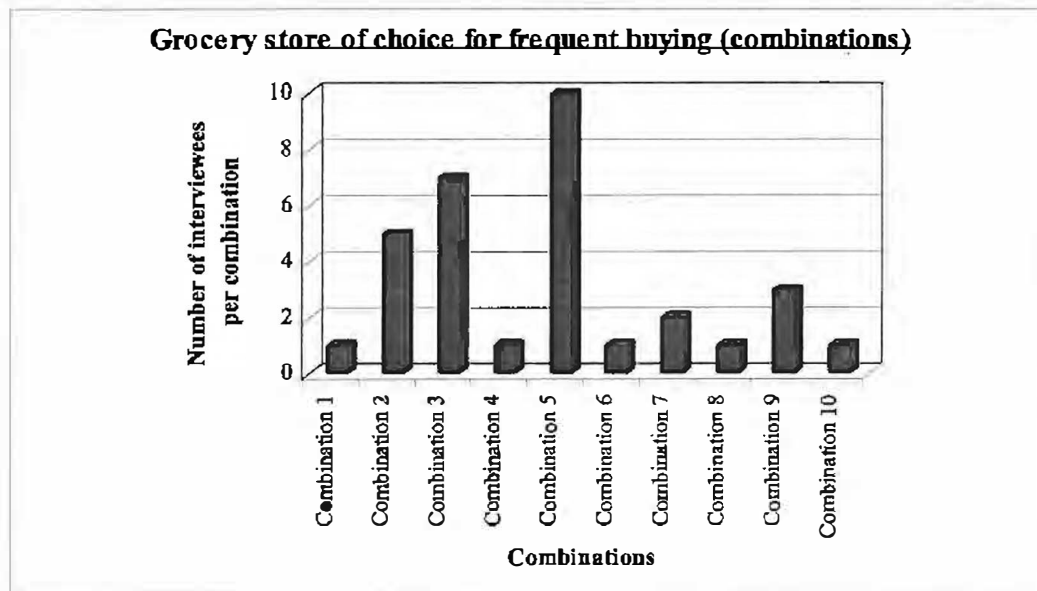
Combinations of preferred grocery store chains for frequently used grocery items include:

- Combination 1: Shoprite-Checkers / Other
- Combination 2: Shoprite-Checkers / Spar
- Combination 3: Pick 'n Pay / Shoprite-Checkers
- Combination 4: Pick 'n Pay / Shoprite-Checkers / Spar
- Combination 5: Pick 'n Pay / Spar
- Combination 6: Pick 'n Pay / Spar / Other
- Combination 7: Pick 'n Pay / Spar / Woolworths
- Combination 8: Pick 'n Pay / Woolworths
- Combination 9: Spar / Other
- Combination 10: Spar / Woolworths

Spar is the favourite of the grocery stores, being included in seven of the ten combinations; and Pick 'n Pay, again, features strongly as a preferred grocery store (listed in six of the ten combinations). Although these results show which is the

grocery store of choice for bulk buying and frequently used grocery shopping, they do not show right out whether the interviewees remain loyal to one store to do both types of shopping.

Figure 13: The Grocery Store of Choice when Buying both Bulk and Frequently Used Items.
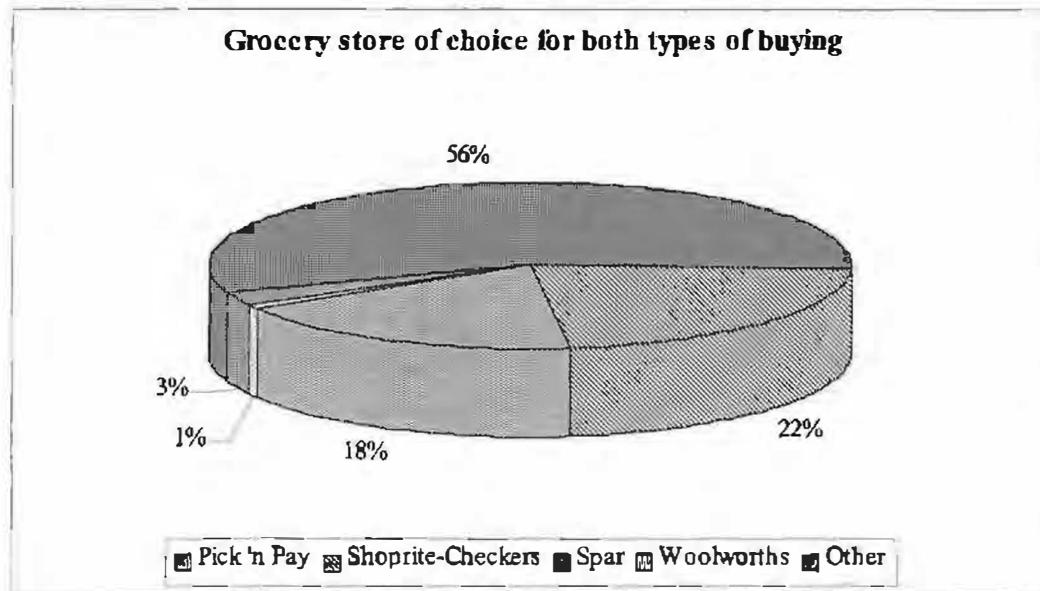
Of the 166 interviewees, 117 used the same grocery store for both their bulk buying and their frequently used purchases. This indicates that 70% of the people interviewed show some loyalty in their purchasing behaviour patterns. Pick 'n Pay is the preferred grocery store of 56% of the 117 interviewees, followed by Shoprite-Checkers with 22% and Spar with 18%. This gives some indication of the loyalty of the residents of Pietermaritzburg and surrounding areas, but a clearer picture will emerge once other aspects of loyalty are analysed.

Figure 14: Shopping at a Specific Store or at Any of the Preferred Grocery Chain's Stores.

Shop at specific or any of preferred grocery chain's stores

23%

77%

Specific store of preferred chain ■ Any store of preferred chain
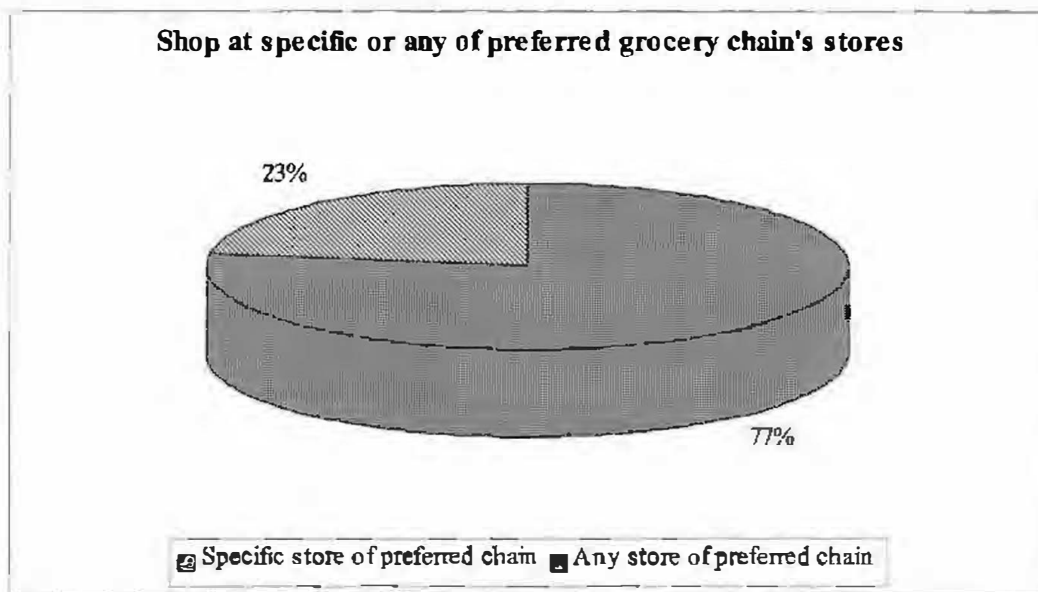
The depth of the interviewees' loyalty was further determined by assessing whether the interviewees are loyal to a specific store within the grocery chain or whether they shop at any of the grocery chain's stores. The results were very clear – 77% of the interviewees return to shop at a specific store of the preferred grocery chain. A range of reasons were given for returning to a specific store of the preferred grocery chain including *"good management"*, *"convenience"*, *"location"*, *"knowing the layout of the store"*, *"friendly and helpful staff"*, *"lower prices"*, *"parking and security"*, and *"general cleanliness"*.

Figure 15: The Grocery Shopping Habits of Interviewees.

Grocery shopping habits of interviewees

21%

45%

27%

7%

■ Monthly ■ Weekly ■ Daily ■ Combination
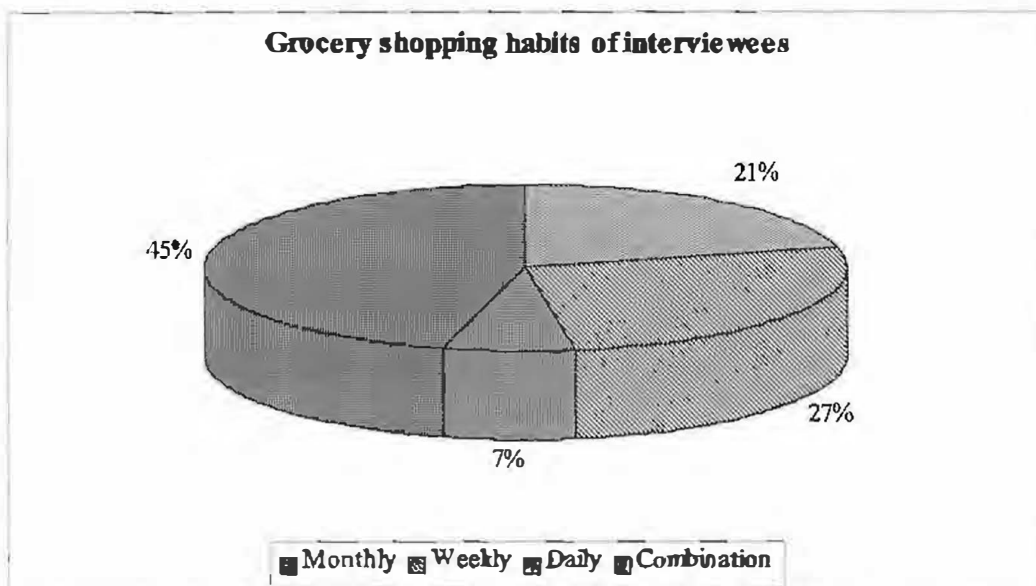
Grocery shopping is a chore that is done at different times – 27% of the interviewees shop weekly, 21% percent monthly, and 7% daily; but the majority (forty-five percent) of the interviewees shop at different times depending on what items are needed and when.

Figure 16: Reasons for the Interviewees' Choice of Grocery Store.
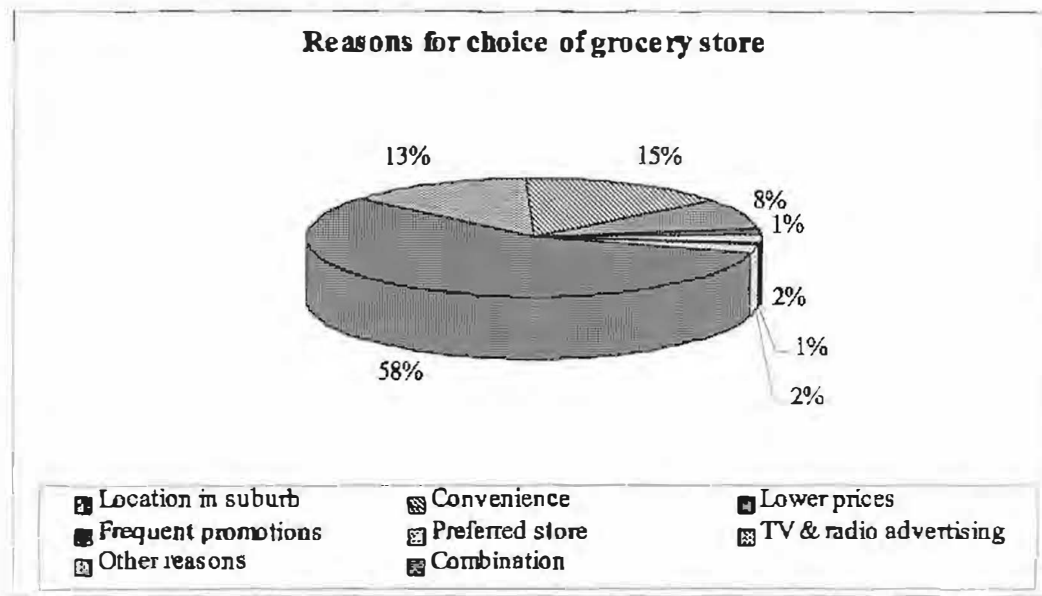
Although the interviewees showed levels of loyalty towards their preferred grocery stores, it is the reasoning behind that loyalty that is more important. The interviewees were presented with a number of reasons as listed in the graph above. An overwhelming number (58%) of the interviewees gave more than one reason for their choice of grocery store. In terms of single reasons, convenience (ie: parking, opening hours etc) and location in the suburb were chosen by more interviewees than the other reasons (15% and 13% respectively). The combinations of reasons are presented in the graph below.

Figure 17: Reasons for the Interviewees' Choice of Grocery Store (combinations of multiple answers)
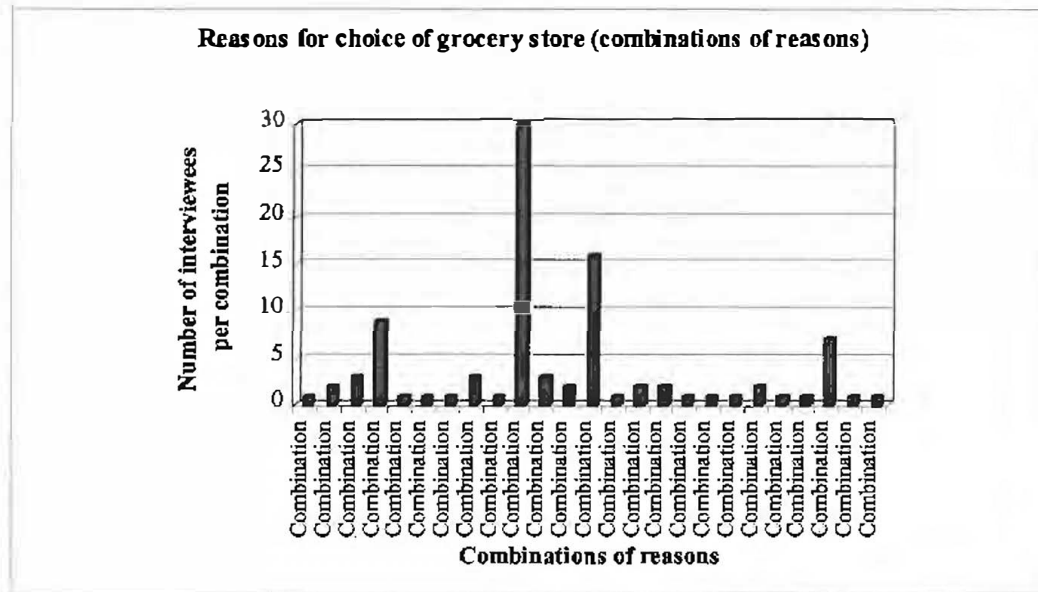
The combinations of reasons for their choice of grocery stores are as follows:

- Combination 1: Convenience and other reasons
- Combination 2: Convenience and preferred store
- Combination 3: Convenience, lower prices and frequent promotions
- Combination 4: Convenience and lower prices
- Combination 5: Convenience, lower prices and preferred store
- Combination 6: Convenience, lower prices, frequent promotions and TV and radio influences
- Combination 7: Convenience, lower prices and other reasons
- Combination 8: Convenience and frequent promotions
- Combination 9: Location and preferred store
- Combination 10: Location and convenience
- Combination 11: Location, convenience and other reasons
- Combination 12: Location, convenience and preferred store
- Combination 13: Location, convenience and lower prices
- Combination 14: Location, convenience, lower prices, frequent promotions, preferred store and TV and radio influences
- Combination 15: Location, convenience, lower prices and other reasons
- Combination 16: Location, convenience, lower prices and frequent promotions

- Combination 17: Location, convenience, lower prices, frequent promotions and other reasons

- Combination 18: Location, convenience, lower prices, frequent promotions and preferred store

- Combination 19: Location, convenience, lower prices, and TV and radio influences

- Combination 20: Location, convenience and frequent promotions

- Combination 21: Location, convenience, frequent promotions and preferred store

- Combination 22: Location, convenience, frequent promotions, preferred store, and TV and radio influences

- Combination 23: Location and lower prices

- Combination 24: Location and other reasons

- Combination 25: Lower prices and frequent promotions

From the graph it is very plain to see that the interviewees pick their grocery store based on location and convenience (32%), location, convenience and lower prices (17%), convenience and lower prices (10%), and location and lower prices (7%). Thus the basis for choice of grocery store rests on its location, convenience to the interviewees and the prices of the products at the store.

