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UNIVERSITY OF PRETORIA
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Gordon Institute of Business Science

University of Pretoria

The nature of brand loyalty at the base of the pyramid

Memory Nyanga

Student No. 14444624

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of Pretoria, in partial fulfilment of the requirements for the degree of
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Abstract

The purpose of this study was to explore the various forms of brand loyalty, to understand the drivers of brand loyalty and disloyalty, and to determine within which product categories consumers were brand loyal or disloyal at the base of the pyramid (BoP) in South Africa. The study was exploratory, therefore a qualitative research design was adopted where individual face-to-face interviews were conducted with 18 low income consumers in Living Standard Measure (LSM) 2 to 4, residing in urban Gauteng.

The findings show that low income consumers are increasingly brand conscious with proven access to media and therefore marketing messages. Primary brand loyalty drivers at the BoP include perceived quality, durability, brand experience, brand trust and affordability, while in their absence consumers are disloyal. Affordability is important to these consumers, but they also value these other aspects of brands, making them discerning and value driven. Consumers are loyal to those brands that are relevant to them at an acceptable price value proposition. Consumers spend more of their money on consumables than durables and branded services. Brand loyalty is minimal across product categories; consumers seek variety and are prone to sales promotions, making them multiple brand users.

Key words

Brand or customer loyalty

Brand disloyalty

Base of the Pyramid (BoP)

Low income consumers

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Chapter 1: Introduction to the Research Problem

1.1. Background to the research problem

The BoP is increasingly making up a significant consumer market with growing disposable incomes, therefore cultivating brand loyalty there is becoming key to businesses (Euromonitor International, 2013). Technology is fast being adopted at the BoP, e.g. mobile communication and televisions, creating a platform to communicate with these consumers (Amps, 2014). Low income consumers were found to be increasingly brand conscious and are highly cautious not to make the wrong purchase decision, therefore more reluctant than middle class to buy unknown brands (Atkearney, 2011). 70% of low income consumers valued international brands than domestic brands (Atkearney). Due to low incomes, price becomes a key factor in driving purchase and building loyalty at the BoP while other factors such as convenience of location and packaging, proximity and exposure, perceived value, trust and product relevance are also important (Atkearney; Euromonitor International). Companies willing to adopt these business strategies will be best positioned to succeed at the BoP (Atkearney).

Brand loyalty is essential to business because it results in repeat purchases, strong and positive word of mouth, reduced marketing costs and is a basis for price premiums (Keller, 2009). Organisations also benefit from brand loyalty because it makes it easier for them to extend brands and market penetration and build brand equity (Bandyopadhyay & Martell, 2007; Dick & Basu, 1994; Keller, 2009; Rundle-Thiele & Bennett, 2001). Brand loyalty is therefore seen as critical in sustaining competitive advantage and has grown to be considered a key concept in marketing (Keller, 2009; Kotler & Keller, 2012). Brand loyalty provides predictability and security of demand for the firm and creates barriers to market entry for competitors (Kotler & Keller, 2012). Similar to upper income segments, it is critical for businesses wanting to explore the BoP to understand consumer behaviour there, which embodies brand loyalty (Azmat & Samaratunge, 2013).

Branding in itself is central to brand loyalty, and through integrated marketing communications and the manipulation of the four Ps, allows companies to create a brand image which enables consumers to build a relationship with a brand (Kotler & Keller, 2012; Lazarevic, 2012). Branding is an increasingly used strategic tool in today's highly competitive business environment for differentiation (Kotler & Keller,

2012). A brand is thus defined by Kotler and Keller (2012, p.140) 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.” Aaker (2012) and Ioan (2009) found brand loyalty to be an indicator and an outcome of brand equity, it is the added value endowed to products and services.

Brand loyalty is determined by the behaviour and attitude of a customer towards a brand; to be called loyal, customers have to repeatedly purchase a brand and also have a favourable attitude towards a brand (Bandyopadhyay & Martell, 2007; Dick & Basu, 1994; Keller, 2009). Loyalty marketing is a business strategy that seeks to increase and maximise return on investment through keeping existing customers; it has been proven that keeping existing customers is cheaper and easier than finding new ones (Aaker, 2012). Brand loyalty is thus built by creating strong brands that are relevant to the target market (Keller, 2009). StrongView (2014) suggested that the real recipe for cultivating brand loyalty comes down to understanding the consumer's context (their needs during the purchasing process); it is not just about demographics such as age and income.

Bandyopadhyay and Martell (2007) suggested that all customers have a relationship with a brand - even those unaware of a brand. Customers can be classified as non-brand users, multiple brand-users and single brand-users on an attitudinal spectrum of weak to strong attitude towards a brand. Being a non-brand user is also considered important to marketers because they could do something about it if they knew why customers were not using their brand/s (Bandyopadhyay & Martell, 2007). To build equity, marketers have to nurture the customer-brand relationship from the beginning by creating a product that is relevant to the customer's needs, making sure the customer is aware of the offering, and sustaining a positive relationship through a superior marketing mix strategy (Keller, 2009).

Brand loyalty has been researched by several authors, including Bandyopadhyay and Martell (2007), Dick and Basu (1994), Jacoby and Kyner (1973), Keller (2009), Nam, Ekinci and Whyatt (2011), Rundle-Thiele and Bennet (2001), but in the context of developed markets and upper income consumer segments parallel to business management and product adoption there. However, the question as to whether these findings hold in low income segments of emerging markets has arisen (Human, Ascott-Evans, Souter & Xabanisa, 2011). Many authors, such as Azmat and Samarantunge (2013), Chikweche and Fletcher (2010; 2011), Chipp, Corder and Kapelianis (2012), Martin and Hill (2012), Nakata and Wedneir (2012), Prahalad and Hammond (2002),

Prahalad (2012) and Viswanathan, Sridharan and Ritchie (2010) highlighted the lack of consumer behaviour research at the BoP, to enable companies to develop business models that are relevant there. This study therefore sought to understand the nature of brand loyalty amongst low income consumers who make up the base of the pyramid in the context of South Africa, an emerging market.

1.2. Definition of the problem and purpose

The BoP is a market segment that has been ignored by multinational companies in their marketing efforts due to its characteristics of low income consumers; lack of infrastructure, legal and political systems and frameworks; and lack of consumer behaviour information (Azmat & Samaratunge, 2013; Chikweche & Fletcher, 2010, 2011; Chipp et al., 2012; Martin & Hill, 2012; Nakata & Wedneir, 2012; Prahalad & Hammond, 2002; Prahalad, 2012; Viswanathan et al., 2010). Conventional business has also ignored the BoP under the assumption that low income consumers whose priority is on basic needs such as accommodation, food and transport cannot afford and have no interest in advanced products (Prahalad, 2012). The adoption of modern technologies such as televisions, mobile phones and the internet is accelerating at the BoP, which changes consumption behaviours there (Nakata & Weidner, 2012; Weidner, Rosa & Viswanathan, 2010). The assumption is that BoP consumers are not familiar with, nor have they embraced, the concept of branding due to their limited education, access to information and purchasing power (Prahalad, 2012). Prahalad argued this position by stating that media access by the BoP has increased product and brand awareness there, starting the low income consumer's desire for better product quality which is associated with well-known brands. Majumder (2012) and Atkearney (2011) affirmed that low income consumers are becoming brand conscious and they will not only decide to make a purchase based on affordability or price as often assumed, but will also seek value.

Barki and Parente (2010) and Jacobs and Smith (2010) found that after their basic necessities, low income consumers spent money on some luxury items such as mobile phones and branded clothing, which expressed their desire for better products and their openness to branding. The authors suggested that branding could even be more important to low income consumers, because the adoption of highly regarded brands gives them some form of social integration and upliftment from their poverty stricken lives. Prahalad (2012) saw the general economic improvement in developing markets as a facilitator in the upliftment of incomes at the BoP, therefore increasing the

purchasing power of these consumers which will increase the adoption of brands. Karnani (2009) however argued that the BoP is being exploited due to their lack of education, information and living mostly in socioeconomically challenged areas; they cannot be claimed to be rational consumers. He believed that low income consumers may be lured into buying unimportant products instead of the utilities that are critical to their lives and families.

Some propositions have been brought forward by different authors on brand loyalty at the BoP, without any conclusions or confirmations. Chikweche and Fletcher (2010), Chipp et al. (2012) and Viswanathan et al. (2010) suggested that because of their low incomes BoP consumers will always opt for the lowest priced products, which renders them deal prone and therefore unlikely to be brand loyal. Another suggestion was that low income consumers could become loyal to those products or brands that are relevant to their needs with an acceptable price value proposition (Chipp et al., 2012; Nakata & Weidner, 2012). This study sought to assess these propositions and also understand other aspects of brand loyalty or disloyalty applicable to the BoP.

The primary objective of the study was therefore to understand if low income consumers are loyal or could be loyal to brands or products amidst the BoP characteristics highlighted above. Businesses targeting the BoP need to know the purchase and consumption behaviours of these consumers. There has been no business focus on the BoP yet there is potential for growth there; it is a place where there is a great need for even basic products (Prahalad, 2012). The secondary objective was to determine what factors drive loyalty or disloyalty amongst low income consumers. Although affordability or price is the main driver of low income consumers' purchase decisions, the findings of this study also proved that other factors such as perceived quality, durability, brand experience, convenience and brand trust are also important. Brand loyalty was found to be present amongst low income consumers, as was disloyalty. The research further assessed brand loyalty among low income consumers across product categories (consumables, durables and services) and found it minimal. Branded services penetration was found to be low at the BoP compared to consumables and durables.