Figure 18: The Choice of Products Purchased during Bulk Buying.
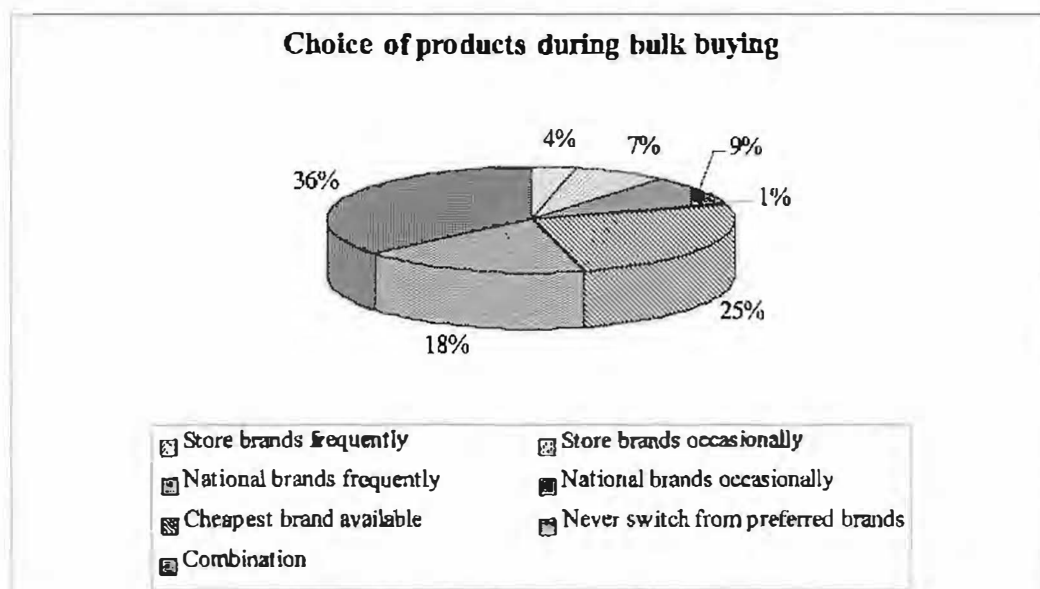
To further examine the loyalty of the interviewees to their grocery store of choice, interviewees were asked about the products that they purchased – to ascertain whether or not the store's branded products were included on their shopping lists. Again, the majority gave a combination of choices of products bought (36%). 25% buy whichever products happen to be cheapest on the day they go shopping and 18% never switch from their preferred brands. In terms of purchasing store branded products, 7% of the interviewees purchased them occasionally and 4% purchased them frequently, suggesting a certain level of loyalty but whether the loyalty is towards the store or the price is unknown.

Figure 19: The Choice of Products Purchased during Bulk Buying (combinations of multiple answers).
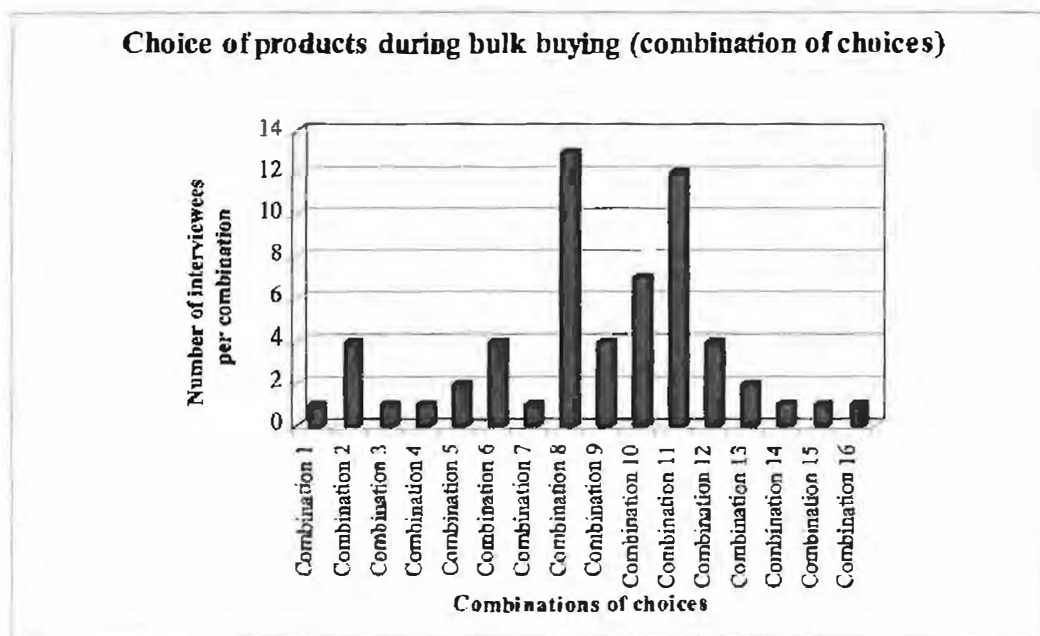
36% of the interviewees purchase a combination of products during their bulk buying shopping trips. These combinations are as follows:

- Combination 1: Purchase the cheapest products available but never switch from preferred brands

- Combination 2: Purchase national manufacturers' brands frequently but never switch from preferred brands

- Combination 3: Purchase national manufacturers' brands occasionally but purchase the cheapest products available

- Combination 4: Purchase national manufacturers' brands occasionally but never switch from preferred brands

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- Combination 5: Purchase grocery store brands and national manufacturers' brands occasionally

- Combination 6: Purchase grocery store brands and national manufacturers' brands occasionally but purchase the cheapest products available

- Combination 7: Purchase grocery store brands and national manufacturers' brands occasionally but never switch from preferred brands

- Combination 8: Purchase grocery store brands frequently but purchase the cheapest products available

- Combination 9: Purchase grocery store brands frequently and national manufacturers' brands occasionally

- Combination 10: Purchase grocery store brands occasionally but purchase the cheapest products available

- Combination 11: Purchase grocery store brands occasionally and national manufacturers' brands frequently

- Combination 12: Purchase grocery store brands occasionally, national manufacturers' brands frequently but never switch from preferred brands

- Combination 13: Purchase grocery store brands occasionally but never switch from preferred brands

- Combination 14: Purchase grocery store brands and national manufacturers' brands frequently

- Combination 15: Purchase grocery store brands and national manufacturers' brands frequently but purchase the cheapest products available

- Combination 16: Purchase grocery store brands and national manufacturers' brands frequently but never switch from preferred brands

The largest number of interviewees (22%) listing more than one product purchase choice list their purchase choices as buying grocery store brands frequently but also the cheapest products available. The other two combinations of choice listed by interviewees to note are, purchasing grocery store brands occasionally and national manufacturers' brands frequently (20%) and purchasing grocery store brands occasionally but also the cheapest products available (12%). In terms of the combinations of product purchase choice, both grocery store brands and national manufacturers' brands are listed as the products of choice an equal number of times,

suggesting that the grocery store brands do not add to the reasons why interviewees shop at a chosen grocery store.

SWITCHING COST MEASURES

Switching costs depend on the size of the investment made by the customer in purchasing the brand and the risk involved in switching to another brand. Customers will stick to the brand they know or they will swap between brands at every opportunity if possible and without risk (Aaker, 1991, pp. 44-45). Analysing switching costs will provide insight into the extent to which customers are loyal to a brand because it would cost too much or it would be too risky to swap to another.

Figure 20: How often Interviewees Switch between Grocery Stores.
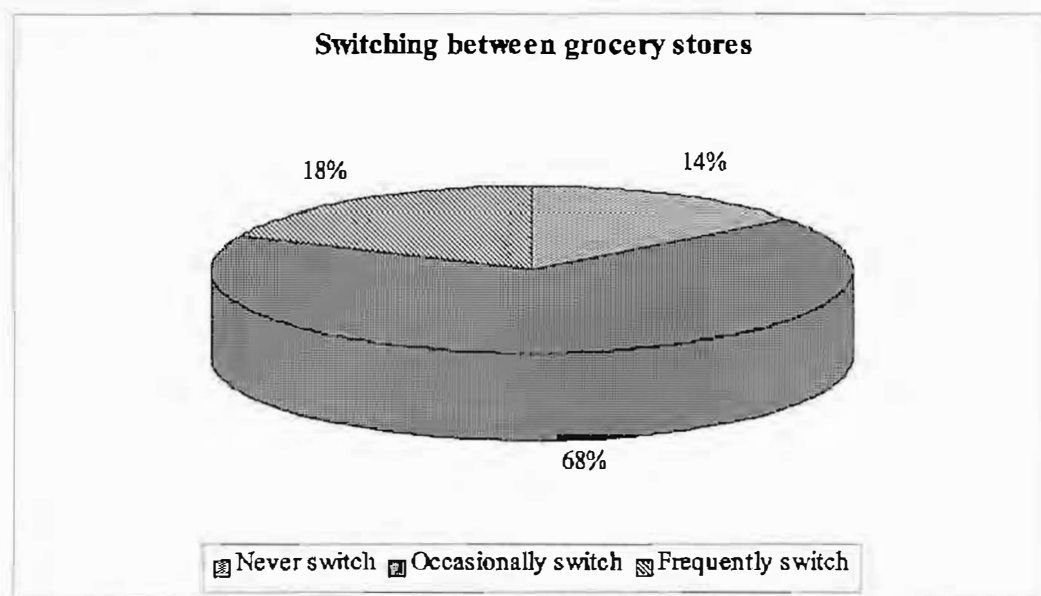
Of the people interviewed, 68% indicated that they occasionally switch between grocery stores – if the benefits of switching to another grocery store outweigh any risks / costs. 18% of the sample frequently switches between grocery stores, signifying no loyalty at all, in comparison to 14% who remain devoted to the same grocery store by never swapping. It is interesting to note that, of the 14% who never switch, 62% shop at Pick 'n Pay, 17% shop at Shoprite-Checkers and Spar respectively and 1% shops at another store, Checkout.

Grocery store of choice for interviewees that never switch

17%   17%   0%
                4%

62%

■ Pick 'n Pay ▩ Spar ▣ Shoprite-Checkers ▣ Woolworths ▣ Other
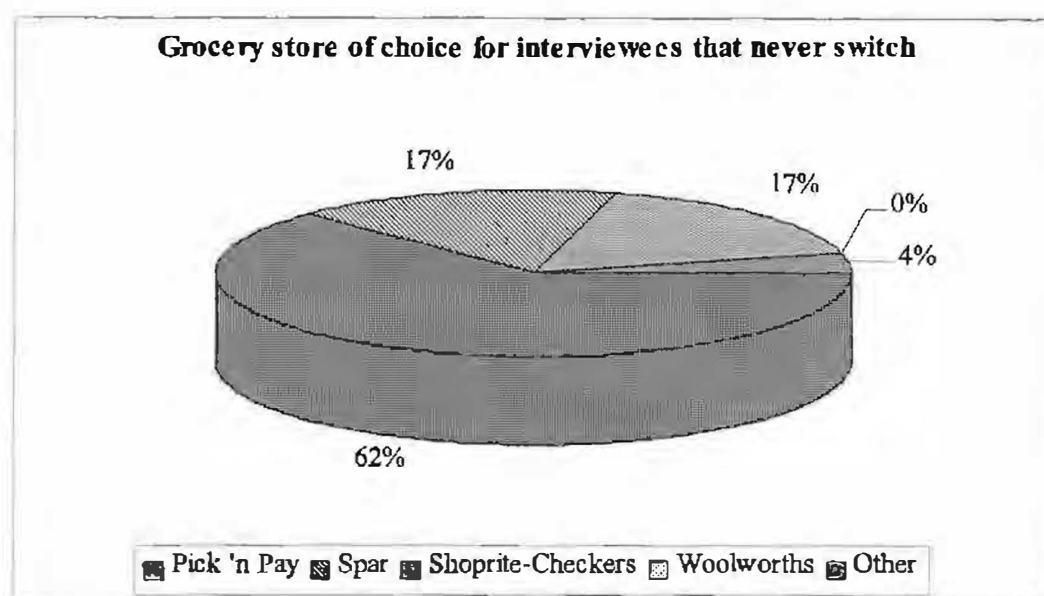
To further analyse the interviewees' switching habits, it is necessary to find out why they have switched from their preferred grocery store to one of the other stores available.

Figure 22: Reasons for Switching between Grocery Stores.

Reasons for switching between grocery stores

14%   2%   17%
14%

3%

1%   49%

▣ Not satisfied with usual store   ▩ Promotions at other stores
▣ Convenience at time of shopping   ▩ No risk in changing
▣ Other   ▣ Combination
▩ Never switch
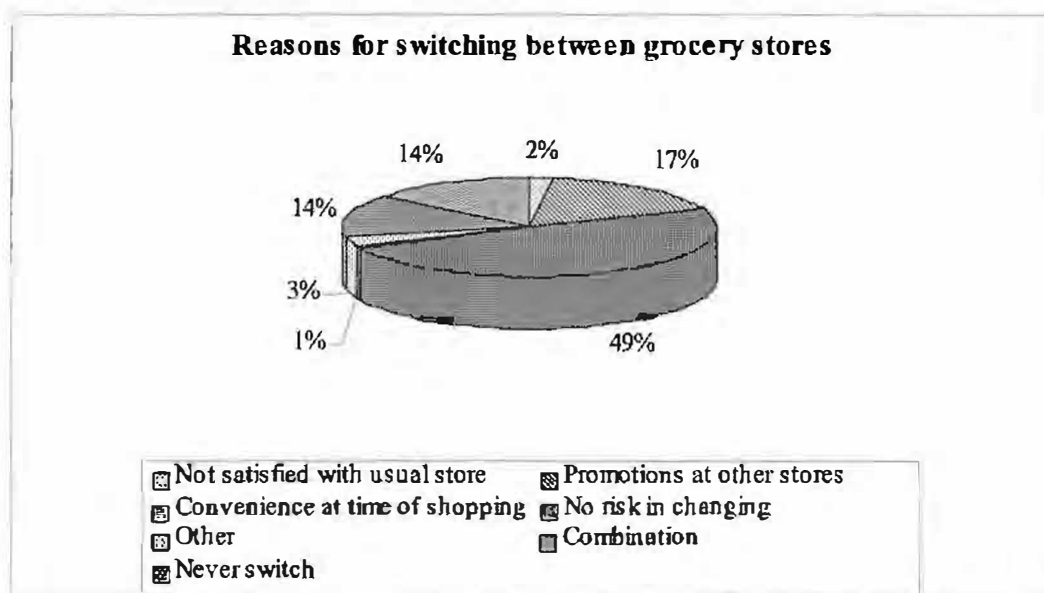
The interviewees were given a choice of reasons for switching between the grocery store chains, which included not being satisfied with their preferred grocery store, the price promotions offered at the other grocery stores, convenience at their time of

shopping, there were no risks involved in changing to the other grocery stores, or any other reasons they could think of. The majority (49%) switched to another grocery store due to the convenience at the time of shopping while 17% switched because of promotions offered at the other grocery store chains. The 14% that remain devoted to their preferred grocery store did not answer this question for obvious reasons and another 14% of the interviewees gave a combination of reasons. The 3% that listed other reasons for switching included swapping because products were not available and shopping in the middle of the month when the stores are quieter.