1.3. Motivation for the study

The world's attention is shifting towards emerging markets where higher economic growth is forecast, therefore the issue of targeting the BoP has become critical to business (Prahalad, 2012). The BoP is a largely unexploited market that presents great

business potential for companies because of its size of four billion people and its estimated purchasing power in excess of \$5 trillion, therefore companies need market information that guides their targeting strategies there (Prahalad, 2012; Prahalad & Hammond, 2002; Prahalad & Hart, 1999). This study attempts to build understanding and knowledge on the BoP's consumption behaviour and patterns. Customer loyalty at the BoP in the context of developing countries is yet to be studied (Azmat & Samaratunge, 2013). For this reason, an investigation into the nature of brand loyalty at the BoP will help managers what drives consumers in making their purchase decisions and developing relationships with brands; their perceptions, opinions and attitudes, and thus assist them to develop appropriate business strategies there.

As stated earlier, many authors have highlighted a lack of understanding of consumer behaviour at the BoP, as marketing efforts and studies have focused on the upper segments of the economic pyramid. The South Africa All Media and Products Survey (AMPS) shows brand preference at the BoP across product categories, yet not much is known about what those brands mean to consumers (Chipp et al., 2012). Chipp et al. (2012) found that there was a presentation of international brands in the repertoire of the BoP consumer; brands that are also consumed by the middle and upper economic classes. This demonstrates the increasing penetration of branded products at the BoP and the aspirations of low income consumers for well-known brands which are perceived to be of high quality. Research on the nature of brand loyalty at the BoP is therefore motivated to gain insight into whether low income consumers understand the concept of branding and how they develop relationships with brands.

Chikweche and Fletcher (2010; 2011) highlighted the lack of consumer behaviour studies in African subsistence markets, also pointing out the difficulty in accessing information there due to the dispersion of the market, especially in rural areas. Other challenges noted by the authors were low literacy levels and cultural sensitivities. Firms have in many instances been discouraged from targeting the BoP the highlighted barriers, lack of infrastructure to access the market and low incomes which hinder them from providing product awareness, accessibility, availability and affordability at a profit (Nakata & Weidner, 2012; Prahalad, 2012).

1.4. Conceptual framework

Figure 1 below illustrates the conceptual framework designed to frame the research problem, guide the literature review, ask and answer the research questions key to the study.

Figure 1: Conceptual framework of brand loyalty at the BoP

Organisations invest in branding to build brand loyalty amongst their customers		
Brand loyalty seeks to increase and maximise return on investment through keeping existing customers	<ol style="list-style-type: none"> 1. Brand loyalty is defined. 2. The importance of brand loyalty to organisations is that it: <ul style="list-style-type: none"> • provides a competitive advantage, • results in repeat purchases, • is a basis for price premiums, • results in positive word of mouth, and • results in reduced marketing costs. 3. Brand loyalty is driven by factors such as customer satisfaction, perceived quality, perceived value, brand trust, brand image, brand awareness, brand accessibility, brand performance, brand experience and customer commitment amongst others, while brand disloyalty emanates in the weakness of the same drivers. 	<p>Section 2.2.1 Section 2.2.3</p> <p>Section 2.2.4 and 2.2.6</p>
Brand loyalty has only been researched in the context of developed markets; in the upper segments of the economic pyramid	<ol style="list-style-type: none"> 1. But we know that the largest consumer population is at the BoP in emerging markets, 2. and that aggregate purchasing power is high and forecasted economic growth in emerging markets exceeds that in developed markets, 3. and firms are discouraged to target the BoP due to the lack of consumer behaviour research and the characteristics of the market. 	<p>Section 2.3</p> <p>Section 2.3.1</p> <p>Section 2.3.2</p>
<i>Because</i> of the business potential that lies at the BoP in emerging markets, it is critical to understand the form of brand loyalty there	<p>Research Topic</p> <p><i>The nature of brand loyalty at the base of the pyramid</i></p>	Section 2.4
<i>Therefore</i> this study sought to find out if:	<p>At the BoP:</p> <ol style="list-style-type: none"> 1. Brand loyalty exists 2. If so, what drives brand loyalty there? 3. If not, what drives brand disloyalty there? 4. And within which product category or categories did consumers exhibit brand loyalty or disloyalty? 	Section 3
<i>And</i> the results were that:	<p>At the BoP:</p> <ol style="list-style-type: none"> 1. Brand loyalty exists with those brands that are relevant to the low income consumer at an acceptable price value proposition. 2. Affordability was the biggest purchase driver. Coupled with increased price competition and an influx of competing brands in the market resulted in most consumers being deal prone and variety seekers. Loyalty was therefore minimal across product categories. 3. Quality, durability, brand experience, brand trust and affordability were the top brand loyalty drivers. 	Section 5 & 6

Chapter 2: Literature Review

2.1. Introduction

This chapter reviews literature that pertains to brand or customer loyalty and consumer behaviour at the BoP. The research seeks to explore the nature of brand loyalty at the BoP at a time when this market segment has given rise to much interest from business since it was brought to light by Prahalad and Hart in 1999. It is important for companies to have brand loyalty because it is considered critical for business' long term survival in a competitive business environment (Keller, 2009). Firms have historically focused most of their attention on the upper income consumer segments, ignoring the lower income consumer segment that makes up the BoP (Azmat & Samaratunge, 2013; Martin & Hill, 2012; Nakata & Wedneir, 2012; Prahalad & Hammond, 2002; Prahalad, 2012; Viswanathan et al., 2010). Despite affordability being a challenge at the BoP, its large population size and aggregate purchasing power has drawn the attention of business (Prahalad, 2012). As companies weigh the potential gains of targeting the BoP, it is critical that they understand consumer behaviour patterns there, how low income consumers interact with products or services and their communications, and then develop relevant business strategies. Complementary and contrasting views are presented from different authors in the review on the attractiveness of the BoP and the behaviour of consumers there.

2.2. Brand loyalty

2.2.1. Defining and discussing the concept of brand loyalty

Jacoby and Kyner (1973, p. 2) originally defined brand loyalty as “the biased behavioural response (purchase) 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 and evaluative) processes.” Jacoby and Kyner (1973) and Oliver (1999) suggested that it is the decision making and evaluation process that makes an individual develop a commitment to a brand which provides the basis of differentiating brand loyalty and other forms of repeat purchasing behaviour. Along the same line of thinking, brand loyalty was defined by Oliver (1999, p.34) as “a deeply held commitment to rebuy a preferred product or service consistently in the future, thereby causing repetitive purchasing of the same brand or brand set despite situational influences and marketing efforts being able to cause switching behaviour.”

Brand loyalty has been viewed from the perspectives of behavioural and attitudinal loyalty (Bandyopadhyay & Martell, 2007). Behavioural loyalty refers to the frequency of repeat purchase while attitudinal loyalty defines the psychological commitment that a consumer makes in the purchase act (Nam et al., 2011). Keller (2009) shared a similar view on behavioural and attitudinal loyalty; describing them as how often and how much customers purchase a brand and how customers see a brand as something special, love it or describe it as a favourite respectively. Dick and Basu (1994) affirmed that a favourable attitude towards a brand over competing others and repeated patronage is required for loyalty. A loyal customer was described as one who buys only one brand in a particular category over a year and has a strong positive attitude towards the brand (Bandyopadhyay & Martell, 2007). Repeat purchase without a positive attitude, which may be a result of situational factors such as unavailability, was called spurious loyalty (Dick & Basu, 1994).

Consumers evaluate brands through their past experiences with them and their marketing communication to arrive at those that satisfy their needs or not (Chang & Liu, 2009; Kotler & Keller, 2012). Oliver (1999) suggested four phases of loyalty: cognitive loyalty, affective loyalty, conative loyalty and action loyalty. Cognitive is described as the weakest phase of loyalty based on factual information about the company or product's attributes and performance; when the customer is still easily persuaded by competitor communication (Oliver). In the affective phase, the customer has developed a positive attitude and some emotional attachment after using the product for some time, but is still vulnerable to competing brands (Oliver). Real loyalty to a brand begins in the third phase of conative loyalty, where the customer has formed a strong desire to repurchase the brand and then graduates to the fourth phase of action loyalty, where the customer possesses both the intention and motivation to repurchase the brand (Oliver).

Beyond loyalty, Oliver (1999) suggested fortitude and a sense of community; a phase where the consumer has unwavering allegiance for a brand and develops love and intimacy for the selected brand. Fraering and Minor (2013) confirmed this proposition that consumers can go through the four phases of loyalty and acquire fortitude, where they reject the appeals of competing brands and are unlikely to desert their favourite brand.

Both the behavioural and attitudinal aspects of consumers were argued to be necessary in measuring brand loyalty to get a representative unified result (Bandyopadhyay & Martel, 2007; Dick & Basu, 1994; Jacoby & Kyner, 1973; Nam et al., 2011; Oliver, 1999; Yoo & Bai, 2013). The objective of brand loyalty was generally agreed upon; with brand loyal customers an increase in sales from repeat purchases follows, there is less sensitivity to price increases therefore higher margins are possible, and reduced marketing costs occur when customers have developed a positive attitude towards a particular brand (Bandyopadhyay & Martel, 2007; Dick & Basu, 1994; Jacoby & Kyner, 1973; Keller, 2009; Nam et al., 2011; Oliver, 1999; Rundle-Thiele & Bennett, 2001). Companies create brand loyalty by building strong brands, delivering a high quality product that is augmented by integrated and interactive marketing communication (Keller, 2009; Kotler & Keller, 2012). Brand loyalty then results in brand equity or value; a measure of brand strength determined by brand knowledge (thoughts, feelings, perceptions, images and experiences linked to the brand) created in customers' minds by relevant marketing programmes and activities through appropriate media (Keller, 2009).

2.2.2. Brand loyalty by product category

Rundle-Thiele and Bennett (2001) suggested brand loyalty be looked at in multiple dimensions, it is different for consumable, durable and service markets due to their differing characteristics such as purchase frequency, brand switching, perceived risk, purchase intention, customer involvement and customer satisfaction, amongst others. Consumable markets exhibited characteristics of divided loyalty because customers easily switch to seek variety, sales promotions alter purchase patterns, situational factors such as unavailability of preferred brands leads to switching, the purchase transaction is usually low therefore there is low involvement in repeat purchases, and the purchaser might not be the end user (Rundle-Thiele & Bennett). Ioan (2009) found that consumers more easily switch brands with consumables if product availability declines and if prices increase, than in the case of durables. Rundle-Thiele and Bennett (2001) concluded therefore that loyalty in consumer markets is often a result of habitual than attitudinal behaviour.

Brand switching was found to be minimal with durable goods because they are capable of a long useful life, while in service markets, buyers perceived higher risk than with consumables due to their intangibility and heterogeneity (Rundle-Thiele & Bennett, 2001). In this context, Rundle-Thiele and Bennett suggested behavioural loyalty

measures as more appropriate for consumer markets yet they are insufficient in durable goods and service markets, where attitudinal measures are the recommended predictors of consumer behaviour.

2.2.3. Importance of brand loyalty

Bandyopadhyay and Martell (2007) noted that behavioural loyalty leads to market share growth and attitudinal loyalty to the willingness in consumers to pay more for the selected brand relative to others; therefore organisations are able to derive a price premium and higher return on investment for their brands. The amount a customer is willing to pay for a brand over another with similar or less benefits is the most basic indicator of brand loyalty (Aaker, 2012). Companies were better off investing in existing customers because it is increasingly difficult and costly to find new business in today's competitive environment; therefore building strong relationships with existing customers is a key factor in winning market share and building sustainable competitive advantage (Deng, Wei & Zhang, 2010). Brand loyalty is a key determinant of the value of a brand because a highly loyal customer base would be expected to generate predictable sales and a profit stream (Aaker, 2012).

Other benefits for organisations with loyal customers are reduced marketing costs, perceived high product or service quality, increased marketing communication effectiveness, opportunities for brand extensions, intermediaries' cooperation and support and building brand equity (Keller, 2009; Kotler & Keller, 2012; Rundle-Thiele & Bennett, 2001). A common and expensive mistake in seeking growth by many organisations is to entice new customers to a brand while neglecting existing ones and reducing defections (Aaker, 2012). Loyal customers are a substantial entry barrier to competition because it is costly to convince them to change loyalties (Aaker). Customer loyalty also creates positive word of mouth communication and results in customers who resist competitors' promotional strategies (Dick & Basu, 1994). Kotler and Keller (2012) agreed with this proposition, stating that a customer would remain loyal longer if they were highly satisfied; they would buy more of the company's existing and new products, spread positive word of mouth, be less affected by competitor brands and messages, be less sensitive to price, give feedback to the company and thus cost less to serve. Loyalty is therefore the result of a successful marketing strategy that creates tangible competitive value for consumers (Li & Green, 2011).

2.2.4. Determinants of brand loyalty

Aaker (2012), Keller (2009) and Khan and Mahmood (2012) suggested factors such as customers' perceived value, brand awareness, distribution intensity, advertising attitudes, perceived quality, brand image, brand performance, brand trust, customer satisfaction, repeat purchase behaviour and customer commitment influence brand loyalty, which in turn increases the value of a brand, that is, brand equity. Other drivers of brand loyalty were identified as perceived risk, inertia, habit, customer involvement and the relationship between customers and product or service providers (Rundle-Theile & Bennet, 2001). A series of positive encounters with the brand increases customer satisfaction, trust, relationship commitment and continuity (Rundle-Theile & Bennet).

Keller's customer-based brand equity model, also known as the brand resonance pyramid, captures the consumer's or customer's journey in forming a relationship with a brand, outlining factors such as brand awareness, brand performance, brand imagery, brand judgement and brand feelings as determinants of brand resonance (Keller, 2009). With brand salience, the brand's objective is to build deep and broad brand awareness to make consumers recall and recognise the brand under different situations, while with brand performance and imagery, the brand delivers functional, psychological and social needs, based on which consumers judge (form opinions and evaluate) and develop feelings (emotional responses and reactions) amounting to brand resonance, which becomes the nature of the relationship they then have with the brand (Keller, 2009).

Customer satisfaction was said to be one of the most important determinants of customer loyalty (Deng et al., 2010; Dick & Basu, 1994; Nam et al., 2011; Oliver, 1999; Rundle-Theile & Bennet, 2001). Customer satisfaction, trust and customer switching costs were found to have a positive influence on brand loyalty, with customer satisfaction having the greatest effect in the services industry (Deng et al., 2010). Kumar, Pozza and Ganesh (2013) however argued the relationship between customer satisfaction and loyalty; they found it to be insufficient to predict loyalty because of the role played by other factors such as trust, perceived value, perceived risk, customer switching costs, customer involvement, customer supplier relationship age, type of market and situational factors. Customer satisfaction was found to be responsible for only 8% of the variability in customer loyalty (Kumar et al., 2013). Rowley and Bawes (2000) also noted that the role of customer satisfaction in customer loyalty is not clear

since a number of customers who express satisfaction with a service or product still switch, while dissatisfied customers stay loyal. Some of the determinants of customer loyalty are discussed below.

2.2.4.1. Customer satisfaction

Kotler and Keller (2012, p.82) defined customer satisfaction as “a person’s feelings of pleasure or disappointment that result from comparing a product’s perceived performance to expectations.” If performance did not meet expectations, a customer is dissatisfied, if expectations are met, a customer is satisfied and if expectations are exceeded, a customer is delighted and likely to stay loyal longer (Kotler & Keller, 2012). Aaker (2012) equated customer satisfaction to customer loyalty, describing it as a direct measure of how willing customers are to stick to a brand. Satisfaction was said to also be a powerful measure in the services business, where loyalty is often the cumulative result of experiences with the service provided (Aaker, 2012).

Customers consider brands they are satisfied with credible, signalling a level of quality such that they repeatedly purchase them and become loyal (Kotler & Keller, 2012). Quality had the greatest effect on customer satisfaction, although trust and perceived customer value were also important (Deng et al., 2010). Deng et al further suggested that gender and age have significant moderating effects on the relationship between trust and customer satisfaction, and perceived emotional value and customer satisfaction. The authors argued that trust and emotional value have more impact in building customer satisfaction for females than males, while older consumers place more importance on trust than younger consumers.

2.2.4.2. Brand awareness

Brand awareness reflects both the knowledge and importance of a brand in a customer’s mind, as well as their ability to recognise and recall it in different situations (Aaker, 2012; Keller, 2009). Awareness is necessary to enable consumers to know and differentiate a brand’s attributes from its competition (Nguyen, Barrett & Miller, 2011). Measuring brand awareness ranges from recognition (remembering past exposure upon seeing the brand) to recall (comes to mind) to “top of mind” (the first brand recalled) to dominant (the only brand recalled) (Aaker, 2012). Recognition alone could result in more positive feelings towards nearly anything, thus when a product choice is made, a familiar brand would have an edge (Aaker, 2012). Chi, Yeh and Yang (2009)

suggested that a product with higher brand awareness would receive higher customer preference, would have higher market share and get better quality evaluations, therefore getting customers to recognise and recall your brand could considerably enhance brand equity. Consumers were said to commonly use brand awareness as a decision heuristic in the shopping (Huang & Sarigöllü, 2012).

Advertising and distribution intensity has the largest impact on brand awareness, while the impact of price promotions on brand awareness is positive (Huang & Sarigöllü, 2012; Nguyen et al., 2011). Advertising>Brand Knowledge>loyalty is an established relationship in marketing literature (Human et al., 2011). Through advertising, consumers not only discover the presence of a brand and its associations, but a positive attitude towards brand communication stimulate consumers to recognise the distinctiveness of a particular brand and search for more information on it (Nguyen et al., 2011). Consumers' brand purchases and usage also increase brand awareness, considering that sometimes consumers make a purchase decision on the spot without prior brand awareness, especially in low customer involvement categories (Huang & Sarigöllü, 2012). Strategic advertising continued over time builds a brand image which in turn results in brand affect and brand trust (Human et al., 2011). Brand awareness is therefore positively associated with brand loyalty (Aaker, 2012; Chi et al., 2009; Huang & Sarigöllü, 2012; Nguyen et al., 2011).

2.2.4.3. Perceived value

Zeithaml in Li and Green (2011, p. 4) defined customer perceived value as "the consumer's overall assessment of the utility of a product based on perceptions of what was received and what was given." Benefits received could be perceived quality and what is given is money and maybe time and effort in searching for the good, therefore to maximise customers' perceived value, a firm must either increase the customers' perceived benefits or decrease the costs in acquiring the products (Li & Green, 2011). Perceived value could be functional (technical benefits), emotional (psychological benefits), social (relational benefits) and/or monetary (costs benefits) for the customer, and Deng et al. (2010) found functional and emotional value to have a more significant effect on customer satisfaction. In delivering value, a business is able to develop loyal customers who purchase frequently, increase purchase quantities and minimise switching behaviour (Li & Green, 2011). Customer value is created through the firm's marketing strategy by having the appropriate marketing mix (product quality, price, place/distribution and promotion) with the right position in the target market (Li &

Green, 2011). According to Khan and Mahmood (2012), loyal customers may want to pay more for a brand because they perceive some distinctive value in it that is not being provided by alternatives.