Figure 23: Reasons for Switching between Grocery Stores (combinations of multiple answers).
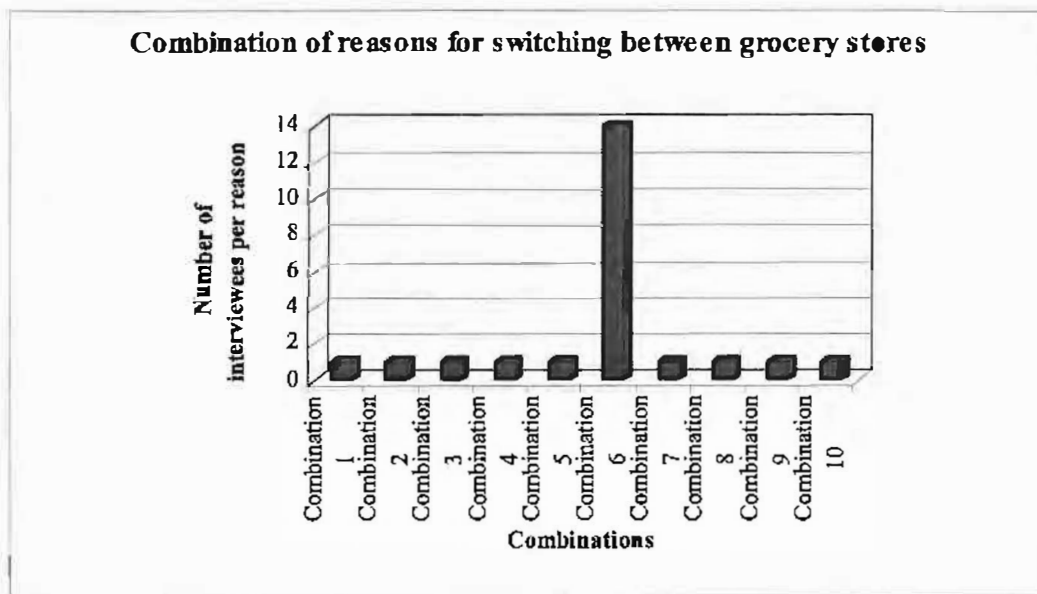
It is clear from the graph above that a large number of interviewees (61%) that gave a combination of reasons for switching, switch between grocery stores for special promotions offered by the other grocery stores or for convenience at the time of shopping.

SATISFACTION / DISSATISFACTION MEASURES

A researcher must not only measure levels of satisfaction but also measure levels of dissatisfaction and at the same time this measure must be current, representative and sensitive (Aaker, 1991, pp. 45). The customers must be given the opportunity to express any dissatisfaction; otherwise there is a great possibility that the research results will be skewed.

Figure 24: Interviewees' Satisfaction with the Service of their Bulk Buying Grocery Store.

Interviewees' satisfaction with the service of their bulk buying grocery store

1% 7% 3%

89%

☐ Yes ⬜ No ⬚ Most of the time ⬚ Not always
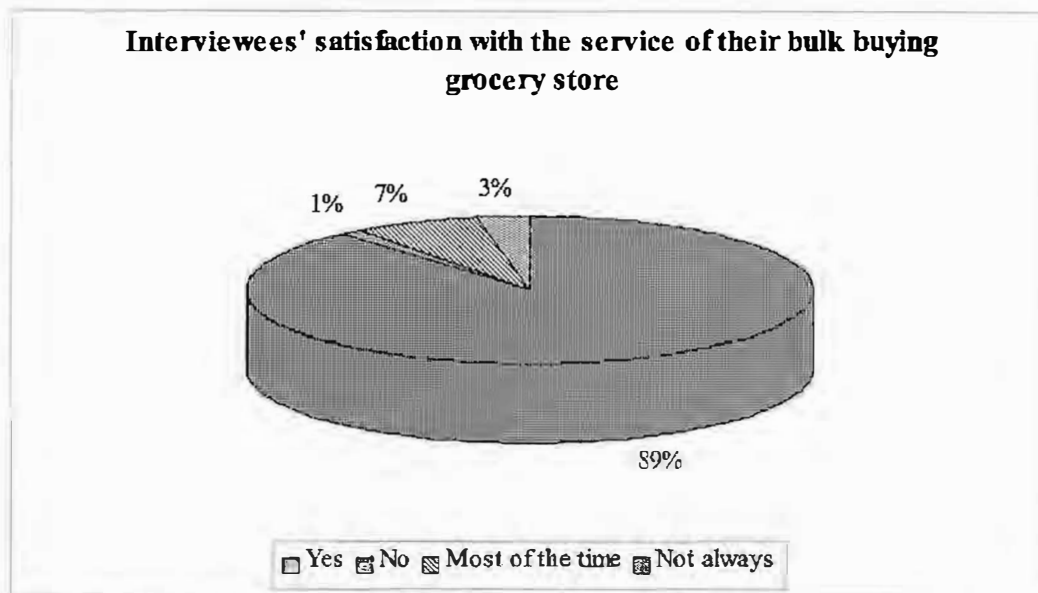
Figure 25: Interviewees' Dissatisfaction with the Service of their Bulk Buying Grocery Store.

Interviewees' dissatisfaction with the service of their bulk buying grocery store

7% 1%

17%

75%

☐ Yes ⬜ No ⬚ Most of the time ⬚ Not always
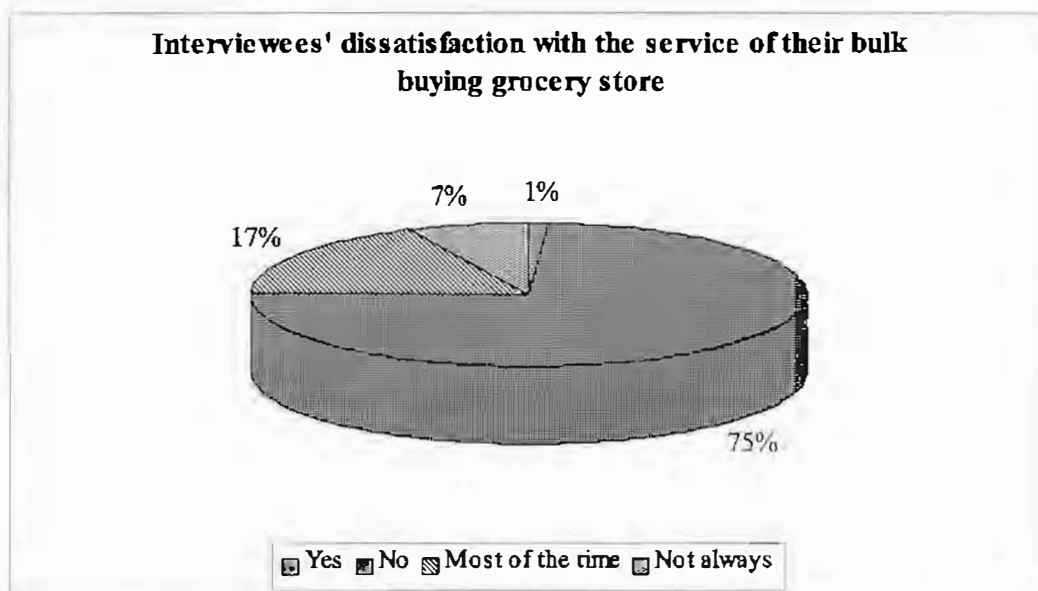
Interviewees were asked to express both their satisfaction and dissatisfaction of the "service" that is offered by the grocery store where there bulk buying is done. Clearly most interviewees (89%) are satisfied with the service offered and 75% have never experienced any problems. The interviewees that did express some dissatisfaction were not happy in terms of till staff being unfriendly and avoiding eye contact with them, no small change available in the tills, long queues and unmanned tills during peak shopping hours, products being out of stock and the fresh produce not being

fresh. These reasons for dissatisfaction can easily be resolved in order to impress customers and increase loyalty.

LIKING OF THE BRAND

Brand loyalty also involves an overall liking of the brand or firm. Researchers will want to find out whether or not customers "like" the brand, and/or have feelings of "warmth, respect or friendship" towards the brand or firm. These overall feelings towards the brand or organization raise the barriers to entry for competing brands and also increase the price customers are likely to pay for the product or service. Feelings of like can be scaled in various ways including liking, respect, friendship, trust and so forth (Aaker, 1991, pp. 45-46).

Figure 26: Interviewees' Feelings towards their Preferred Grocery Store.
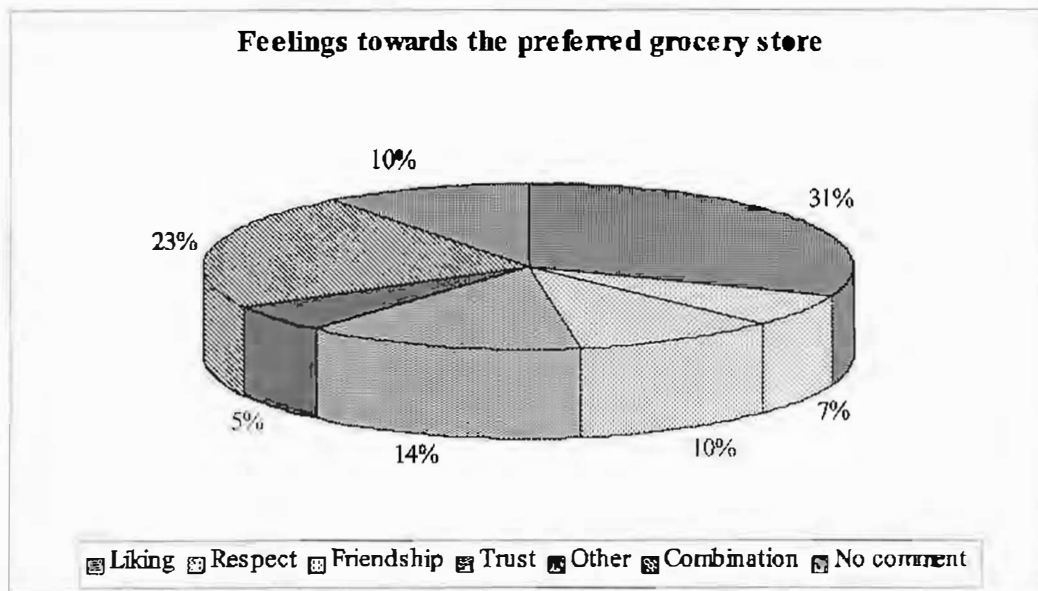
31% of the interviewees described their feelings as "liking" the grocery store, 7% felt respect towards the grocery store, 10% looked upon the grocery store as a friend and 14% described feelings of trust. Another 10% made no comment and 5% placed their feelings in the "other" category. These other feelings included enjoyment, indifference and no feelings at all as shopping is a necessity! A number of the interviewees (23%) felt a combination of feelings towards their preferred grocery store.

Figure 27: Interviewees' Feelings towards the Grocery Stores (combinations of multiple answers).
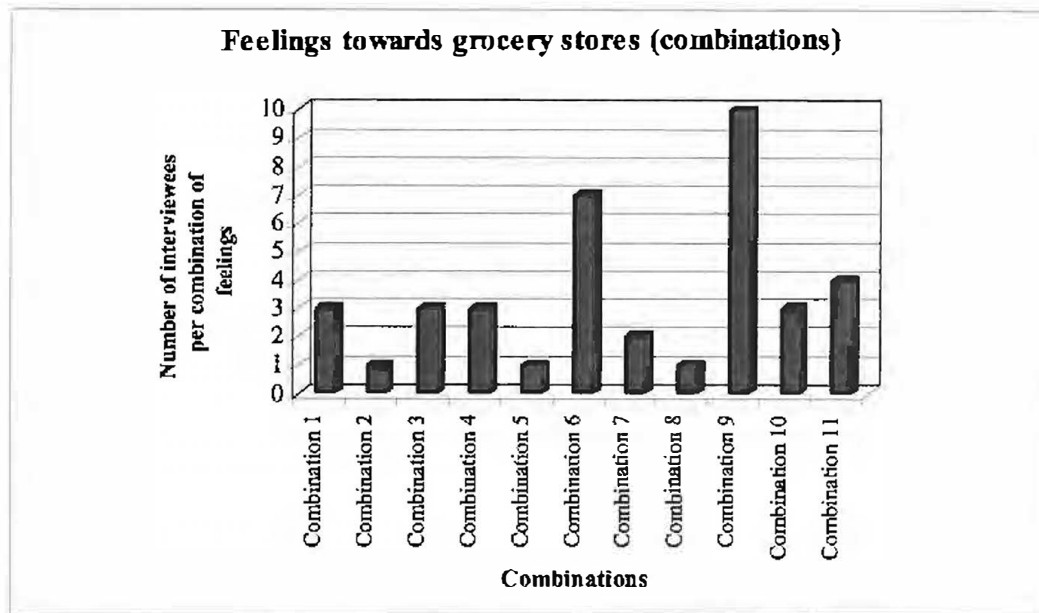
The combinations of feeling chosen were as follows:

- Combination 1: Friendship and trust
- Combination 2: Liking and other feelings
- Combination 3: Liking and friendship
- Combination 4: Liking and respect
- Combination 5: Liking, respect and friendship
- Combination 6: Liking, respect, friendship and trust
- Combination 7: Liking, respect, friendship, trust and other feelings
- Combination 8: Liking, respect and trust
- Combination 9: Liking and trust
- Combination 10: Respect and trust
- Combination 11: Respect, friendship and trust

Of the 23% that listed multiple feelings towards their preferred grocery store, 26% described their feelings as liking and trust and 18% listed all four feelings – liking, respect, friendship and trust. Again, "liking" appears to be the dominant feeling towards the grocery store as it was included in eight of the eleven combinations as chosen by the interviewees.

To further determine the interviewees' feelings toward their preferred grocery store, the question of paying premium prices in order keep shopping at that store was raised.

Would you pay more to shop at your preferred grocery store?

4% 1%

43%

52%

☐ Yes ☐ No ☐ Maybe ☐ No Comment
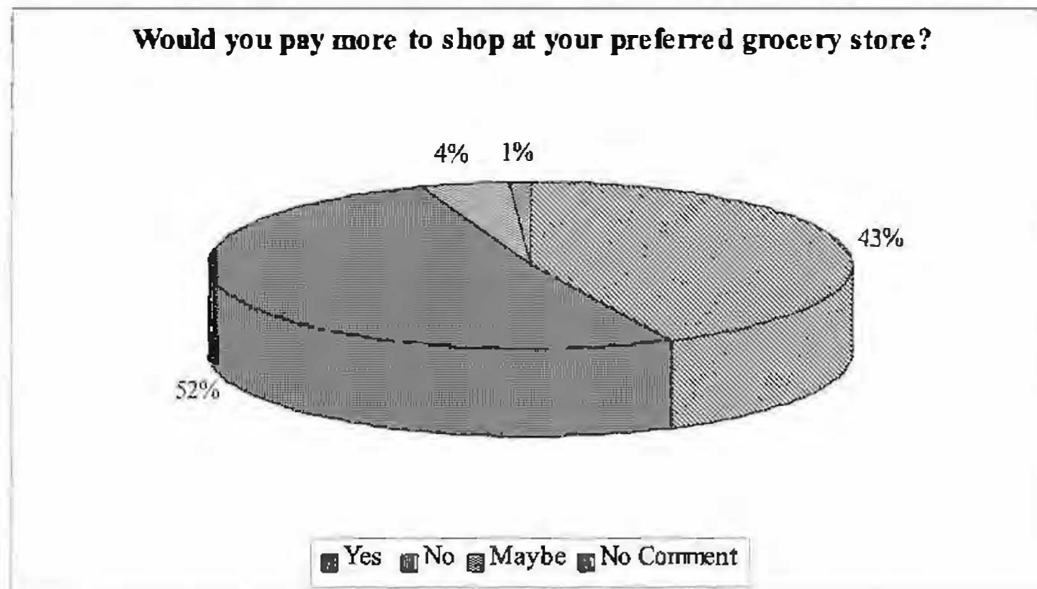
The majority of the sample (52%) stated that they would refuse to pay more to shop at their preferred grocery store. They felt that the cost of living was already too high and budgets too tight to warrant paying even more. However, quite a large number of the sample (43%) felt that they would indeed pay more to shop at their preferred grocery store. The reasons for doing this were numerous and included *"clean fresh products"*, *"convenience"*, *"smaller, quieter and shorter queues"*, *"location"*, *"extended hours and safe parking"*, *"excellent service and reasonable prices"*, *"comfortable environment, good quality and wide variety"*, *"friendly environment and helpful staff"*, *"the surrounding store within the centre"*, *"hygienic and know layout of store"*, *"familiarization"*, *"good customer relations"*, *"eco-friendly"*, and *"professional image."* The remaining interviewees – 4% - were undecided and 1% did not answer the question.

The interviewees were also asked to give their impressions of the grocery store where they do the bulk of their grocery shopping and to also provide a three-word description for each of the four identified grocery stores in the Pietermaritzburg and surrounding area. Responses given (included in Appendix B) were wide and varied and obviously reflect most positively for their stores of preference. Common themes

within the descriptions included the aesthetics of the stores, the quality and prices of the products and the friendliness / unfriendliness of the staff.

COMMITMENT MEASURES

The final aspect measured by the questionnaire is the commitment of the interviewees to their preferred grocery stores. Commitment from customers is what every producer wants for their brand. Commitment can be quite easily detected by the level of interaction and communication involved with the product or by the extent to which the brand is important to the customer (Aaker, 1991, pp. 46). Does the customer talk about the brand and recommend it to others?

Figure 29: Do Interviewees' Talk about their Experiences?
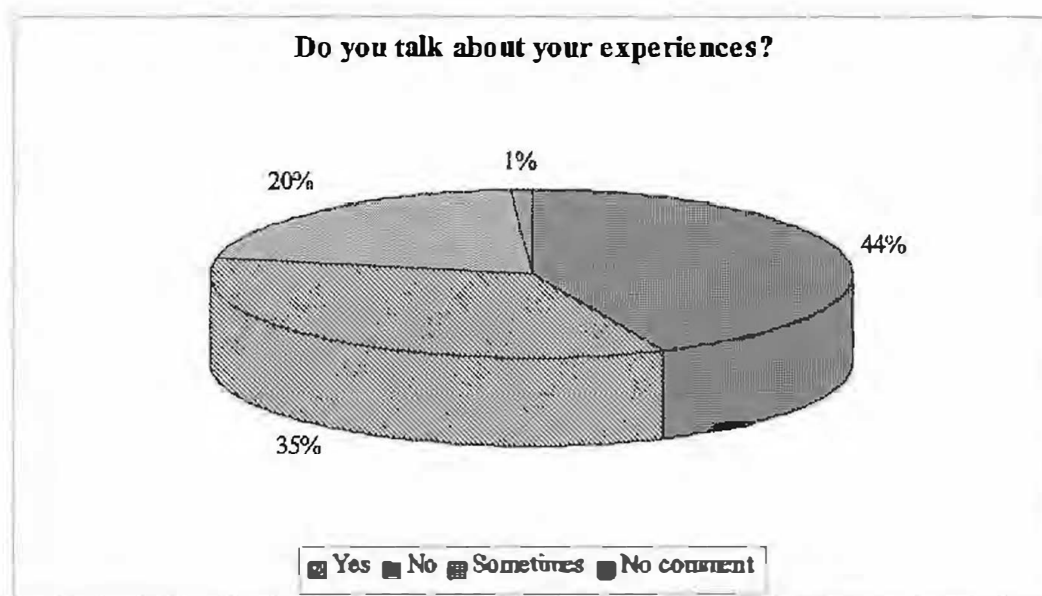
When questioned about whether or not their shopping experiences are ever talked about, the interviewees were divided – 44% did talk about them, 35% do not discuss shopping, 20% sometimes did and sometimes not and the final 1% did not comment. The topic of shopping appears to be brought up when something negative happens and/or the prices have increased; but not if everything is satisfactory.

Interviewees were also asked whether or not they would persuade other people to frequent their preferred grocery store instead of one of the others.

Figure 30: Do Interviewees' Persuade Others to use the Same Store?

Do you persuade them to use the same store?

4%   5%   1%   19%

71%

■ Yes ■ No ■ Sometimes ■ Not really ▨ No comment
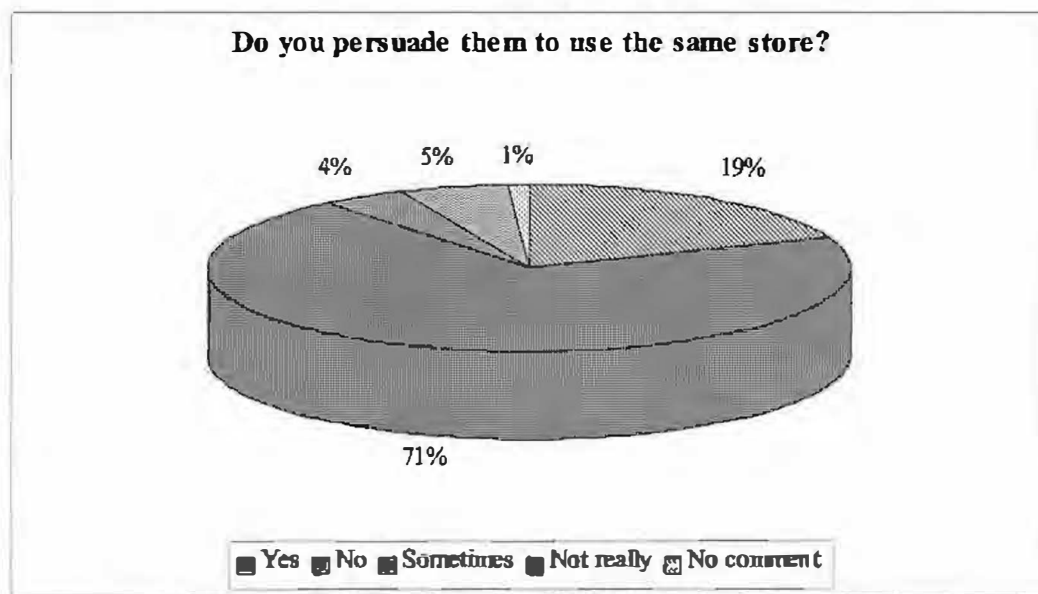
An overwhelming percentage (71%) were adamant that the choice of grocery store was a personal choice and they would, therefore, not try and persuade others to change. 19% felt that they would persuade others to change if it was to their benefit. The remaining 10% said "sometimes", "not really" or made no comment. A number of the interviewees pointed out that they did not have to persuade others to use their preferred grocery store as they were already shopping there.

CHAPTER 7

RESEARCH DISCUSSION, CONCLUSIONS & RECOMMENDATIONS

The questionnaire was designed in order to determine whether or not residents of the Pietermaritzburg and surrounding areas are loyal to their preferred grocery store, and if so to what extent do they remain loyal. Loyalty can be measured in several different ways, but to gain the clearest and most comprehensive picture it is imperative that as many ways as possible are researched. This particular questionnaire covered actual buying patterns (behavioural measures), switching cost measures, satisfaction / dissatisfaction measures, overall feelings measures and commitment measures (Aaker, 1991, pp. 43-46). Together these five methods of measurement can determine whether the management of the grocery stores in question are on the right track or whether corrective action needs to be undertaken to increase their customers' level of loyalty.

BEHAVIOURAL MEASURES

Actual buying patterns were determined for two types of buying – bulk grocery shopping and frequent grocery shopping. With easily accessible corner cafes, tearooms and petrol stations also selling frequently used grocery items like bread and milk; it was necessary to differentiate between bulk and frequent buying.

The interviewees listed Pick 'n Pay as the grocery chain store of choice for both their bulk and frequent buying (45% and 30% respectively). Shoprite-Checkers (17%) and Spar (13%) were listed second and third behind Pick 'n Pay for bulk buying but were listed the other way around (Spar with 26% and Shoprite-Checkers with 15%) in terms of frequent buying. These percentages only include those interviewees that provided single answers to the two questions. A number of interviewees gave multiple answers – 23% for bulk buying and 19% for frequent buying. When the combinations were examined more closely, it was observed that Pick 'n Pay was included in nine of the twelve combinations for choice of grocery store for bulk buying and in six of the ten combinations for choice of grocery store for frequent buying, thereby further adding to its popularity as a grocery store of choice in

Pietermaritzburg and surrounding areas. Spar was included in six of the twelve bulk buying combinations behind Pick 'n Pay but was listed in seven of the ten frequent buying combinations ahead of Pick 'n Pay. Shoprite-Checkers was listed in third place behind Pick 'n Pay and Spar. These results show that more interviewees frequent Pick 'n Pay for both types of shopping than the other grocery stores. Although the sample was stratified with a similar number people being interviewed at each of the chosen chain stores, there were a surprising number of interviewees that identified one of the other grocery chain stores as their preferred choice for shopping. For example, 42 people were interviewed at Pick 'n Pay but 66 respondents gave Pick 'n Pay as their grocery store of choice, and while 42 people were interviewed at Shoprite-Checkers, only 26 of the respondents gave Shoprite-Checkers as their preferred grocery store.

It is also necessary to determine a combined level of loyalty. 70% of the sample listed the same store as their grocery store of choice for both bulk and frequent buying. Again, Pick 'n Pay topped the list as the preferred grocery store with 56%; followed by Shoprite-Checkers with 22% and Spar with 18%.

The above information was gleaned from two questions simply asking interviewees to list which grocery store they frequent for their bulk and frequent buying. This was used to determine which grocery store chain was selected over the others. Loyalty from customers towards the grocery store is what management would be striving for, but the reasoning for this loyalty is more important. A choice of several reasons for their loyalty was presented to the interviewees – location in residential area / suburb, convenience (ie: opening hours, parking, security etc.), lower priced products, more frequent promotions, TV and radio advertising influences, preferred grocery store or any other reasons. Only a small number of the sample gave single reasons for their choice of grocery store – convenience and location headed the list with 15% and 13% respectively. 56% of the interviewees gave multiple reasons for their choice of grocery store. From the analysis of the combinations of reasons, it is clear that the bases of choice for the interviewees are location, convenience and lower priced products.

To further determine the loyalty of the interviewees, they were asked whether they return to shop at one specific store of the grocery chain or whether they are happy to shop at any of the grocery chain's stores. A very large majority (77%) return to one specific store for, amongst other reasons, good management, convenience, location, knowledge of the store layout, friendly and helpful staff, lower prices, parking and security, and general cleanliness. The interviewees gave reasons other than its location for being loyal to one specific store, which means that they are also taking into account intangible factors when deciding on their shopping store of choice. If customers are (and remain) satisfied by intangible factors, as well as the tangible ones then they are more likely to remain loyal to the grocery store.

The depth of loyalty was further examined by finding out about the choice of products purchased by the interviewees – whether or not their shopping lists included store-branded products. Loyalty towards specific brands was difficult to detect from the responses given by the interviewees; the largest percentage (36%) gave multiple answers, 25% buy whichever product is cheapest on the day and 18% never switch from their preferred brands. Regarding store-branded products, 7% of the interviewees purchased them occasionally and 4% frequently. A wide range of combinations were indicated by the interviewees; the top three combinations of choices of product purchases were (i) buying store brands frequently but the cheapest products available (22%), (ii) buying store brands occasionally and national brands frequently (20%), and (iii) purchasing store brands occasionally but the cheapest products available (12%). Further in-depth research needs to be conducted to gain more insight into the link between loyalty towards the grocery store and its store-branded products.

SWITCHING COSTS MEASURES

Although grocery store managers will be pleased to see that a large number of the interviewees indicated that they shop at one specific grocery store and continue to shop at that one store, they will also be interested in finding out about those customers that shop at several different grocery store chains; how often they switch between the different chains and the reasons for the switches.

The majority of interviewees (68%) indicated that they only occasionally switch between the different chain stores compared with the 18% that frequently switch and the 14% who remain devoted to the same grocery chain by never swapping. Again, the sample was given a choice of reasons for switching between the grocery chains. 49% indicated that they switched to another chain store due to convenience at the time of shopping while 17% were enticed by the promotions offered at the other chain stores. The 14% of the interviewees that never switch did not answer this question for obvious reasons and another 14% gave several reasons for switching. After analysing the combinations of reasons for switching between grocery chains, it was very clear that the main combination of reasons included switching due to promotions offered by the other grocery chains and convenience at the time of shopping.

SATISFACTION / DISSATISFACTION MEASURES

It is very nice to be told that customers are satisfied with the "service" that is offered by the grocery store but it is also worthwhile to find out whether there is anything that is not up to scratch and, therefore, causing dissatisfaction.

When asked whether they were satisfied with the "service" offered by the grocery store or whether they ever experienced any problems where they did their bulk buying, 89% of the interviewees said that they were satisfied with the "service" offered and 75% said that they had never experienced any problems. The reasons given by those expressing some dissatisfaction can easily be resolved, thereby impressing customers and helping increase their loyalty. Dissatisfaction stemmed from till staff being unfriendly and avoiding eye contact with them, no small change available in the tills, long queues and unmanned tills during peak shopping hours, products being out of stock and the fresh products not being fresh.

LIKING OF THE BRAND

Grocery store managers will be particularly interested in what the overall feelings of the customers are toward the grocery store as the deeper the level of feeling the customer has towards the grocery store, the harder it will be for their competitors to draw them away and greater the possibility of charging the customers a premium

price. Overall feelings towards the grocery store or brand that were researched included liking, respect, friendship and trust.

23% of the interviewees indicated that they experienced multiple feelings towards their preferred grocery store – the largest number described feelings of liking and trust. The interviewees that gave single responses were spread across all levels of feelings. 31% *"like"* their preferred grocery store, 14% *"trust"* their grocery store, 10% look up their grocery store as a *"friend"* and 7% *"respect"* their preferred grocery store. Another 10% made no comment and 5% stated that they felt *"other"* feelings, which included enjoyment, indifference and no feelings at all as shopping is a necessity. The grocery store management will be striving for customers to feel deeper levels of overall feelings that will assist in entrenching their loyalty towards the grocery store.

Interviewees were also asked whether or not they would be willing to pay more to shop at their preferred grocery store in order to further determine their overall feelings towards to store. A slim majority (52%) were adamant that they would not pay more; 43% felt that they would pay more, 4% were undecided and 1% did not answer the question. Those interviewees that would refuse to pay more felt that the costs of living are already too high and budgets too tight to warrant paying more. The interviewees that were more than happy to pay more to shop at their preferred grocery store gave numerous reasons for doing so - *"clean fresh products"*, *"convenience"*, *"smaller, quieter and shorter queues"*, *"location"*, *"extended hours and safe parking"*, *"excellent service and reasonable prices"*, *"comfortable environment, good quality and wide variety"*, *"friendly environment and helpful staff"*, *"the surrounding store within the centre"*, *"hygienic and know layout of store"*, *"familiarization"*, *"good customer relations"*, *"eco-friendly"*, and *"professional image."* Grocery store management should be encouraged by these answers as it shows them that customers acknowledge the "added extras" that are made to further satisfy them.