2.2.4.4. Brand experience

Brand experience is created through using the brand, talking about it to others and seeking out information on (Sahin, Zehir & Kitapçı, 2011). Brand experience is made up of sensations, feelings, cognitions, and behavioural responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communication, and environment (Brakus, Schmitt & Zarantonello, 2009). Brand experience is also about delivering on the brand promise of how the product will perform consistently, and consistently good brand performance leads to brand loyalty (Brakus et al., 2009).

2.2.4.5. Brand trust

Anderson and Weitz in Liu, Guo and Lee (2011, p. 72) defined brand trust as “the belief held by the customer that the supplier will provide the service or product that meets the customer's needs”, and Human et al. (2011) described brand trust as the willingness of a consumer to rely on the ability of the brand to perform its stated function. Earning customer trust was found to be a significant contributor to customer loyalty because it reduces the perceived risk in the process of creating a supplier–customer exchange relationship, inclining the customer to be cooperative and start demonstrating behavioural evidence of loyalty such as repeat purchasing and positive word of mouth (Deng et al., 2010). High brand trust is influenced by a good brand image with high brand awareness, brand performance and high perceived quality, which increases consumer purchase intentions (Chi et al., 2009). Trust in general is seen as the mediating factor in building and maintaining relationships, and is viewed as a critical element in the success of e-commerce and the services industry (Deng et al., 2010; Liu et al., 2011). Customers will only develop trust if they have confidence in the service or product quality of the organisation and then are more likely to be loyal (Deng et al., 2010; Liu et al., 2011).

2.2.4.6. Perceived quality

Perceived quality is “a consumer's subjective judgment on the accumulative product benefits evaluated on previous experiences and feelings” (Chi et al., 2009, p. 136).

Perceived quality is affected by the customer's previous experience, education level, perceived risk and situational variables such as purchase purpose, purchase situation, time pressure, and social background (Chi et al., 2009). Perceived quality is the single most important contributor to the company's return on investment; it has been proven to drive financial performance, through price premiums and increase in market share (Aaker, 2012). Achieving high quality requires understanding your target market, a quality-oriented culture within the organisation and a quality improvement process that enables the organisation to deliver quality products and services (Aaker, 2012). Perceived quality has a significant positive influence on brand loyalty; the value of a brand is influenced to a great degree by the quality of the product it sponsors (Chi et al., 2009; Khan & Mahmood, 2012). The key to influencing perceived quality is knowing and managing the cues that the target market associates with quality (Aaker, 2012).

Perceived service quality is a critical measure of customer satisfaction in the services industry (Deng et al., 2010; Yoo & Bai, 2013). Perceived service quality refers to the degree of discrepancy between customers' expectations and their perception of actual service performance (Liu et al., 2011). Parasuraman, Zeithaml and Berry (1988) developed the Servqual model to measure service quality on five dimensions - reliability, assurance, tangibles, empathy and responsiveness. Shin and Kim in Deng et al. (2010) suggested that service quality is the overall impression a customer holds of the relative efficiency of the service provider. A higher level of service quality is confirmed to be related to a higher level of customer satisfaction, therefore high service quality could attract new customers, retain existing customers and even encourage customers to switch from competitors (Deng et al., 2010). Consumers thus rate brand performance on how well a product or service meets their functional, psychological and social needs (Keller, 2009).

2.2.4.7. Brand image

Keller (2009, p. 143) defined brand image as "the consumer perceptions of and preferences for a brand, as reflected by the various types of brand associations held in consumers' memory." According to him, it is essential that marketers create points-of-difference for their brands with strong, unique and favourable brand associations to build a good brand image that drives brand equity. He added that the brand image delivers the psychological and social needs of customers, resulting in positive or negative judgements and emotional reactions or responses by customers, which form their relationship with the brand. Branding in itself is focal to brand loyalty because

through the projection of brand images, companies enable consumers to build a relationship with them after their assessment and judgement (Lazarevic, 2012). A brand image must be congruent with the consumer's image of themselves to be considered appealing and given positive judgement (Lazarevic).

2.2.5. Loyalty status or segmentation

Kotler and Keller (2012) identified four groups of customers based on their loyalty status: hard core loyals, split loyals, shifting loyals and switchers. Hard-core loyals always buy one brand, split loyals buy two or three brands, shifting loyals move from one brand to another, and switchers are not loyal to any brand. Aaker (2012) segmented the market into five groups of non-customers (those who buy competitor brands or are not product class users), price switchers (those who are price-sensitive), passively loyal (those who buy out of habit rather than reason), fence sitters (those who are indifferent between two or more brands), and the committed (those loyal to a brand). Dick and Basu (1994), on the other hand, classified consumers by their behavioural and attitudinal loyalty on a matrix and came up with four categories: loyalty (high relative attitude and high repeat patronage), spurious loyalty (low relative attitude and high repeat patronage), latent loyalty (high relative attitude and low repeat patronage) and no loyalty or disloyal (low relative attitude and low repeat patronage). Bandyopadhyay and Martell (2007) further developed Dick and Basu's matrix to result in six groups of customers as shown in Table 1 below. A focus on loyalty segmentation provides strategic and tactical insights that assist in building strong brands by improving the brand's loyalty profile (Aaker).

Table 1: The Attitude/Behaviour matrix for loyalty

LOYALTY	Behavioural Loyalty		
Attitudinal Loyalty	Single users	Multiple users	Non-users
Strong	Brand Loyal	Variety Seeker	Potential Buyers
Weak	Constrained Buyer	Deal Prone	Indifferent

Source: Bandyopadhyay and Martell (2007)

Bandyopadhyay and Martell (2007) suggested that non-users with a weak attitude would be at the bottom of the loyalty status hierarchy. The authors contended that non-users be included in the loyalty status hierarchy because they could become customers if reasons of their current status are understood and within the control of marketers. The managerial challenge here would be to raise awareness of the brand, building on its points of difference from competitors (Dick & Basu, 1994).

Multiple brand users (variety seeking and deal prone) were cited as the largest group and the most common among consumers; they find it unnecessary to stick to one brand as long as they feel others could perform acceptably (Bandyopadhyay & Martell, 2007). Rowley and Bawes (2000) supported the argument that more people are likely to be multiple brand users, stating that in today's modern world people are accustomed to constant change and are susceptible to the promotional messages that urge them to try something new; seek for improvements on their earlier purchasing experiences, therefore the concept of loyalty appears to be contradictory.

Finally, single users are those who continually purchase a particular brand; they are either brand loyal (strong attitudinal loyalty) or constrained by situational factors into always buying a particular brand despite having a weak attitude towards the brand (Bandyopadhyay & Martell, 2007). Aaker (2012) noticed that firms underinvest in the committed consumers, they take them for granted, yet the chances of increased business from them with an improved portfolio of business support services are significantly higher.

2.2.6. Disloyalty

Understanding what provokes disloyalty provides a holistic view of loyalty (Rowley & Dawes, 2000). Oliver (1999) identified variety seeking, multi-brand usage, withdrawal from a product category and changes in customer needs as some of the reasons for apparent customer disloyalty. Rowley and Dawes (2000) suggested customers could be disloyal if they have no interest in a brand, a negative attitude towards a brand and a positive attitude towards a competing brand. On their attitudinal and behavioural loyalty matrix, Dick and Basu (1994) identified a category of "no loyalty" which is characteristic of consumers who exhibit low relative attitude and low repeat purchases of a brand. Expanding on this category, Rowley and Dawes (2000) proposed disloyalty subcategories of: disengaged, disturbed, disenchanting and disruptive customers, as shown in Table 2 below.

Table 2: The Attitude/Behaviour matrix for disloyalty

DISLOYALTY	Behaviour		
		Inert/Passive	Negative
Attitude	Inert/Passive	Disengaged	Disenchanting
	Negative	Disturbed	Disruptive

Source: Rowley and Dawes (2000)

Rowley and Dawes (2000) suggested disengaged customers may have no awareness of the brand, the brand might be irrelevant to their needs, and it might not be within their reach of affordability. Disturbed customers have had a recent bad experience with a brand and start seeing competitors as better, while disenchanted customers had a negative experience with a brand and now have had a positive experience with a competing brand which they are likely to buy in future. Disruptive customers actively discourage others to consider a brand because they have had many bad experiences with it. Marketers stand a chance of capturing disengaged and disturbed customers through a relevant marketing mix as well as benchmarking against the competition, while through public relations they could reduce negative word of mouth from the disenchanted and disruptive customers (Rowley & Dawes).

Further exploring the relationship between loyalty and disloyalty, Rowley and Dawes (2000) found that spurious loyals are likely to become disturbed or disenchanted because they are prone to defecting depending on a change in situational factors. As soon as the situation they are in improves or otherwise, spurious customers begin to look for other brands to fulfil their needs at that point in time. Loyals possess strong positive feelings towards a brand and when they defect they are unlikely to remain neutral in attitude and purchasing behaviour, but instead develop strong negative feelings that turn them into disruptive customers (Rowley & Dawes).

2.2.7. Enhancing brand loyalty

Integrated marketing communications (IMC), described as the integration of various convincing brand messages across various platforms to communicate and develop relationships with customers, is essential in enhancing brand loyalty (Lazarevic, 2012; Keller, 2009). IMC creates synergy across various communication disciplines, for example online and offline advertising, sales promotions, direct selling, sponsorships and public relations in order to deliver a seamless and consistent brand message with maximum impact to the target market (Kotler & Keller, 2012). IMC can be used to shape consumers' perceptions about brand quality and image to build brand equity. Congruency or brand resonance can also be encouraged through the brand or corporate social responsibility and celebrity endorsements (Lazarevic, 2012).

In addition, Aaker (2012) identified frequent-buyer programmes, customer clubs and database marketing as more direct ways of strengthening customer- brand relationship by providing incentives through added benefits. Successful loyalty programmes also

strengthen the relationship between existing customers, increase customer life cycles, and increase the share of customer expenditure and strengthen customer loyalty. However poorly designed programmes have adverse effects leading to loss of trust in the supplier (Ou, Shih, Chen & Wang, 2011). The downside of loyalty programmes is that customers may value their benefits and not necessarily develop a favourable attitude toward the provider. Customers are thus likely to switch to a provider that offers a similar or better loyalty programme (Evanschitzky, Ramaseshan, Woisetschläger, Richelsen, Blut & Backhaus, 2012).

Customer clubs play a more involving role than loyalty or frequent-buyer programmes in that customers can identify with the brand, express their perception and attitudes and experience the sharing of a brand relationship with like-minded people (Aaker, 2012). Keller's (2009) brand resonance network shows the relationships that could be enhanced in a space such as customer clubs; consumer to consumer, consumer to company, company to brand and consumer to brand. With the capture and accumulation of customer data, database marketing is used to target narrow focused segments of like-minded consumers (Aaker, 2012).

2.2.8. Challenges in building brand loyalty

Aaker (2012) stated that it is more difficult to build strong brands that will have enduring loyalty in today's environment because of heightened price competition, the influx of new entrants and media and markets fragmentation. Companies are forced to compete on price due to the increasing power of retailers who can offer competitive private-label brands, value sensitive customers in a sales promotion dominated market, low category growth and overcapacity caused by multiple brands (Aaker, 2012). A variety seeking behaviour which weakens loyalty is becoming prevalent with increased product options from growing competition, while similarly increasing economic resources broaden the customer range of alternative options thus reducing loyalty (Aaker). The widening field of choices blurs value and distinctions are lost resulting in distracted consumers (Kumar et al., 2013). Building a seamless brand message across a wide array of the available media today is a challenge, thus brand image can easily be weakened (Aaker, 2012).

The internet has also created less loyal customers because it has exacerbated competition and made it easy for consumers to compare as many brands as possible from all over the world using a list of criteria and in a short time before making a

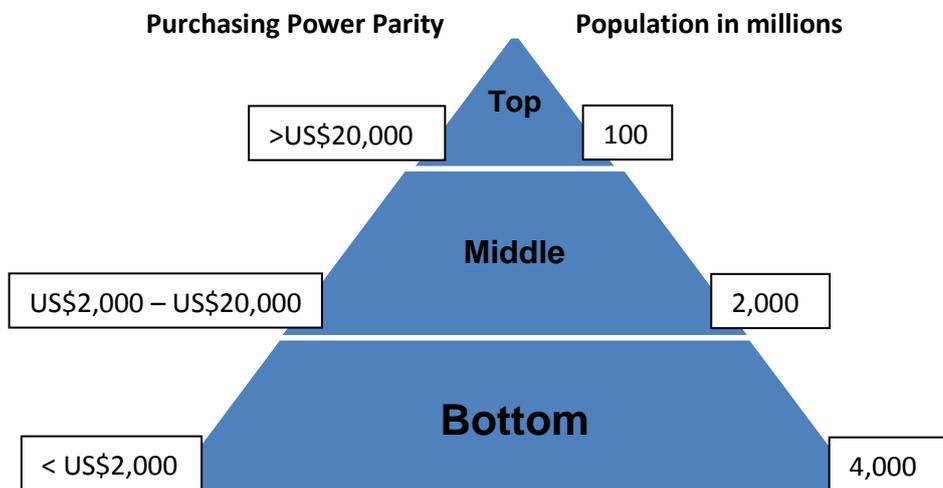
purchase (Kumar et al., 2013). Internet users are therefore more likely to look for an improved product with each purchase. The internet has also given customers unprecedented power in attacking companies and their brands' reputation, posting their complaints about bad experiences on the web for all to see and judge (Kumar et al).

2.3. The Base of the Pyramid (BoP) Concept

2.3.1. Background

The terms bottom of the pyramid, base of the pyramid, low income markets, emerging markets and subsistence markets have been used interchangeably to describe this market (Chikweche & Fletcher, 2010; 2011; Martin & Hill, 2012; Nakata & Wedneir, 2012; Prahalad & Hammond, 2002; Prahalad & Hart, 1999; Viswanathan et al., 2010). Prahalad and Hart (1999) and Prahalad and Hammond (2002) were the first to make popular what they termed “the bottom of the economic pyramid”; the low income consumers who earned less than US\$2, 000 per annum (US\$5,50 per day) and make up 65% (four billion) of the world’s population (see Figure 2 below).

Figure 2: The World Pyramid

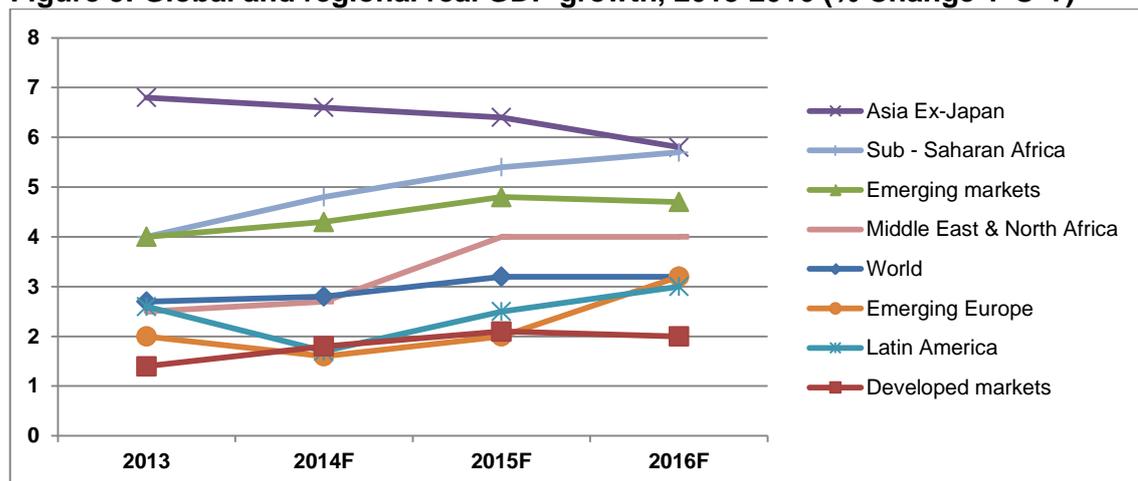


Source: Prahalad and Hammond (2002)

Rangan, Chu and Petkoski (2011) segmented the BoP by income level into the low income earners who earn US\$3 to US\$5 per day (1.4 billion people), subsistence earners who earn US\$1 to US\$3 per day (1.6 billion people), and extreme poverty earners who earn below a US\$1 per day (1 billion people). The BoP is largely untapped and expected to grow to six billion people in 40 years, with Africa showing the highest forecast population growth rate (Hammond, Kramer, Katz, Tran & Walker, 2007). Its

population largely resides in Africa, Asia, Eastern Europe, Latin America and the Caribbean (Hammond et al., 2007; Martin & Hill, 2012). BoP incomes are US\$3, 35 per day in Brazil, US\$2, 11 in China, US\$1, 89 in Ghana and US\$1, 56 in India (Azmat & Samaratunge, 2013). Economic growth in these emerging markets is forecast to grow above developed markets as shown in Figure 3 below, driving consumption at the BoP (Business Monitor International, 2014).

Figure 3: Global and regional real GDP growth, 2013-2016 (% Change Y-O-Y)



Source: Adapted from Business Monitor International (2014)

It is estimated that the low income consumer market in South Africa constitutes 75% of the population (Jacobs & Smith, 2010). On the other hand, Chipp et al. (2012), who segmented the South African consumer market using the AMPS and Living Standard Measures (LSM®), found that the BoP, which they termed the “foundation” cluster made up of LSMs 1 to 4, consists of 35, 8% (11 million people) of the South African consumer pyramid. In South Africa, the BoP segment earns an average income of \$187, 43 per month which translates to \$6, 25 per day, slightly higher than the \$5, 50 suggested by Prahalad and Hammond (2002) due to government social grants (Chipp et al).

The highest expenditure by low income consumers is on basic needs such as food, accommodation and transport (Viswanathan et al., 2010). Low income consumers in South Africa spend 43% of their income on food, then a category of items such as cell phones and clothing; some branded which shows their aspiration and desire to ‘trade up’ (Jacobs & Smith, 2010). They are initially motivated by survival and psychological needs, but they also desire to fulfil needs in the higher order of the hierarchy of needs to build acceptance and integration into society (Martin & Hill, 2012).

Prahalad and Hammond (2002) and Prahalad and Hart (1999) urged multinational companies (MNCs) to see the potential at the BoP and develop relevant business strategies to tap into this market. With an aggregate purchasing power in excess of \$5 trillion, emerging consumers present long term economic potential (Prahalad, 2012). The BoP does have financial resources, holding assets valued at \$9 trillion and generating around \$1, 7 trillion through informal trade (Nakata & Weidner, 2012). Africa's BoP market is worth US\$429 billion (Chikweche, 2013) and South Africa's, \$40, 3 billion per annum (Jacobs & Smith, 2010). The aggregate buying power at the BoP is huge despite the market traditionally not allowing high margins. Conventional business has often side-lined the BoP in its marketing efforts, preferring to focus on upper income segments where their business models are relevant (Prahalad, 2012). The BoP is increasingly brand conscious and adopting modern technologies to prove their interest and desire for sophistication (Nakata & Weidner, 2012; Weidner, Rosa & Viswanathan, 2010).