To gain a clearer idea of what the interviewees think about the grocery store where they do their bulk buying, they were asked to give their impressions as well as a three-word description of each of the four identified grocery stores. The full set of answers

provided by the interviewees is attached as Appendix B, but to give some indication of their impressions and descriptions, the following was extracted:

1. Pick 'n Pay

   - Impressions: *"friendly; helpful; can buy everything I need; clean; well-laid out; work in the community; very reputable; always fresh; clear-cut image; respect staff system as they are concerned with education and training; no nonsense; low mark-up; always professional; impressive; promotes friendly service of professionalism; value customers; do their best to satisfy; trust products; good corporate image; employment equity; put money back into the community; customer care is their concern; comfortable shopping environment; well-situated; organized layout; eco-friendly; always on the lookout for new ideas to enhance customer service; aiming to please; innovation; value-for-money; community conscious; socially responsible; customer driven; competent and family-orientated"*

   - Descriptions: *"clean & convenient; friendly & clean; reliable quality & affordable; great, neat & bright; there for you; same everywhere; products always fresh; reasonable variety; have the edge; good customer care; great shopping; customer focussed; reputable; professional; good value & service; good all rounder; value-for-money; cheaper than others; number one shop; user-friendly; customers are king; spacious; low prices; reliable; fresh every day; very well-managed; not up to standard; untidy; classy but expensive; quick service tills; very long queues; nice different food; noisy, crowded & time-wasting; pricey; good service provider; you pay less and too busy & crammed"*

2. Checkers

   - Impressions: *"proven track record; take care of customers; help when needed; satisfactory condition; tidy & neat; good brand & low prices; recently revamped everything from store to branding; much better & more attractive; improved over past few years; well-managed & good reputation; bright, clean & spacious; looks efficient but not that people-friendly; clean & welcoming;*

conveniently located; teller a bit slow; good middle-of-the-road family store; sufficient stock; value-for-money; popular; staff efficient & obliging; professional; customer-orientated and fresh products"

- Descriptions: *"net om die hoek; lower prices, good service & fresh food; very similar to Pick 'n Pay; improved range & quality; reasonable; cheap but sometimes sloppy; customer satisfaction; ample parking; accessible & presentable; shop & save; products always available; inconveniently located; dull, no uniformity; very lousy colours; budget & disorganized; not so clean; know layout; awful & cluttered; unfriendly; well-stocked; shopping a pleasure; not so good; low quality, no customer care; not up-to-date; unappealing; dusty poor products, old produce & indifferent service ethic; trying to improve; hectic, out-of-the-way & not so user-friendly; second grade; scruffy & narrow aisles; little imagination; where South Africa shops; slow tills & frustrating; good vegetables but bad meat; priced just right; new image & convenient; behind the times and inefficient"*

3. Spar
    - Impressions: *"International, well-known, smaller stores, friendly, owner more accessible and personal; recent upgrade very welcome; professional, neat dress, always friendly and fresh products; like any other store; proper direction to aisles; excellent customer services; very spacious and prices low; promotes corporate image and reputation; exceptionally good; quality produce and products; lives up to reputation and staff motivated in promoting image of the company"*

    - Descriptions: *"Expensive; convenient with 24-hour shopping; good specials; old & expensive; pay for quality; more pricey; friendly & helpful; wherever you are; well-priced but not well-stocked; economical; usually pleasantly surprised; good location; late closing; good stock of daily items & friendly staff; good bakery; not too much room to move; very expensive & unfriendly staff; efficient; clean & helpful; versatile; lacks variety; impersonal,*

unfriendly & mediocre; respectable; products always fresh; easy to identify; love the deli; well-laid out; trust and good for me"

4. Woolworths
    • Descriptions: *"not easily accessible; when feeling rich; good quality but expensive; discerned & choicy; all goods inside; extravagant; charming; good quality; worth it; cleanliness; exclusive; well-presented stock; freshness and good service; too expensive & no parking; excellent quality; wrong location; over-priced & not friendly; customer satisfaction; always get what you want; comfortable environment; shocking parking facilities; ever so nice; inconvenient; wonderful but only in the city centre; luxuries; special occasion shopping; limited choice; too expensive; elegant, quality & interesting; best and world-class service"*

5. Others
    • Descriptions: *"Acceptable standard but not conveniently located; Makro - good bulk buying, product & customer care; Makro - unfriendly; Farmer's market – gives best value, great atmosphere and keeps cultural identity; good service, fair prices & user-friendly; convenient; not good quality; okay; friendly; helpful & useful; price is right"*

COMMITMENT MEASURES

Commitment is identified as the highest level of loyalty where customers are proud to be users of the brand (Aaker, 1991, pp. 41). They feel that the brand is very important to them either functionally or as an expression of who they are (ie: status symbol). *"The value of the committed customer is not so much the business he or she generates but, rather, the impact upon others and upon the market itself"* (Aaker, 1990, pp. 41). The interviewees were asked whether or not they ever talked about their shopping experiences and whether or not they would persuade others to change grocery stores.

In terms of the first question, the sample of interviewees indicated that some do talk (44%), others do not talk (35%), and others sometimes do and sometimes do not talk (20%). The final 1% did not comment. Of the interviewees that stated that they do

talk about their shopping experiences, most only bring up negative issues like price hikes, lack of stock and stale fresh produce.

Regarding persuading others to change grocery stores, 71% were quite adamant that one chooses a grocery store for personal reasons and it was not their business to persuade others to change. A number of the interviewees pointed out that they did not have to persuade others to change grocery stores as they already shop at the same store. 19% of the interviewees indicated that they would persuade others to change grocery stores if it were to their benefit. The remaining 10% of the sample said "sometimes", "not really" or made no comment.

The overall impression gleaned from the 166 interviewees is that they have a preferred grocery store that they frequent for their bulk and frequent buying. Their choice of grocery store is mostly based on location in their residential area or suburb, convenience in terms of parking facilities and opening hours and comparative prices. When asked about shopping at one specific store of the preferred grocery chain or shopping at any of them, reasons for returning to one specific store included good management, knowledge of store layout, friendly and helpful staff, security and general cleanliness. These further reasons for choice of grocery store will please management, as they are ones that make it more difficult for the competing grocery stores to draw customers away.

Unfortunately, in terms of loyalty, a large majority of the sample switch between grocery stores. The main reasons for switching were cited as convenience at time of shopping and special promotions offered by competing grocery stores. Grocery store managers cannot really do anything to affect switching due to convenience at time of shopping, as this involves factors beyond their control; but they need to be aware of the promotional activities of their competitors because if these occur frequently and draw customers away frequently levels of loyalty will begin to crumble.

Satisfaction levels are high and dissatisfaction levels low, which should also be encouraging to grocery store management. The reasons given for causing customer dissatisfaction need to be looked at and corrective action taken in order to show customers that their complaints are taken seriously, thereby impressing them and

increasing loyalty, rather than giving them reasons to switch to a competing grocery store.

Ultimately, grocery store management will want their customers to not only like their brand (both store and product brands) but to also place their trust in them to serve them to the highest standard. Several interviewees stated that they did not have any feelings towards their preferred grocery store as shopping is something that has to be done regardless. This attitude is one that grocery store managers will have to look at changing – loyalty will not grow out of indifference!

When asked whether a premium would be paid in order to remain a customer of their preferred grocery store, grocery store management will be very pleased to know that quite a large number of the sample (43%) would pay more. Reasons were varied and included a number of factors that are identified as "value-added" and help provide grocery stores with a competitive edge. 52% of the sample would refuse to pay any more than necessary due to the already pricey cost of living. Grocery store management would have to conduct extensive research to determine to impact of charging premium prices as there are more customers that would not pay more then not and this would have a negative effect on any possible profits from charging a premium.

CONCLUSIONS

To recap, the purpose of this research paper was to determine the loyalty levels of Pietermaritzburg and surrounding areas residents and reasons for such loyalty; what are the possibilities of customers switching to a competing grocery store and the reasons therefor.

The hypotheses developed were as follows:

H₁ **Residents of Pietermaritzburg and surrounding areas are loyal to their preferred grocery stores.**

In terms of levels of loyalty toward their preferred grocery stores, 70% of the respondents listed the same store as their grocery store of choice for both bulk and frequent buying. Loyalty to these stores is based on location, convenience

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and lower priced products. From the perspective of switching between the different grocery store chains, only 14% of the sample never switches from their preferred grocery store. To summarise, the respondents do show some loyalty towards their preferred grocery store but this is easily affected by special promotions offered by competing grocery store chains and their whereabouts at the time that they decide to do their shopping.

H₂ **Residents of Pietermaritzburg and surrounding areas are committed to specific stores of their preferred grocery store chains.**

From the findings, 77% of the respondents prefer to return to one specific store of their preferred grocery store chain rather than just shopping at any of stores.

H₃ **Switching between grocery store chains is a result of dissatisfaction with their usual preferred grocery stores.**

In terms of switching between the different grocery store chains, whilst 14% remain devoted to their preferred store the majority of the respondents occasionally switch (68%) or frequently switch (18%) between the different chains. The reasons given for switching between stores were convenience at the time of shopping and the promotions that were offered by the other grocery store chains; and not dissatisfaction as hypothesized.

H₄ **Corporate branding influences the loyalty of Pietermaritzburg and surrounding areas' residents to their preferred grocery stores.**

To gain an idea of whether respondents had any knowledge of the corporate branding of the different grocery stores, they were asked to give their impressions of their preferred grocery store. Only a few respondents included in the impressions comments about corporate branding – *"work in the community; very reputable; respect staff system as they are concerned with education and training; good corporate image; put money back into the community; community conscious; socially responsible; good brand; well-managed & good reputation; customer-orientated; promotes corporate image & reputation; lives up to reputation and staff motivated in promoting the image of the company."* Corporate branding influences only a small percentage of the respondents.

From the hypotheses, the research objectives were to:

- **To investigate how brand loyal Pietermaritzburg and surrounding areas' residents are to the grocery stores available.**
  70% of the sample indicated that they frequent the same grocery store for both their bulk and frequent buying purchases. When asked why a particular grocery store was, the reasons were based location of the store, convenience in terms of parking and shopping hours and the prices that are on offer. Loyalty to a specific store was also questioned; 77% of the respondents return to one specific store. Reasons for this included good management, knowledge of layout, friendly and helpful staff, security and general cleanliness. Findings show that Pietermaritzburg and surrounding areas' residents are loyal to a certain extent, but only 14% of the sample indicated that they remained devoted to their preferred grocery store by never switching.

- **To determine the level of loyalty these customers have toward their preferred grocery store chains.**
- **To find out what are the possibilities (if any) of these customers switching to competing grocery store chains.**
- **To discover why the customers would make the switch to the competing grocery store chains.**
  Only 14% of the interviewees pointed out that they never switch to any of the other stores regardless. 68% of the sample occasionally switches to one of the other chain stores and 18% switch all the time. Reasons given for switching to another chain store were either convenience at the time of shopping or the promotions offered by these other chain stores.

- **To establish why the residents of Pietermaritzburg and surrounding area are loyal to their preferred grocery stores.**
  Loyalty to one of the grocery store chains is based on location of the store, convenience and the fact that prices are lower than at other grocery stores according to the majority of the respondents. Loyalty to a specific store within the preferred grocery chain is based on amongst other things, good management,

knowledge of layout, friendly and helpful staff, security and general cleanliness. Management need to include in their corporate branding strategy possible ways of increasing the loyalty of their customers – the stronger the loyalty of their customers, the higher the grocery store's equity.

In terms of the hypotheses set forth prior to research, the following can be concluded:

- The majority of the sample interviewed frequents their preferred grocery store for both their bulk and frequent buying purchases. H_1 is proved.
- The majority of the sample interviewed shop at one specific store within the preferred chain store group. H_2 is proved.
- Switching between grocery store chains is not as a result of dissatisfaction with their usual preferred grocery store but rather as a result of convenience at the time of shopping and the special promotions offered at the other chains. H_3 is disproved.
- A slim minority of the sample indicated that they had any impressions or opinions regarding the corporate branding of their preferred grocery store chain and there was no indication that this in any way influences their loyalty to that particular chain store. H_4 is disproved.

RECOMMENDATIONS

In terms of the objectives set forth, the following recommendations are made:

1. **To investigate how brand loyal Pietermaritzburg and surrounding areas' residents are to the grocery chain stores available.**
2. **To determine the level of loyalty these customer have toward their preferred grocery store chains.**
3. **To establish why the residents of Pietermaritzburg and surrounding areas are loyal to their preferred grocery stores.**

Grocery store chains, in amongst organizations in general, strive to achieve brand loyalty of the highest level - a level whereby the customers are committed to the brand and proud to be users of that brand (Aaker, 1991, pp. 41). This level of

loyalty is possible for corporate brands as well as product branding. In 1998, Christopher Knight compiled a list of the top seven techniques to use to build *"incredible"* brand loyalty / brand equity (Top7Business.com). The list is as follows:

1. Ensure that your product or service always gives more than the customer expects. Groceries are products of necessity but the customer has a choice of buying different manufacturers' products as well as the store-branded products. Grocery store management must strive to provide products that are of the highest quality but at a cheaper price than those of the competing manufacturers' brands. The stigma of store-branded products being a lower quality and lower priced product needs to be overcome. Advertising and providing nutritional information on the packaging will assist in overcoming this problem.

2. Ensure that the quality of your product is of the highest level as it is hard to build long-term brand loyalty, when your short-term quality is below standard.

3. Increase the frequency of your advertisements that have been tested to be successful until the point of no increased return is reached and then ease off to a twenty-five percent advert frequency. Advertising, promotion and sponsorship are all crucial to building brand power but these activities must be carried out in a focused manner. Inappropriate or unfocused advertising can damage a brand's image or personality to the extent that it may never recover. (Tennant, in Stobart, 1994, pp. 41).

4. Brand loyalty can be one of the ways that you are able to tap into the shopping habits of your customers' behaviour. Ensure that your product or service becomes a part of their routine.

5. Make your customer a member. Give them the feeling of true ownership in your product or service, by making them proud to own it. This is difficult considering that groceries are necessities but grocery store managers can overcome this by offering promotions – for example, customers can be given points for purchasing store-branded products and once purchased a minimum volume be given cash back or extra discounts.

6. Communication, especially telephone etiquette is very much a part of your brand, so answer your phone under three rings, and with a smile. Staff training in communication skills is imperative for organizations conducting

their business with the general public. There were a number of complaints from the sample interviewed that staff at the pay points avoid eye contact and are sometimes unfriendly – this needs to be eliminated to help keep customer satisfaction levels at their highest.

7. Ensure that your employees are educated about the importance of how they are also the brand, what that means and how they can impact on customer opinion so easily. As mentioned in branding publications (Aaker, 1991; Abratt & Mofokeng, 2001; Einwiller & Will, 2001; Gad, 2000; Harris & de Chernatony, 2001; Hatch & Schultz, 2001; Markwick & Fill, 1997; Slack, in de Bono, 1993; Slack, 2000; van Rekom, 1997) organizations' have more than customers as stakeholders, their employees are just as important to the success of the business. The employees have to understand and believe in the corporate strategy (which includes corporate branding) of the organization in order for them to endorse the firm and its products or services to the consumers. Grocery store management need to ensure that their staff are involved in the decision-making processes regarding strategies and also regularly trained to ensure complete understanding.

With the rapid diffusion of technology and the ease with which innovative features of products can be copied, many competing products hardly differ in their ability to solve the customers' particular problem. Due to the fact that it is difficult to differentiate products through technological innovations leads product brands to be positioned on *"image-related characteristics"* (Einwiller & Will, 2001, pp. 8). But these can be copied too. This is where corporate branding provides great advantages.

As previously mentioned corporate branding is defined as *"the process of creating and maintaining a favourable reputation of the company and its constituent elements by sending signals to its target groups by managing behaviour, communication and symbolism"* (Einwiller & Will, 2001, pp. 2). Organizations that have done so successfully gain images, values, people and programmes that are less imitable and more durable over time. *"Corporate values like integrity, financial solidity, social and environmental responsibility, and the like are important signals that need to be transferred by the corporate brand. Those corporate values have always been highly important for corporate stakeholders ... and become even more important as*

customers become more critical. ... By establishing and strengthening the corporate brand, companies gain more visibility and acknowledgment. It endows the company and its product brands with stature, and extra dimension of values that make the difference" (Einwiller & Will, 2001, pp. 8). The image of a corporate brand is usually closely linked with what the consumer expects from the manufacturer – for example, a guarantee of quality, trust, and confirmation of knowledge within the particular area (Tennant, in Stobart, 1994, pp. 59).