Karnani (2009) objected to the stated size of the BoP, arguing that the World Bank estimates the population to be 2, 7 billion people instead of 4 billion, making the market size worth only \$0, 3 trillion which is not attractive - especially for MNCs. The author further cited the BoP as being an unprofitable market due to the high costs of serving the market arising from poor infrastructure, geographical dispersion, cultural heterogeneity and low incomes. Anderson and Billou (2007) suggested most firms opted out of the BoP due to these challenges and also corruption, political instability and malfunctioning legal frameworks. Karamchandani, Kubzansky and Lalwani (2011) felt that there have been a few successes in telecommunications, fast moving consumer goods and pharmaceuticals at the BoP which makes the market less compelling; MNCs such as Procter & Gamble failed to reduce costs and prices and still make a profit there. The authors saw better opportunities in the growing middle class which is easier to reach with current business models used by MNCs.

Karnani (2009) further criticised the promotion of the BoP, saying that poor people are irrational economic participants; they are less informed and therefore face huge consequences when they make poor purchasing decisions. The author argued that those promoting business potential at BoP not to forget that poor people lack education, information, and the economic, cultural and social capital to take advantage of and also protect themselves against free markets propositions. Jacobs and Smith (2010) also highlighted that low income consumers are being exploited by businesses that charge excessive prices and irresponsibly grant credit, leaving consumers over-indebted. Indebtedness of low income consumers was found to have risen more rapidly

relative to other income groups (Jacobs & Smith, 2010). Karnani (2009) thus encouraged governments to put some restrictions to protect poor consumers against exploitation. Prahalad and Hammond (2002) and Prahalad (2012) refuted such criticism, arguing that with relevant business models, MNCs are able to provide basic products at lower prices to the BoP and help improve their standard of living.

2.3.2. Factors that impact the purchase decisions of low income consumers

2.3.2.1. Environmental challenges

Low income consumers live in conditions of poverty and deprivation; they lack financial resources, information, education and basic infrastructure (Viswanathan et al., 2010). To further aggravate their circumstances, low literacy levels amongst these consumers restricts their ability to access information and gain awareness on their rights as customers (Azmat & Samaratunge, 2013). Even large companies in developing countries have not been seen to adopt common services such as quality, after sales service, refunds and customer complaints which are customers' rights, while small enterprises are not even aware of customers' rights (Azmat & Samaratunge, 2013). Chikweche and Fletcher (2010; 2011) highlighted corruption, unemployment and hyperinflation in several developing countries as factors that increase the prevalence of uncertainty, complexity and lack of control in the day-to-day lives of low income consumers. These challenges may therefore reduce the low income consumers' purchase decisions to be driven mainly by price (Chikweche & Fletcher, 2010; 2011; Viswanathan et al., 2010).

2.3.2.2. Social networks

The collectivist approach to life at the BoP makes social networks and word-of-mouth an important source of product information (Chikweche & Fletcher, 2010). Low income consumers have been found to easily adopt products after the benefits have been demonstrated to them in their language and validated by those considered credible from within their social networks, e.g. family, friends, neighbours and local shop owners (Weidner et al., 2010). Viswanathan et al. (2010) stated that in a bid to overcome vulnerabilities of poverty, social networks make individuals more confident and they can thus assert themselves as consumers. Chikweche and Fletcher (2010) found that four out of five people they interviewed at the BoP were part of social networks; family, friends, neighbours, community clubs, buying clubs, burial societies and religious

groups. The authors further highlighted the potential of social networks such as buying clubs and women's clubs as key channels for firms to distribute their products at the BoP, as well as getting customer feedback.

2.3.2.3. Income

Karnani (2009) put the statistics at 80% of the poor's meagre income being spent on food, shelter and transport, arguing that companies serving the BoP would have to lower their prices by above 90% for their products to be affordable there. Unemployed is high at the BoP, above 75% in South Africa according to the AMPS (Saarf, 2014) Due to unaffordability, Barki and Parente (2010) noted that low income consumers do not have much of a choice; they are used to being offered poor service which reinforces their low self-esteem and their embarrassment about being poor, when they also want to be respected and recognised as part of society. In this light, low income consumers lack trust and relationships with companies and view them as exploiters (Barki & Parente, 2010). To create trust and strengthen relationships between suppliers and consumers, Prahalad (2012) and Rangan et al. (2011) recommended the co-creation of products with BoP consumers to give them both employment and income, e.g., consumers becoming small scale farmers who supply raw materials to producers.

2.3.2.4. Convenience

Consumers at the BoP buy at the local shops due to the need to save on transport costs to get to retail chains which are mostly situated in far off malls (Chikweche & Fletcher, 2010). The availability of smaller SKUs which are cheaper, trusted and friendly local store owners who could extend credit, the need to buy single items to address immediate needs are other underlying reasons (Chikweche & Fletcher, 2010). D'Andrea et al. (2006) agreed stating that small local stores offer a more compelling value proposition than supermarket chains; besides their convenient location, they offer relevant product categories, brands and packs, and personalised service to their customers.

2.3.2.5. Promotional activities

With the increasing access to media at the BoP, a large number of consumers are being exposed to marketing messages which fuels their desire to trade up (Prahalad, 2012). Brand communication that engenders a sense of community - word-of-mouth,

demonstrations and the use of community opinion leaders - are some of the promotional strategies that have been recommended to improve product adoption at the BoP (Weidner et al., 2010). The youth market there is better educated than their elders therefore willing to search for product information, try new things, follow fashion and trends, thus increasingly becoming brand conscious (McKinsey & Company, 2012).

2.3.3. Marketing strategies at the BoP

In the emerging markets where the majority of low income consumers live, business success means understanding and adapting to the factors that drive product adoption with this group of consumers (Prahalad, 2012). A number of multinational consumer goods companies such as Safaricom with M-pesa, Coca-Cola, Unilever, Nokia, Colgate-Palmolive and mobile communication providers have already demonstrated the business potential at the BoP (Prahalad, 2012; Rangan et al., 2011).

2.3.3.1. The 4As

Anderson and Billou (2007), Chikweche and Fletcher (2012) and Prahalad (2012) proposed the 4As (Awareness, Acceptability, Access/Availability, Affordability) to drive product adoption at the BoP. The authors urged companies targeting the BoP to let consumers know about their offerings, meet consumers' needs by creating relevant products, create easier access to products and make the products affordable. Rowley and Dawes (2000) suggested that customers could be disengaged from products because they may have no awareness of them, they could be irrelevant to their needs, or they might not be within their perceptions of affordability. Prahalad (2012) recommended that products must be designed, distributed and presented in a format that meets the unique requirements of any customer segment, therefore rather than just focusing on developing low cost products to entice potential BoP customers, companies should focus on product features that are most valued by this type of consumer.

2.3.3.1.1. Awareness

Businesses should create awareness of their products at the BoP so that customers know what products are available, how to use them and where to purchase them (Prahalad, 2012). Anderson and Billou (2007) found that a large proportion of the BoP

still did not have access to conventional media, particularly those residing in rural areas, which constrains companies targeting this segment of the market. Companies such as Smart in the Philippines and Hindustan Lever in India use media such as billboards, community road shows (street performances) and point-of-sale materials to build awareness at the BoP in urban and rural areas (Anderson & Billou, 2007). Chikweche and Fletcher (2012) also found that some companies use social networks such as women's clubs for product demonstrations within their residential areas, which also provides them with instant consumer feedback.

2.3.3.1.2. Affordability

Products have to be made affordable to BoP consumers because of their limited incomes (Anderson & Billou, 2007). Fmcg companies such as Procter & Gamble and Unilever serve the BoP with micro-packs for daily necessities at low price points to accommodate the limited incomes there (Anderson & Billou, 2007). The suggested business strategy at the BoP is low margins on price and high sales volumes which the large population allows (Chikweche & Fletcher, 2012). The concept of frugal engineering is proposed for the development of products that address the basic needs of the BoP consumer at affordable prices (Sehgal, Dehoff & Panneer, 2010). The objective is removing needless costs in the product development process and focusing on those product features that are absolutely necessary to the BoP consumer (Sehgal et al., 2010). A popular example is the Tata Nano, which was developed to a target price of \$2, 000 which urban low income consumers in India could afford (Prahalad, 2012).

2.3.3.1.3. Access or availability

Companies need to be able to make their products consistently accessible at the BoP and devise route to market models that still make the products affordable (Anderson & Billou, 2007). Weak transportation and telecommunication infrastructure at the BoP make distribution of products expensive, which is why Chikweche and Fletcher (2012) proposed a mix of formal and informal distribution channels to reach the BoP, e.g. social networks and individuals in the communities could be empowered to become part of the distribution channel. Avon drew its salespeople from the communities which they served, accessing consumers who sometimes could not be accessed through conventional channels (Prahalad & Hart, 1999).

2.3.3.1.4. Acceptability

Prahalad (2012) suggested an immersion into the BoP consumer's lifestyle to understand what needs there are and how they could be met with relevant products that consumers aspire to own. The modern, energy efficient, smokeless, easy to use biomass stove developed by BP for the poor in India after a two year in-depth analysis of the consumers' lifestyles sold at less than US\$20 (Prahalad, 2012). Products need to be redesigned to suit the unique socioeconomic and cultural needs of both consumers and distributors at the BoP (Anderson & Billou, 2007). Coca-Cola, for example, provides its rural distributors with simple ice boxes to keep their products chilled due to the absence of electricity and refrigerators in some developing markets (Anderson & Billou, 2007).