A number of the grocery chain stores identified in the research have established corporate brands that are used in conjunction with their product brands. The secret to success is through the effective management of these established brands. It is important for management to not become complacent and believe that their brand is *"all-powerful"* (Keough, in Stobart, 1994, pp. 19), for this can lead to damaging consequences. An example of a fast-moving consumer good organization that takes corporate branding seriously is Coca-Cola, and their advise is to constantly keep an eye on brand management techniques and to promote the product in a consistent and robust manner, in order to ensure that the brand has a long and happy future (Keough, in Stobart, 1994, pp. 19). *"Our brand power comes from the people we have involved in the production, distribution, marketing and management of the brand. It also comes, of course, from the consumers of Coca-Cola. One of the most important factors behind Coca-Cola's success is a production and distribution system that ensures that the product reaches consumers in perfect condition wherever they may be in the world"* (Keough, in Stobart, 1994, pp. 19-20). Superior quality and consistent delivery thereof is key to success.

"Maintaining Coca-Cola's dominance around the world is achieved by paying constant and meticulous attention to brand management. ... Presence, availability, visibility, are the goals of that system" (Keough, in Stobart, 1994, pp. 22). Corporate branding is about making the organization's presence known within the market place through visibility, in terms of corporate colours or logos, advertising and sponsorships; and availability of the products or services on offer. *"Great brands need frequent and consistent advertising to make and keep them great. ... Advertising certainly awakens or re-awakens consumer interest in particular brands and informs consumers about brand quality, desirability and image"* (Keough, in Stobart, 1994,

pp. 24). Another important aspect of branding is the relationship between the manufacturer (in this case the retailer / manufacturer) and consumer (Keough, in Stobart, 1994, pp. 29). This relationship has to be continually and carefully monitored, as customers need regular reassurance about the consistency and quality of the products or services offered. *"Advertising, promotion and sponsorship activities all have to be managed sensitively and appropriately to ensure that the messages communicated are, and remain, relevant and appealing"* (Keough, in Stobart, 1994, pp. 29-30). Grocery store managers need to commit and reinforce their commitment to satisfying their customers' needs.

Within the food industry, both product and corporate brands are needed – product brands *"give extra dimension, value and individuality"* while corporate brands *"supply the trust, quality expectations and guarantee"* (Pagano, in Stobart, 1994, pp. 61). Product brands and their positioning must be determined in relation to the corporate brand and all that it stands for, in order that there are no conflicting messages sent to the customers. Corporate branding must provide the framework within which the product brands fit profitably (Pagano, in Stobart, 1994, pp. 62). The grocery store chains identified in the research have followed this advice by creating product brands that fit within their corporate brand strategy. For example, Pick 'n Pay has developed two different product brands to attract different target groups - "No Name Brand", a generic brand offered at discount prices for the price conscious shopper and "Pick 'n Pay Choice", which provides *"value-added"* extras for the more discerning shoppers.

Corporate branding should be managed by experienced individuals from across the organization who can *"assess the value of the product brands against the corporate brand, balancing spending between the two, and they must focus their efforts and expenditure on those product brands whose success will also benefit the corporate brand"* (Pagano, in Stobart, 1994, pp. 62). The importance of including input from other stakeholders like employees and customers, in the product and corporate strategic decision-making processes cannot be over-emphasized.

4. To find out what are the possibilities (if any) of these customers switching to competing grocery store chains.

It is well documented that is it easier to retain existing customers than to find new ones (Aaker, 1991; Keller, 2000; Pitt, 1990; Slack, 2000; Stobart, 1994; and Zietsman & Higgs), and these existing customers, if managed properly and exploited, have the potential to provide value to the grocery store. There are several basic guidelines that can be followed in order to create and/or maintain brand loyalty:

- Treat the customers' right: By providing customers with a product or service that works as expected, gives them a foundation for loyalty (Aaker, 1991, pp. 50). Just as it is easier to maintain existing customers than to find new ones, so is it easier for customers to return to the grocery store rather than switch, so often the key to keeping them is to simply avoid driving them away. But to ensure the satisfaction of the customer and a strengthening of loyalty towards the grocery store, there must be a positive interaction between the parties. Customers want to be treated with respect.

- Stay close to the customer: Customer contact is important to both the customer and the grocery store. For the customer, contact in the form of focus groups or other interactive methods emphasis their value to the grocery store; and for the grocery store, contact provides them with current information on the feelings or concerns of their customers.

- Measure / manage customer satisfaction: Regular surveys need to be conducted to assess the satisfaction / dissatisfaction levels of customers, and whether changes to the way the grocery store is managed need to be made.

- Create switching costs: By creating switching costs, management increase the risks involved for the customers in changing to a competing grocery store – one such method, which also produces satisfaction for the customer is to offer loyalty / reward programmes.

- Providing extras: By providing a few unexpected extras, management can easily change customers' level of satisfaction and loyalty to their benefit.

5. To discover why the customers would make the switch to the competing grocery store chains.

Brand loyalty comes from meeting and shaping customer expectations through experience over time. Providing excellent and consistent service thus becomes a major characteristic in brand building (Leavitt & Dover, 2000).

Figure 31: Branding and Customer Loyalty.
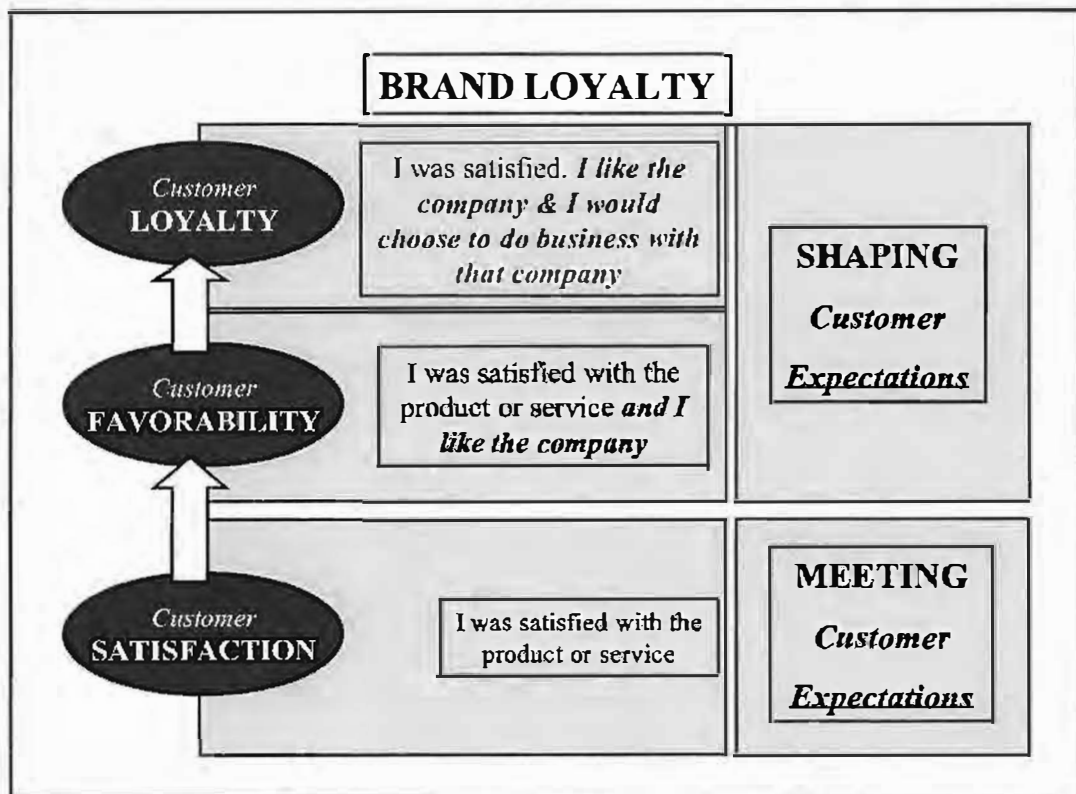
(Research International, 2000).

As discussed above, trust is the level of loyalty that grocery store management strives to achieve from its customers. *"Trust is the feeling of confidence that people have in one another in a successful relationship"* (Dickinson & Shipp, 2001, pp. 109). Trust is based on delivering promises and doing this consistently, openly and honestly. Gaining the trust of your customers requires treating them well and going out of your way to make sure that they are happy with the goods or services you are supplying them with. Communication with customers is one of the most important tools in building trust – it shows them that they are being listened to.

It is imperative that regular research is conducted by the grocery stores in order to find out whether customer expectations are continuing to be met and if not what corrective action is required to overcome this. Customers are one of the organizations' key stakeholders and by including and giving them ownership to changes that are made, only serves to establish a better and longer lasting relationship with them.

It was indicated through the research findings that switching occurs, not due to dissatisfaction with the usual preferred grocery store, but rather due to convenience at the time of shopping and the special promotions offered by the competing grocery stores available. Rather than wage price wars against competitors, it would be more advantageous to devise a plan that would attract customer despite the convenience or promotions of the competing stores.

GENERAL RECOMENDATIONS

When organizations' decide to create new brands or analyze established brands, both product and corporate, branding strategies need to be developed in order to ensure that success is achieved first time or corrective actions are devised to ultimately achieve success.

A new concept has recently been developed in brand marketing is called 4-D branding. This concept was developed and published by Thomas Gad, a marketing consultant in Sweden. He developed a model for not only understanding the strengths and weaknesses of a brand but also to create a new brand or analyze the strategic options of established brands. *"The model enables companies to create their own unique 'brand code' / 'mindspace'. The brand code represents an organization's unique corporate DNA, which can be used to drive every aspect of the business – from product innovation to recruitment"* (Gad, 2000).

The 4-D Model consists of, as the name explains, four dimensions:
- The Functional Dimension: this covers the unique features of the product or service offered, from the actual product to the way it is labelled, packaged and

offered. The combination of all these elements is as important as the technology or quality of the product.

- The Social Dimension: this dimension covers the consumer that uses the product. It expresses the user's values, giving them social status or identification.

- The Mental Dimension: by creating value in the minds of the users, the brand creates individual or personal experiences. This is successfully demonstrated by such well-established brands as BMW with "Sheer Driving Pleasure" and Nike with "Just Do It".

- The Spiritual Dimension: this covers what the brand is supposed to stand for. It goes right to the core of the customer's belief system.

Figure 32: The 4-D Branding Model.

(http://www.4dbranding.com)
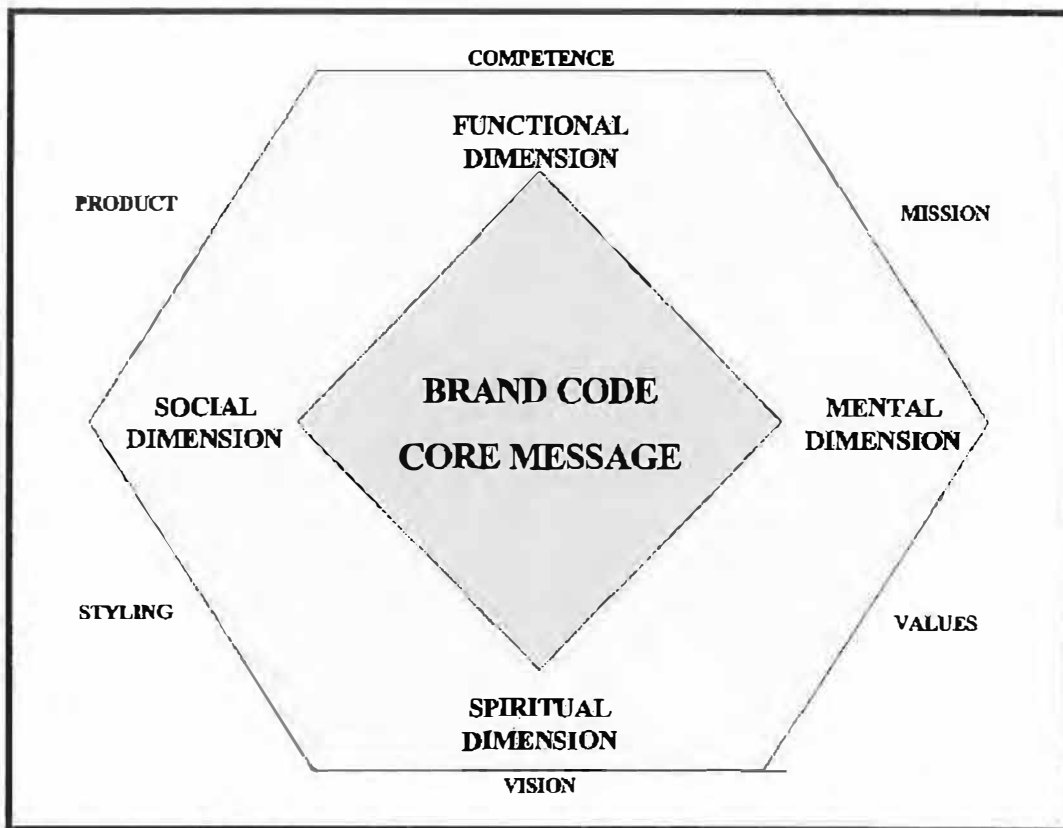
It is very important that companies realise that the brand is more than a packaging device. It delivers *"a business vision, business plan, corporate culture, image & many more aspects of business life that were previously conceptually compartmentalized. Brands are increasingly important in all our working lives ...*

every one of us needs an understanding of what branding really is" (Gad, 2000). Managers must strive to establish a brand that has the qualities of a very dear friend, someone that can be really trusted. Thomas Gad advises *"a brand should be something you relish listening to, a source of entertainment and something connecting you with other people, forming a social community around the brand. "* (2000).

Management, when creating or building brands must do so with the future in mind, even though the future is uncertain and unpredictable, it is there to be shaped. By bearing the future in mind and taking into account the following recommendations, the brand can become a brand with a future (Gad, 2000):

- The brand must be created in a person's mind: products or services without a recognised brand becomes a utility and can easily be replaced in the minds of the customers.

- The brand must stand for something: brands must have a vision or philosophy that is accepted or approved by many but must be different enough to be unique.

- The brand must involve people: relationships with the brand can be built if the customers can find a common cause and/or meaning.

- The brand must always be regarded as the company's most valuable asset: it is no longer just a marketing tool, but rather the essential essence of the organization. In the past, emphasis has been placed on the value of the tangible assets, but it has been realized that the strength of the brand actually impacts on the value of those tangible assets.

- The brand is used by management to drive the company: a strong brand has the power to unite both internal and external stakeholders especially if a common cause is found and accepted by all parties.

- The brand has a clear role within the marketplace: it is very important that the brand is as focussed as the business. Managers need to ask questions and focus on which business they are in, what role they want to play and so on.

- The brand must encourage creativity: the establishment of the brand must be an interactive process, involving both employees of the company and the customers.

- The brand should enjoy alliances with other brands: brands that are strong, established and offer the customers something unique have nothing to fear from making alliances with other brands. *"Every brand has everything to gain by*

exposing itself and connecting with the right things, in the right environment and the right kind of people" (Gad, 2000).

- The brand's best protection is from itself rather than trademark laws: customers are very aware of the company behind the brand, where the product is manufactured and past experiences, so any fraud or deviation will be easily discovered. The loyalty of satisfied customers can protect a brand more than legal protection.

- The brand has the ability to transfer both value and values: a brand is not only about money (value) but is also about culture and human nature (values). Gad (2000) believes that in future brand development, the philosophical aspect (values) will be essential to produce the economic results (value).

COMPARATIVE RESEARCH

A similar survey was conducted in the United States to determine the attitudes and loyalty of American shoppers and it was concluded that although fineness, freshness and taste are important to them, it must be affordable (The Polling Company, 2002, pp. 17). In the States, the "battle of the brands" is clearly won by manufacturers' brands, which are viewed as being far superior to store brands. In South Africa this is not the case, from this research, if has been found that the gap between national manufacturers' and store brands is much closer. Several strategic recommendations are noted in order to further close the gap (The Polling Company, 2002, pp. 18-19):

- *"Familiarity breeds content, never neglect nostalgia"*: Many brands are used by consumers because they were used when growing up, so value may be found in remembering the brands roots and maintaining their core customers.

- *"Burnish the brand as being fortified with vitamins 'R&D'"*: The fact that manufacturers' brands were acknowledged for their time and money expended on R&D, and consumers were willing to pay for more for those products indicates that store brands have to conduct R&D of their own, or if already do so be more vocal about it.

- *"New products by old brands is a phenomenon that is attractive to shoppers"*: Customers are very aware of new products that are manufactured by and sold under a familiar brand name. Brand extensions, however, need to be researched

comprehensively before being manufactured, as they can be detrimental to the original established brand.

- *"Know what 'quality' means"*: Research should conducted into what "quality" means to customers – there are many elements that can interpreted (ie: "freshness", "taste", or "price"), and by know how customers define "quality" can increase the promotional success of the brand.

- *"Quality counts, in products and in advertising"*: Quality is an important element and needs to be clearly communicated to current and potential customers through the various media channels available – radio and television, in-store displays, samples and trials.

- *"Peer product promotions is among the best forms of persuasion"*: Word-of-mouth is a very compelling method of persuasion to switch brands, but in order to succeed management need to ensure that current customers are so satisfied that they feel obliged to tell others.

- *"Desire for high quality can overcome a need for lower cost – but quality must be intact"*: It is known that quality is an important element to customers and persuasive advertising emphasising quality may persuade them to sample the brand; if the organization wants to keep these customers, there has to be elements of truth to their marketing.

- *"Provide 'value' for customer"*: Store brands are selected as a second choice behind manufacturers' brands usually due to their lower prices. Store brands need to overcome the perception of being a lower quality, less costly alternative.

In summary, customers are not particularly brand loyal towards their preferred grocery stores, but rather base their decisions on location, convenience and price. But customers are creatures of habit that want the safety of a routine that remains at a satisfactory level. By providing customers with a brand that not only promises to deliver quality at an affordable price, but also delivers on that promise, grocery stores will provide current and potential customers with concrete reasons for pledging their loyalty.

The research conducted for this paper covers only a small area within the topic of corporate branding within the grocery retail industry, and further research can be conducted in order to determine:

- Concrete methods to ensure customer loyalty to both the store-branded products and the corporate brand of the grocery store chain.
- How to increase the impact of corporate branding on grocery store customers.
- The use of corporate branding in order to overcome the stigma of store-branded products being of an inferior quality to manufacturers' brands.

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APPENDIX A

QUESTIONNAIRE

Behavioural Measures

a) Choice of grocery store for the bulk of your grocery shopping?

- — Pick 'n Pay
- — Checkers (including Shoprite and OK Bazaars)
- — Spar (including Kwik Spar and Super Spar)
- — Woolworths
- — Other

_____

_____

b) Choice of grocery store for frequently used groceries (ie: milk & bread)?

- — Pick 'n Pay
- — Checkers (including Shoprite and OK Bazaars)
- — Spar (including Kwik Spar and Super Spar)
- — Woolworths
- — Other

_____

_____

c) Do you shop at any of the preferred store's outlets or do you return to one specific store? Why?

_____

_____

_____

_____

d) Grocery shopping habits (ie: bulk shop monthly, or shop daily or weekly when things are needed)?

- — Daily
- — Weekly
- — Monthly
- — Combination of above

_____

_____

e) Reasons for choice of grocery store?

- — Location in residential area/suburb
- — Convenience (Opening Hours, Parking etc)
- — Price of products lower than other grocery stores
- — More frequent promotions than other grocery stores
- — Only buy from preferred grocery store
- — Influenced by television and radio advertising
- — Other:

_____

_____

_____

_____

f) Product purchase choices during bulk grocery shopping?

- — Purchase grocery store brands frequently
- — Purchase grocery store brands occasionally
- — Purchase national manufacturer brands frequently
- — Purchase national manufacturer brands occasionally
- — Purchase which ever brand is cheapest
- — Purchase only preferred brands (never switch brands)

Switching Cost Measures

g) Switching between grocery stores?

- Never switch between grocery stores (devoted to that store)
- Occasionally switch between grocery stores (benefits outweigh risks/costs of going elsewhere)
- Frequently switch between grocery stores (no loyalty at all)

h) Reasons for switching?

- Not satisfied with usual grocery store
- Price promotions offered at other stores
- Convenience at time of shopping
- No risk in changing grocery store
- Other:

_____

_____

_____

_____

Satisfaction/Dissatisfaction Measures

i) Are you satisfied with the "service" offered where you do the bulk of your shopping?

_____

_____

_____

_____

j) Have you ever had any problems with the "service" offered where you do the bulk of your shopping?

_____

_____

_____

_____

Liking of the Brand

k) Describe your impressions of the firm (ie: what do you think of the organization's corporate image and reputation?) where you do the bulk of your shopping.

_____

_____

_____

_____

l) What three words do you feel best describe each grocery store?

- Pick 'n Pay: _____

- Checkers (including Shoprite and OK Bazaars): _____

_____

- Spar (including Kwik Spar and Super Spar): _____

_____

- Woolworths: _____

- Other Stores: _____

m) Describe your feelings toward the firm.

- Liking

- Respect

- Friendship

- Trust

- Other

_____

_____

n) Would you pay more in order to shop at your preferred grocery store? Why?

_____

_____

_____

_____

Commitment Measures

o) Do you talk to other people about your experiences at the abovementioned grocery store?

_____

_____

_____

_____

p) Do you try to persuade them to use the same store?

_____

_____

_____

_____

General Information

q) Residential Area/Suburb in Pietermaritzburg? (Circle Suburb)

  – Allandale, Ashdown, Athlone, Bisley, Blackridge, Bombay Heights, Boughton, Caluza, Chase Valley, Cinderella Park, Clarendon, Cleland, Copesville, Eastwood, Edendale, Georgetown, Grange, Hayfields, Imbali, Lincoln Meade, Machibisa, Mason's Mill, Montrose, Mount View, Mountain Rise, Napierville, Nhlazatshe, Northdale, Oakpark, Oribi, Orient Heights, Panorama, Pelham, Central, Plessislaer, Prestbury, Raisethorpe, Scottsville, Short's Retreat, Smero Informal, Sobantu, Wemhley, Westgate, Willowton or World's View

  – Other: _____

r) Race? (Tick the appropriate box)

  – Caucasian
  – African
  – Colored
  – Indian

s) Age of Respondent?

-     16 - 24
-     25 - 40
-     41 - 60
-     60+

t) Monthly Household Income Level (Pre-Tax)?

-     Unemployed
-     Student
-     Retired
-     R1 – R3999
-     R4000 – R9999
-     R10000+

Respondent No.	Grocery store for bulk shopping?	Impressions of grocery store?	Three words to describe grocery store				
			Pick 'n Pay	Checkers	Spar	Woolworths	Other Stores
1	Checkers	Proven track record	Not up to standard	"Net om die hoek"	Above average	Too expensive	No comment
2	Pick 'n Pay	Friendly, helpful & can buy everything needed	Clean & convenient	Do not shop there	Expensive	Not easily accessible	No comment
3	Spar	International, well-known, smaller stores friendly, owner is more accessible & personal	Noisy, crowded & time-wasting	Noisy, crowded & time-wasting	Friendly, convenient & not too-large	Elegant, good quality & interesting	No comment
4	Checkers / Spar	Checker good image. Spar franchise so more susceptible to owner's quirks	Lots of specials	Good selection & cheerful	Convenient & reasonably priced	Limited but good quality	No comment
5	Pick 'n Pay	Good	Friendly & clean	Inconveniently located	Convenient & 24-hour shopping	"When feeling rich"	No comment
6	Pick 'n Pay	Clean, well laid-out, helpful staff & good work in the community	Reliable quality & affordable	Do not shop there	Good specials	Good quality but expensive	No comment
7	Checkers / Spar	Good	Okay, not bad	Cheerful	Efficient	Exclusive	No comment
8	Pick 'n Pay	Most convenient	Friendly, convenient & clean	Do not shop there	Do not shop there	Do not shop there	No comment
9	Checkers	Take care of the customers, help when needed, satisfactory condition, tidy & neat, good brand & low prices	No comment	Lower prices, good service & fresh food	No comment	No comment	No comment
10	Pick 'n Pay	Very reputable, drive from other side of town, neat, stock everything & always fresh	Great, neat & bright	Dull, no uniformity but cheap	Convenient & okay	Expensive, discerned & choicy	No comment
11	Whichever is convenient	No real impression - do not like Checkers, distrust the freshness of their produce	Tries hard but prefer Farmer's market	Do not always trust quality & cleanliness	Usually okay	No comment	Farmer's market gives best value, great atmosphere & keeps cultural identity
12	Pick 'n Pay / Woolworths	Make a genuine effort to meet customer expectations	Value for money	No comment	Always open	Good for a treat	No comment
13	Checkers	Do not do bulk shopping	Friendly	Friendly	Friendly	No comment	No comment
14	Pick 'n Pay	Clean & fresh	Clean & fresh	Very lousy colours	Old & expensive	Expensive but nice	No comment
15	Checkers	Recently revamped everything from store to branding, much better & more attractive	Reasonable prices & quality	Very similar to Pick 'n Pay	International & slightly more expensive	Expensive & sometimes disappointing	No comment
16	Pick 'n Pay	Good	There for you	Provide all needed	Pay for quality	All goods inside	No comment
17	Checkers	Improved over the past few years	Expensive version of Checkers	Good value, improved range & quality	No comment	Good quality	No comment
18	Pick 'n Pay	Image clear cut, respect staff support system as concerned with education & training	Clean, convenient & friendly	Convenient, not so clean & know layout	Do not shop there	Extravagant, charming & good quality	No comment
19	Pick 'n Pay / Checkers	Impressionable & reputation not been compromised to date	Superstore, one-shop & national	Superstore, one-shop & national	Convenient & mini store	Good quality	No comment
20	Pick 'n Pay	No nonsense, low mark-up & trying to keep costs down	Good, the same everywhere	Budget & disorganized	Convenient & more pricey	Expensive but worth it	No comment
21	Pick 'n Pay	No comment	Convenient, clean & economical	No comment	No comment	Good quality, cleanliness & exclusive	No comment
22	Spar	Good	No comment	No comment	No comment	Good quality but expensive	No comment
23	Checkers / Spar	Good, adequate parking, spacious, large range, excellent corporate image, strong brand name & good reputation	Value, good quality & convenient	Value, good quality, convenient & secure	Value, good quality & convenient	Good quality, secure & fresh products	No comment
24	Spar	No comment	Pricey	Lacks quality	Most variety	Too expensive	No comment

Respondent No.	Grocery store for bulk shopping?	Impressions of grocery store?	Three words to describe grocery store				
			Pick 'n Pay	Checkers	Spar	Woolworths	Other Stores
25	Previously disadvantaged supermarkets	Varies, never return if service bad, develop attitude that is not easy to change	No comment	No comment	No comment	No comment	Good service, fair prices & user friendly
26	Spar	Recent upgrade of stores very welcome	Too big	Not clean & too big	Size perfect & prices good	Best	No comment
27	Pick 'n Pay	Good reputation	Convenient & reasonable variety	No comment	Friendly & helpful	Clean & good quality	No comment
28	Pick 'n Pay / Makro	Promote corporate image, staff trained in how to treat customers	The best	Room for improvement	Improving	Specialised brands	Makro unfriendly
29	Pick 'n Pay / Makro	Customer focussed	Friendly, helpful & priced right	Inefficient, do not care but best bakery	Convenience	High quality, expensive & guarantee replacement	No comment
30	Pick 'n Pay	Very good	Clean, organized & friendly	Awful, not clean & cluttered	Mediocre, prices fair but not always well-stocked	Good quality, expensive but well-presented stock	No comment
31	Pick 'n Pay	Always professional, neat dress, always friendly, impressive & products fresh	Products always fresh	Too busy, cannot do proper shopping	Wherever you are	Always fresh but too expensive	No comment
32	Spar	Professional, neat dress, always friendly & fresh products	No comment	No comment	Products always fresh	Always fresh but too expensive	No comment
33	Pick 'n Pay	No comment	Convenient & reasonable variety	No comment	No comment	Good quality, freshness & service	No comment
34	Pick 'n Pay	Promote friendly service & impression of professionalism	Clean, friendly & well-stocked	Unfriendly, well-stocked & clean	Well-priced, small but not well-stocked	Expensive, not well-stocked but exclusive	No comment
35	Checkers	Proven track record	Not up to standard	"Net om die hoek"	Above average	Too expensive	No comment
36	Checkers	Well managed & good reputation	Pick & pay	Clean, specials & friendly	Convenient, spacious & good specials	Over-priced, convenient & fresh perishables	No comment
37	Pick 'n Pay	Neat & reasonable prices	Affordable & convenient	Out of my way	Nice but out of my way	Expensive & very good products	No comment
38	Pick 'n Pay / Spar	Clean, affordable & available parking	Clean, affordable & wide variety	Crowded & parking a hassle	Affordable & good specials	Expensive, great quality but parking problem	No comment
39	Pick 'n Pay	Affordable	Fresh produce & affordable	Parking available & shopping a pleasure	Too expensive but good special offers	Too expensive & no parking	No comment
40	Pick 'n Pay	Good & professional	Clean & fresh food	Cheaper but not so fresh	Economical	Excellent quality	No comment
41	Pick 'n Pay / Checkers / Woolworths	No comment	Neat, clean & convenient	Convenient & competitive prices	No comment	Quality, neat & clean	No comment
42	Pick 'n Pay / Checkers	Very efficient	No comment	Helpful	No comment	No comment	No comment
43	Pick 'n Pay	Value customers & do best to satisfy	Clean, quick & efficient	Clean, slow & unfriendly	Small, expensive & friendly	Good quality but wrong location	No comment
44	Spar	Like any other store	Very friendly	Poorly situated	Good prices	Excellent quality	Convenient
45	Checkers	Bright, clean & spacious	Untidy	Clean, spacious & reasonable	Expensive, crowded & disorganized	Expensive, fresh & clean	No comment
46	Pick 'n Pay / Checkers	PnP clean, friendly staff, wide aisles & range. Checkers easily accessible, frequent specials & friendly staff	No comment	No comment	No comment	No comment	No comment
47	Pick 'n Pay	Some problem areas - too busy to care for small customers	Have the edge	Not so good	Usually pleasantly surprised	Quality but too costly	Not good quality
48	Pick 'n Pay / Spar / Woolworths	Well organized & hygienic	Good range of products	No comment	Convenience, untidy & not over friendly	Clean & good quality	No comment
49	Checkers	Look efficient but not that people-friendly	Nice but expensive	Cheap but sometimes sloppy	Efficient but boring	Store for elites	No comment
50	Pick 'n Pay	Very friendly & professional	Friendly, clean & organized	Dirty, untidy & slap dash	Satisfactory, clean & okay	Expensive, overpriced & not friendly	No comment