2.3.3.2. Personalised service

Barki and Parente (2010) noted that BoP consumers want personalised service and highly value face-to-face contact as they feel a loss of dignity due to being poor and segregated in society, their lack of education, mistrusting corporates and their reliance on word of mouth and social networks for information. Marketplaces frequented by low income consumers were found to be intensely personal, social and relational environments; customers constantly seek customisation of offerings to accommodate their needs and bargain and negotiate with sellers who adjust quantities in response to the agreed price, i.e. transacting terms are not fixed (Viswanathan et al., 2010).

2.4. Brand loyalty at the BoP

As discussed earlier, very little literature exists on brand loyalty in particular at the BoP. Majumder (2012) noted that low income consumers are brand conscious and evaluate the products they use, therefore companies should see them as value driven consumers who are not only concerned with price. Barki and Parente (2010) suggested that branding could well be more important to low income consumers because strong brands drive higher aspirational attraction for them; they are a guarantee of status and integration in society. With economic liberalisation comes growing incomes; emerging consumers are eager to buy better quality products and are prepared to spend a bit more on those products of value to them (Prahalad, 2012).

Azmat and Samaratunge (2013) suggested that the BoP is largely served by small scale individual entrepreneurs who are not socially responsible (cheat for profit motives), therefore consumers who still purchased from them are likely to exhibit blind loyalty. Small enterprises are believed to knowledge about the importance of customer trust and loyalty, and due to the poor socio-economic conditions at the BoP, engaged in irresponsible business practices such as misleading information on quality, quantities and pricing (Azmat & Samaratunge). D'Andrea et al. (2006), on the one hand, argued that low income consumers repeatedly purchase from these small local stores because they offer a more compelling value proposition than supermarket chains; convenient location, relevant product categories, brands and packs and personalised.

Chipp et al. (2012) put forward a proposition that low income consumers may not be brand loyal due to their limited income, i.e. they search for the lowest price, always on the lookout for sales promotions or they can be loyal if they found a brand with an acceptable price value proposition. Chikweche and Fletcher (2010) and Viswanathan et al. (2010) supported the first line of thought, saying that low income consumers are challenged by poverty and deprivation which may reduce their purchase decisions to be driven by price only. Bandyopadhyay and Martell (2007) categorised such customers as “deal prone”; they switch from one brand to another to fulfil their needs at each point in time or they could be constrained by situational factors. Prahalad (2012) confirmed that limited income still forces the low income consumer to strike a balance between price and performance, so affordability becomes a key driver in product adoption. Rowley and Dawes (2000) suggested that some consumers are disengaged; disloyal to a brand if it is beyond their perceptions of affordability.

Nakata and Weidner (2012) supported the proposition that low income consumers can be loyal if they find a brand with an acceptable price value proposition, stating that these consumers are receptive and willing to spend money on suitable, reasonably priced products. Quality matters to emerging consumers but it should come at an affordable price; value for money is important (McKinsey & Company, 2012). Consumers equate quality to well-known brands; they worry about settling for low quality if they cannot afford (McKinsey & Company). D'Andrea et al. (2006) agreed with this view, stating that the desire to buy well-known brands in low income markets is not only visible in the staples food categories, but also in secondary aspirational products such as beer, soft drinks and detergents, regardless of price. The authors also found that there is still some scepticism, even amongst low income consumers, when it comes to trying in-store brands which are perceived to be cheap quality due to their low

price. Lower income consumers are also thought to be brand loyal as they cannot afford to make mistakes; they want their once-off purchases to guarantee them expected performance because they cannot afford to incur replacement costs (Barki & Parente, 2010; D'Andrea et al., 2006).

2.5. Conclusion

The literature has demonstrated the importance of the concept of brand loyalty to a business, especially in today's highly competitive business environment. Brand loyalty gives an organisation a competitive advantage and could guarantee its future financial performance. Consumers that are brand loyal buy more, are less sensitive to price increases, cost less to serve, pay less attention to competitor offerings and communication, spread positive messages by word of mouth advocating for the brand, and are likely to give useful feedback to suppliers (Aaker, 2012; Kotler & Keller, 2012; Li & Green, 2011). Brand loyalty has been studied in the two domains of behavioural and attitudinal loyalty to present a unified view. Dick and Basu (1994) affirmed that a favourable attitude towards a brand over competing brands and repeated purchases or patronage were required for loyalty.

Antecedents of brand loyalty include brand awareness, customer satisfaction, perceived quality, perceived value, brand trust, brand image and brand experience, amongst others (Aaker, 2012; Deng et al., 2010; Dick & Basu, 1994; Keller, 2009; Khan & Mahmood, 2012; Nam et al., 2011; Oliver, 1999; Rundle-Theile & Bennet, 2001). Brand loyalty is built by an effective marketing strategy which creates true value for the customer (Aaker, 2012; Keller, 2009; Li & Green, 2011). Rowley and Dawes (2000) and Bandyopadhyay and Martell (2007) concluded that every consumer has some form of relationship with a particular brand, whether it is strong, weak or non-existent. Most customers are said to be multiple brand users because they are deal prone and variety seekers (Bandyopadhyay & Martell, 2007). Building brand loyalty is also seen as a challenge in today's environment where competing on price has become common and the ever increasing number of similar offerings flooding the market encourages a variety seeking behaviour (Aaker, 2012; Kumar et al., 2013).

Azmat and Samaratunge (2013) pointed that brand loyalty has only been studied in the context of developed countries and upper income classes, therefore the need to understand its nature at the BoP in the context of a developing country. Consumer behaviour at the BoP is affected by low incomes, poverty, deprivation, and a lack of

education and information, therefore the assumption that most purchases are decided based on price only (Azmat & Samaratunge, 2013; Karnani, 2009; Viswanathan et al., 2010). Despite the challenges, the large number (4 billion) of consumers at the BoP makes it an attractive aggregate market with potential business opportunities (Prahalad, 2012). BoP consumers are already active consumers with purchasing power in excess of \$5 trillion, although they spend most of their money on food, accommodation and transport (Nakata & Weidner, 2012; Prahalad, 2012). Still, in developing countries, BoP consumers are also able to spend on some luxuries such as cell phones and branded clothing, proving their aspiration for quality and status (Barki & Parente, 2010; Jacobs & Smith, 2010). As Chipp et al. (2012) proposed, BoP consumers could be loyal if they found a brand that offers them an acceptable price value proposition, therefore as the discussion on the business potential at the BoP continues; managers need to understand the purchasing and consumption behaviour at the BoP to come up with relevant business strategies there.

Chapter 3: Research Questions and Propositions

Research Question 1: Are low income consumers brand loyal?

Barki and Parente (2010) suggested that low income consumers would possibly place more importance on branding; due to deprivation and exclusion they have the strongest desire for status and social integration. Other thoughts were that low income consumers could be loyal if they found a brand with an acceptable price value proposition (Chipp et al., 2012). In agreement, Nakata and Weidner (2012) stated that low income consumers are receptive and willing to spend money on relevant, reasonably priced quality products. Bandyopadhyay and Martell (2007), Dick and Basu (1994) and Kotler and Keller (2012) classified customers based on their purchase behaviour and attitude towards brands, broadly recognising that customers could be brand loyal or disloyal. Kumar et al. (2013) and Aaker (2012) argued that in today's business environment where customers are exposed to a variety of brands and heightened price competition, brand loyalty is contradictory therefore most customers are likely to be multiple brand users (variety seekers and deal prone).

3.1. Research Question 2: What drives brand loyalty or disloyalty at the base of the pyramid?

Drivers of brand loyalty, including customer satisfaction, brand awareness, perceived quality, customer involvement, promotional mix, situational factors, economic and transaction costs, brand image, brand trust, brand experience, perceived value, perceived risk, inertia, relationships between consumers and suppliers and habit were identified by different authors (Brakus et al., 2009; Deng et al., 2010; Dick & Basu, 1994; Human et al., 2011; Kumar et al., 2013; Liu et al., 201; Nam et al., 2011; Rundle-Theile & Bennet, 2001; Sahin et al., 2011; Yoo & Bai, 2013). Disloyalty, on the other hand, could be driven by brand unawareness, lack of interest in the brand, unaffordability, poor brand image, bad brand experience and a positive orientation towards a competing brand (Bandyopadhyay & Martell, 2007; Rowley & Dawes, 2000). Chikweche and Fletcher (2010; 2011) and Viswanathan et al. (2010) suggested that low income consumers' purchases are mainly driven by price due to their environmental challenges therefore may not be brand loyal.

3.2. Research Question 3: Within which product categories are low income consumers more brand loyal or disloyal and why?

Rundle-Thiele and Bennett (2001) suggested that brand loyalty is different for consumable, durable and service markets due to their differing characteristics. The authors found the consumables market to exhibit divided loyalty because consumers seek variety and sales promotions which alter purchase patterns, while consumers tend to be more brand loyal within the durables and services markets due to the lead time for replacement, perceived risk and switching costs. Ioan (2009) found that consumers easily switch brands with consumables than durables especially where situational factors such as product unavailability and price increases came into play.

Chapter 4: Proposed Research Methodology and Design

4.1. Qualitative research design

The major three purposes for qualitative research are to explore, describe or explain the phenomenon of interest (Marshall & Rossman, 2010; Saunders & Lewis, 2012). Many qualitative studies are said to be exploratory or descriptive (Marshall & Rossman, 2010).