Respondent No.	Grocery store for bulk shopping?	Impressions of grocery store?	Three words to describe grocery store				
			Pick 'n Pay	Checkers	Spar	Woolworths	Other Stores
51	Pick 'n Pay	Generally accepted, trust products, good customer care, open hours, location with other stores & acceptable quality	Acceptable quality, good customer care but expensive	Low quality, no customer care but generally acceptable	Expensive, no customer care but generally acceptable	Good quality, high prices & customer satisfaction	Acceptable standard but not conveniently located
52	Checkers	Fresh, clean & welcoming	Cheap & customer focussed	Quality, customer satisfaction & ample parking	No comment	No comment	No comment
53	Pick 'n Pay	Not important to me	No comment	No comment	No comment	No comment	No comment
54	Pick 'n Pay	Good corporate image & reputation, employment equity & put money back into country	Great shopping experience	No comment	No comment	No comment	No comment
55	Pick 'n Pay	No comment	Cheap	Cheap	No comment	Quality, neat & good customer service	No comment
56	Pick 'n Pay	Customer care is their concern	Customer focussed	Too big for me	Very clean	Always get what you want	No comment
57	Pick 'n Pay	Excellent, comfortable shopping environment, helpful staff & good image	Good service, quality goods & comfortable	Reasonably priced, very busy & late closing	Location, late closing, good stock of daily items & friendly staff	Comfortable environment, good variety & quality	No comment
58	Spar / Other	Very good	No comment	No comment	Very good	Very good	No comment
59	Pick 'n Pay / Checkers	Good customer service	Good at times	Best customer shop	Mostly expensive	Convenient	No comment
60	Pick 'n Pay / Makro	Happy	Friendly & efficient customer services	Okay	Prices much higher when compared	Good	Okay
61	Checkers / Spar	Staff need to be more friendly	No comment	Convenient	Good quality	Good quality but inconvenient location	No comment
62	Checkers / Spar / Mndeni	No comment	Upmarket, clean but expensive	For everyday people	For everyday people	Exclusive, expensive & credit	No comment
63	Checkers	Conveniently located	No comment	Fresh & best quality	No comment	No comment	No comment
64	Pick 'n Pay	Customer's interest at heart	Fresh food, friendly staff & reasonable prices	Cheap & not up-to-date	Convenient, local but a bit expensive	Good quality, fresh & perfect	No comment
65	Pick 'n Pay / Checkers	No comment	Good choice of goods	Close to home	Clean & friendly	No comment	No comment
66	Pick 'n Pay	Friendly staff & cashiers	Friendly, clean & good prices	No comment	No comment	Good quality & clean	No comment
67	Pick 'n Pay / Spar	No comment	Price, convenience & good quality	No comment	No comment	No comment	No comment
68	Spar	Neat, tidy, proper direction to aisles, excellent customer services, reasonable prices, good quality & very convenient	Good service provider	Extremely customer focussed	Convenient & efficient service	Quality & world-class service	No comment
69	Pick 'n Pay	Good image & setting	Reputable, affordable & fresh products	Looks cheap, not fresh & unappealing	Very expensive & unfriendly staff	Pricey, good fresh products & customer service	Makro, good bulk buying products & customer care
70	Pick 'n Pay / Woolworths	No comment	Approved	No comment	No comment	Approved	No comment
71	Pick 'n Pay	Professional, clean & modern	Professional, clean, good value & service	Dusty, poor products, old produce & indifferent service ethic	Good prices & service	Excellent products, very expensive & shocking parking facilities	No comment
72	Pick 'n Pay	Smart uniforms & clean premises	Good all rounder	Trying to improve	Has good bakery	Ever so nice	No comment
73	Pick 'n Pay	Clean & well-laid out & carry products I buy	Clean, busy & efficient	Dirty, outdated & crowded	Not much room to move about	Expensive, good products & clean	No comment
74	Pick 'n Pay	Relaxed & friendly	Cheaper than others	Has good specials	Has good specials	Expensive	No comment
75	Checkers	Good & attracted to promotions (BOGOF offers)	Good variety, clean & expensive	Reasonable	Expensive but frequent specials	Too expensive but very good quality	No comment
76	Supersave	Well-presented & try to keep up standards	No comment	No comment	No comment	No comment	No comment
77	Pick 'n Pay	Well situated, clean & user friendly	Value for money	No comment	No comment	No comment	No comment

Respondent No.	Grocery store for bulk shopping?	Impressions of grocery store?	Three words to describe grocery store				
			Pick 'n Pay	Checkers	Spar	Woolworths	Other Stores
78	Pick 'n Pay / Checkers	Fine	Clean & well-laid out	Improving but not so fresh	Good specials	Expensive & bad location	No comment
79	Pick 'n Pay	Positive crowd	Clean & well organized	Depends on branch - some tacky	Okay but not convenient	Inconvenient	No comment
80	Pick 'n Pay	No comment	Clean, efficient & pleasant	Dirty, long queues & off hand	Clean, efficient but produce sometimes suspect	Wonderful but only in city centre!	No comment
81	Pick 'n Pay / Woolworths	No comment	Convenient & affordable	No comment	No comment	Everything under one roof	No comment
82	Pick 'n Pay	Well-organized & up-to-date with customer needs	No. 1 shop	No comment	No comment	No comment	No comment
83	Checkers	Expensive in comparison but excellent service	Cheap	Good service	Expensive	Expensive	No comment
84	Pick 'n Pay / Spar	Very good image, well organized & happy to shop there	No-name brands & special offers	Clean, efficient & organized	Cramped, old & scruffy	Excellent but bad location	No comment
85	Pick 'n Pay	Good	Clean & user friendly	Hectic, out of the way & not so user friendly	Friendly, good specials & convenient	Clean, good quality but out of the way	No comment
86	Pick 'n Pay	No comment	Convenient & clean	No comment	No comment	Over-priced	No comment
87	Pick 'n Pay / Checkers	Very good	More for your money	No comment	No comment	No comment	No comment
88	Pick 'n Pay	Very efficient	Customers are king	Great improvement lately	Great for small goods (pop in for necessities)	Expensive	No comment
89	Checkers	Well presented, clean but tellers a bit slow	More expensive & clean	Fair prices & clean	Friendly	Lovely but very expensive	No comment
90	Pick 'n Pay	More to pick & less to pay	Well stocked & clean	New image & convenient	Very customer friendly	Good quality & service	No comment
91	Pick 'n Pay	Most user friendly & also eco-friendly	Friendly, clean & professional	2nd grade & not user friendly	Vary dramatically from store to store	Upmarket & classy	No comment
92	Pick 'n Pay / Spar	Okay	Big, takes a long time & parking problems	Grubby but good specials	Smaller but more accessible	Slick, expensive, luxury & parking problems	No comment
93	Pick 'n Pay / Checkers / Spar / Makro	No comment	Convenient	No comment	No comment	Expensive	No comment
94	Checkers	Good middle-of-the-road family store	Classy & expensive	Respectable	Respectable	Prestige, expensive & luxury	No comment
95	Pick 'n Pay / Spar	Good	Clean, spacious & organized	Crowded, disorganized & untidy	Organized, friendly & clean	Wrong location	Friendly, helpful & useful
96	Checkers	Good specials, sufficient stock & variety	Not easily accessible	Affordable, accessible & presentable	Too pricey & not too neat	Too expensive & not easily accessible	No comment
97	Pick 'n Pay	Considerably improved, name badges, organized layout, range & depth of products increased	Spacious & wide product range	Small, cramped & not such a good range	Too expensive but good special offers	Good quality	No comment
98	Pick 'n Pay	Image & reputation very good, staff well trained & helpful & smart uniforms	Friendly, clean & organized	Scruffy & narrow aisles	Convenience store & expensive	Good quality, expensive but inaccessible	No comment
99	Spar	Very spacious	No comment	No comment	No comment	Expensive	No comment
100	Checkers	Alright	Do not shop there	It is convenient	Very friendly girls	Enjoy shopping there	No comment
101	Spar	Usually very good	No comment	No comment	No comment	No comment	No comment
102	Spar	Prices low, service excellent, promotes corporate image & reputation	Do not shop there	Alright but inconvenient	Friendly & quick service	Do not shop there	No comment
103	Checkers	Good	Quick service tills	Specials	Specials	No comment	No comment
104	Pick 'n Pay	Fair	Convenient & cheap	Do not shop there	Good specials	Store far away	No comment
105	Spar	Good reputation	Affordable but untidy	Convenient & good specials	Good specials & clean	Good quality but pricey	No comment
106	Pick 'n Pay	No comment	Convenient & good service	Good service	Convenient, good service but expensive	Expensive	No comment
107	Pick 'n Pay / Checkers / Spar	Friendly	Cashiers slow	Not enough cashiers	Friendly, smiley faces	No idea	No comment
108	Checkers	Satisfactory	Close & convenient	Shop & save	Do not shop there	Not convenient	No comment

Respondent No.	Grocery store for bulk shopping?	Impressions of grocery store?	Three words to describe grocery store				
			Pick 'n Pay	Checkers	Spar	Woolworths	Other Stores
109	Checkers	Offer value for money	Very long queues	Good service	No comment	No comment	No comment
110	Spar	Good	Do not shop there	Do not shop there	Convenient & good prices	Expensive & inconvenient	No comment
111	Pick 'n Pay	Very friendly, well organized, maintains good reputation with customer service & aiming to please	Reasonable prices & friendly customer service	No comment	Convenient & friendly	Freshness, friendly service & good quality	No comment
112	Pick 'n Pay	No comment	Clean & 1-stop	Busy	Fresh products	Expensive, nice packaging & good quality	No comment
113	Pick 'n Pay	No comment	Clean & 1-stop	Busy & do not shop there	Fresh products	Expensive, nice packaging & good quality	No comment
114	Spar	Exceptionally good, clean, well-organized, quality produce & products	Clean & too expensive	Organized, reasonable but staff unhelpful	Good quality service	Do not shop there	No comment
115	Spar	Very organized & neat	No comment	No comment	Neat, friendly & fresh	No comment	No comment
116	Checkers	Good service provided	Products always fresh	Products always available	No comment	Excellent quality offered	No comment
117	Checkers / Spar	National recognition & one-stop buying	Reasonable prices	Extended shopping hours	Many shops around - convenient	Quality	No comment
118	Spar	Clean, neat & convenient	No comment	Neat & clean	Very neat & cheap	Expensive & good quality	No comment
119	Pick 'n Pay / Woolworths	Socially responsible (work in community), stores clean & veggies always fresh	Convenient & clean	Not hygenic	Worst service imaginable	Food of exceptional quality	No comment
120	Pick 'n Pay	Always on the look out for new ideas to enhance customer service	Good quality, freshness & low prices	Affordable prices & fresh food	No comment	Expensive, good quality & fresh	No comment
121	Pick 'n Pay / Woolworths	Well-run, go out of way to help, well-stocked, consumer advisor sweet & good, helpful & good variety of products	Friendly, clean & neat	No comment	Good specials & friendly	Quality food particularly good	No comment
122	Pick 'n Pay	Modern, spacious & very well-run, wide range of goods & reasonably priced	Customer care, good quality & priced right	Narrow aisles & little imagination	No comment	No comment	No comment
123	Spar	Good reputation. Checkers: realized should revise shop layout	No comment	No comment	Good layout, easy to identify & clean	No comment	No comment
124	Pick 'n Pay / Checkers	Interested in customer getting reasonable deal & happy to exchange goods	Clean, spacious & value	Good value & choice & spacious	Convenient, variety of special/new goods & value	Expensive, exclusive & immaculate	No comment
125	Pick 'n Pay	Clean, good customer service & awareness	Clean, convenient & friendly	Economical & progressive	Impersonal, unfriendly & mediocre	Impressive but expensive	No comment
126	Checkers	Improved image & layout of stores & staff helpful	Do not shop there	Clean, helpful & reasonable prices	Do not shop there	Expensive but good quality	No comment
127	Pick 'n Pay	Reliable	Reliable, good prices & stock everything	Untidy but convenient & reasonable prices	Convenient, good specials & quality, fresh bakery & produce	Inconvenient, good quality but expensive	No comment
128	Pick 'n Pay	Good	Helpful	Dirty, congested & expensive	Clean & helpful	Excellent	No comment
129	Pick 'n Pay / Checkers	Good	You pay less	Price is right	Value for money	No comment	No comment
130	Spar	Good	You pay less	Price just right	Love the Deli	Excellent for service	No comment
131	Spar / Other	Congested aisles	Pay less	Shop where SA shop okay	Good for you	Excellent	Price is right
132	Pick 'n Pay	Well managed	Fresh every day	Where SA shops	No comment	No comment	No comment
133	Pick 'n Pay / Woolworths	Fine	Great	No comment	No comment	The best	No comment
134	Pick 'n Pay	Clean, tidy & managers most helpful	Clean, tidy & helpful	Pleasant, clean but unfriendly & unhelpful staff	Unfriendly, lack variety & freshness	Expensive but excellent quality	No comment
135	Pick 'n Pay	Good, helpful & stock wide range of products at fair prices	Pleasant, clean & efficient	Slow tills & frustrating	Rather run down	Upmarket but hard to reach	No comment

Respondent No.	Grocery store for bulk shopping?	Impressions of grocery store?	Three words to describe grocery store				
			Pick 'n Pay	Checkers	Spar	Woolworths	Other Stores
136	Checkers	Good reputation, always clean & good customer service	Very good	Very good	Very good	No comment	No comment
137	Pick 'n Pay	Clean, bright & efficient	Clean, bright & efficient	No comment	No comment	Good service & products	No comment
138	Pick 'n Pay	Satisfactory	Very well managed	Good veg but bad meat	Expensive	Expensive	No comment
139	Pick 'n Pay / Spar	Clean, spacious & good range of products	Clean & reasonable prices	Do not shop there	Clean & good specials	Expensive & inconvenient location	No comment
140	Checkers	Popular	No comment	Friendly, caring & efficient	No comment	No comment	No comment
141	Pick 'n Pay	Good	No comment	No comment	No comment	No comment	No comment
142	Pick 'n Pay	Very efficient, clean, seems bigger & has wider variety	Fast, clean & big	Dingy, scruffy but cheaper	Small, convenient & specific	Expensive, good quality & healthy	No comment
143	Pick 'n Pay	Reasonable	Expensive but convenient	Bad service	Good specials & choices	Expensive	No comment
144	Pick 'n Pay	Progressiveness, innovation, value-for-money, Customer focus, service & satisfaction are core values	Spacious, friendly & efficient	Behind-the-times, boring & inefficient	Compact, friendly but expensive	Sterile, over-priced & stiff	No comment
145	Pick 'n Pay	Community-conscious, socially responsible & customer-focussed & driven	Efficient, clean, spacious & helpful	Improving but sometimes dirty & unfresh produce	Efficient, clean but more expensive	Luxuries & special occasion shopping	No comment
146	Checkers	Very good, management & staff efficient & obliging	No comment	Large range of products	Convenient & friendly	Clean	No comment
147	Spar	No comment	Too busy & crammed	Not too bad	Well laid out	No comment	No comment
148	Pick 'n Pay	Some things okay but others not	Clean	Needs upgrading	Specials great	Quality but over-priced	No comment
149	Pick 'n Pay	Excellent	Excellent	No comment	No comment	No comment	No comment
150	Pick 'n Pay	Friendly, relaxed, competent, family-oriented & affordable	Friendly, affordable & relaxed	Lower class	No comment	Upmarket, expensive & classy	No comment
151	Pick 'n Pay	No comment	I pick & Mum pays	Fresh & clean	No comment	Expensive & clean	No comment
152	Checkers	Upgraded, change better therefore impression better	Nice different food & friendly	Above average & friendly	Small, fresh food & caring	Quality food	No comment
153	Pick 'n Pay	Haven't considered it!	Wide variety & choice	Cheap, close & long queues	Crowded, 24-hours & versatile	Pricey, ready-made meals & good quality	No comment
154	Pick 'n Pay / Spar / Woolworths	No comment	Easy hassle-free shopping	Lazy uninterested staff	Slightly more expensive but convenient	Good quality & choice	No comment
155	Pick 'n Pay	Clean, efficient & modern family store	Clean, bright & efficient	Do not shop there	Different brands, cramped but friendly	Expensive, upmarket & limited choice	No comment
156	Spar	Lives up to reputation & staff motivated in promoting image of company	No comment	No comment	Trust, friendly & excellent customer service	No comment	No comment
157	Spar	Good reputation & quality products	No comment	No comment	No comment	No comment	No comment
158	Pick 'n Pay / Spar / Woolworths / Other	Correctly situated, good service, friendly staff, clean & wide range at reasonable prices	Low prices & friendly staff	No comment	No comment	Good quality & service	No comment
159	Pick 'n Pay	Very attractive & comfortable	Everything I want, I get	Uncomfortable	Convenient	Leisurely	No comment
160	Other, Checkout	Very organized & professional	Fresh from start	Cheapest in town	Good for you	No comment	No comment
161	Checkers	Professional, friendly & customer-orientated	Fresh, clean & friendly	Fast, friendly & clean	Clean & friendly	No comment	No comment
162	Spar	No comment	No comment	No comment	Good for me	No comment	No comment
163	Checkers	Clean, friendly & fresh products	Expensive	Fresh products & friendly	Good for you	No comment	No comment
164	Checkers	Clean, friendly, fresh products & wide range	Expensive & clean	Wide range fresh products	Friendly	Do not shop there	No comment
165	Pick 'n Pay	Friendly service, good specials & wide range of products	Good specials & fresh products	Do not shop there	Friendly & clean	Expensive	No comment
166	Pick 'n Pay	Excellent	Prices, convenient & good quality	Prices, convenient & good quality	Prices, convenient & good quality	Prices, convenient & good quality	No comment