Marshall and Rossman (2010) explained the three qualitative research methods as follows:

- ✚ Exploratory – seeks to investigate little-understood situation or phenomenon, identify or discover important categories of meaning and generate hypotheses for future research.
- ✚ Descriptive – seeks to document and describe the situation of interest.
- ✚ Explanatory – seeks to explain the pattern related to the situation in question; identifying plausible relationships shaping it.

An exploratory approach to this qualitative research was taken to understand the nature of brand loyalty at the BoP, because little research existed on the topic. The exploration relied more on qualitative techniques in order to develop concepts more clearly in a new unfamiliar subject or area (Cooper & Schindler, 2014, p.129). Qualitative research is used to tell the researcher how and why things happen as they do, providing deeper insight into the differing meanings people place on their experiences (Cooper & Schindler, 2014, p. 144). The main advantage of qualitative research is that it uncovers underlying motivations for people's behaviour, attitudes, opinions and perceptions (Cooper & Schindler, 2014). In this study, the researcher aimed to understand the purchasing behaviour of low income consumers, their relationships with brands and what determined them (attitudes, opinions and perceptions held).

4.2. Target population

4.2.1. Income level

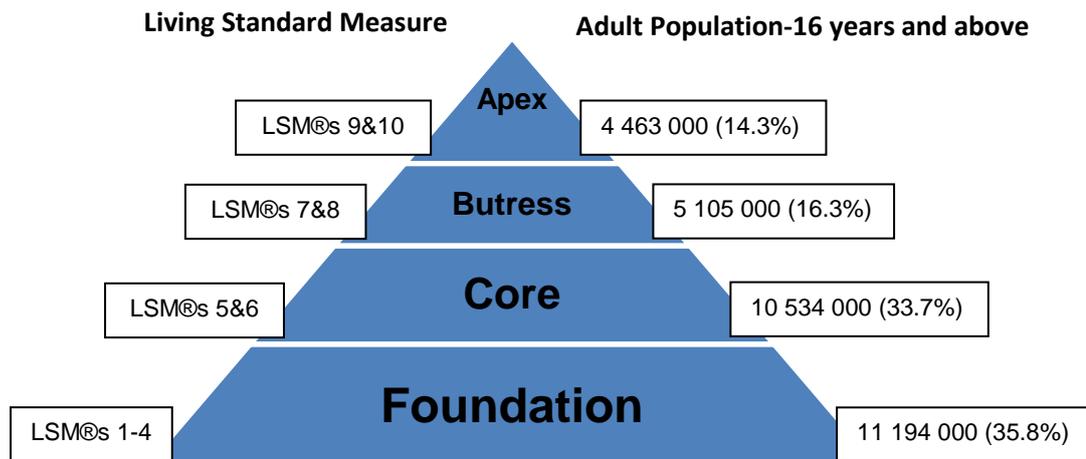
The BoP has been primarily characterised by income level, i.e. low income consumers. Prahalad and Hammond (2002) defined the BoP as being composed of those who earn

less than US\$2, 000 per annum, which translates to US\$167 per month or approximately ZAR1, 787, however Chipp et al. (2012) found that the BoP consumer in South Africa earns a personal income of US\$187.43 per month (ZAR2, 005) and a household income of US\$295, 66 (ZAR3, 163 as per the June 2014 exchange rate). The South African income level was applied in defining the target population.

4.2.2. Standard of living

Low income consumers are mostly resident in highly populated urban suburbs or slums and rural areas (Prahalad & Hart, 1999). Due to time and financial limitations this study did not cover rural areas; respondents were drawn from Gauteng in Diepsloot and Soweto for convenience. The respondents were purposively drawn from Living Standard Measures (LSM®) 2 to 4 which comprise the foundation or base of the South African pyramid with the exclusion of LSM 1, which is made up of rural residing adults who could not be easily reached (Chipp et al., 2012). In purposive sampling, the researcher chooses participants arbitrarily based on a range of possible reasons and premises (Saunders & Lewis, 2012, p.138). The LSM® which is largely used by the South African Audience Research Foundation (Saarf) in running the All Media Products Survey (Amps) classified adults using household variables such as the presence or absence of hot running water, a cell phone, a computer, a flush toilet, a domestic worker and white goods (Saarf, 2014). The similarities within LSMs 2-4 were that they did not have a domestic worker, air conditioner, floor polisher, dishwasher, washing machine, tumble drier and vacuum cleaner (Saarf, 2014). Chipp et al. (2012) classified the South African adult population into four tiers using the LSM®; the foundation which represents the BoP and upper segments (core, buttress and apex) as shown below in Figure 4.

Figure 4: The South African Pyramid



Source: Chipp, Corder and Kapelianis (2012)

The bulk of LSM 2-4 adults also do not have the following household variables: a motor vehicle, washing machine, deep freeze, personal computer, hot running water, a home theatre system, home security service and a home telephone (Saarf, 2014). Due to free housing provided by the South African government to the disadvantaged under the Reconstruction and Development Programme (RDP), those in LSM 2-4 who benefited from the programme now have built-in kitchen sinks, flush toilets and running water (O'Malley, 1994).

4.3. Unit of analysis

- ✚ Males and females in LSM 2-4 who formally or informally earned US\$187.43/ZAR2,005 per month or were from households that had a monthly income of US\$295.66/ZAR3,163 (South Africa's BoP) and were actively involved in shopping.

4.4. Sampling method and sample size

A sample is defined as a sub-group of the whole population (Saunders & Lewis, 2012, p. 132). Sampling is done to lower the costs of data collection, increase the speed of data collection, increase the accuracy of results and it is the only process possible if the population is infinite (Cooper & Schindler, 2014, p.338-339). Quota sampling was used in constructing the sample. Quota sampling was described as a form of nonprobability sampling done to improve the representativeness of a sample where certain relevant characteristics describe the dimensions of the population, for example gender and age (Cooper & Schindler, 2014, p.359). In this study the researcher used quotas of gender and age groups within the target population. Deng et al. (2010)

suggested that gender and age have a significant moderating effect on the relationship between trust and customer satisfaction and perceived emotional value and customer satisfaction, which determines customer loyalty. Some responses therefore differed by gender and age. Eighteen individual in-depth interviews were conducted and the sample was split as per Table 3 below. Qualitative research samples are generally small but the guideline was to keep sampling and stop when there was no more new knowledge or insights being gained (Cooper & Schindler, 2014, p.151). Screening questions on income levels, LSMs and age group were administered at the beginning to qualify the respondents.

Table 3: Proposed Sample Structure

	Age Group			
Gender	18 – 30 years	31 to 40 years	Over 40 years	Total
Females	3	3	3	9
Males	3	3	3	9
Total	6	6	6	18

4.5. Data collection

Individual in-depth face-to-face interviews with the respondents were conducted to discuss the topic and collect responses. An individual in-depth interview is defined as an interaction between an individual interviewer and a single participant (Cooper & Schindler, 2014, p.156). Research is often not satisfied by interviewees' first answers, but can be with follow up questions and probing (Flick, 2008). Follow up questions were posed to make sure respondents elaborated fully on their responses. Face-to-face interviews were conducted because they presented the additional benefit of being able to observe and record the non-verbal behaviour of the respondents (Cooper & Schindler, 2014), while individual in-depth interviews were selected over focus groups as a qualitative data collection method because the study touched on the respondents' financial status in relation to their brand loyalty status, which were a sensitive and private subject for some respondents and may not have been freely discussed in a group. Fieldwork was conducted over a period of two weeks from the 4th to the 15th of August 2014.

4.6. Research instrument

An interview guide was used in administering the face-to-face individual in-depth interviews. The interviews were semi-structured, using predetermined open-ended

questions based on the topics covered. Semi-structured interviews allowed the interviewer to ask additional questions to extract further details, explore objectives in more depth and seek clarification of answers from respondents (Saunders & Lewis, 2012). The researcher used the services of a trained co-interviewer who is fluent in the relevant South African languages to overcome language barriers that were encountered. The question guide was pilot tested before data collection to gauge its usability and length of time. Some questions were removed and some modified from the original interview guide in response to the way the pilot respondents answered the questions. A maximum of an hour was targeted for each interview and respondents were interviewed from their homes. The interviewer audio recorded the interviews which were later transcribed on paper and also took written notes.

The interview guide used is attached as Appendix A and was structured as follows:

- ✚ Demographic information - the first section of the interview guide screened respondents to identify those within the required parameters (living standard measure and income level) and to fill in the set quotas of age and gender.
- ✚ Behavioural loyalty - this section established the purchasing behaviour of participants to ascertain behavioural loyalty. The section also enquired about the purchasing behaviour of consumables, services and durables to assess similarities and differences.
- ✚ Attitudinal loyalty - these questions established the relationships or emotional attachments that participants had with brands or products/services to assess their attitudinal loyalty.

4.7. Measuring brand loyalty

Aaker (2012) suggested that loyalty is a simple and accessible concept that customers understand; loyalty to family, friends, companies and even brands, therefore the author recommended that direct questions can be asked when measuring loyalty such as:

- ✚ Are you loyal to this brand?
- ✚ Do you buy mostly on price?
- ✚ Are you loyal to one, two, three or more brands?
- ✚ Do you see all brands as pretty much the same?

Aaker (2012) equated customer loyalty to satisfaction, thus existing customers could be asked the following questions to measure their willingness to stick to a brand:

- ✚ Are you satisfied with the brand?
- ✚ Are you delighted with your experience with this brand?
- ✚ Does the product or service meet expectations?
- ✚ Would you buy the same brand again?
- ✚ Would you recommend the brand you bought last time to others?
- ✚ Were there problems or inconveniences associated with the use of the product or service?

In his study on the influence of market type and demographics on brand loyalty, Ioannidis (2009) adopted the same questions above and added the following:

- ✚ If the brand's price increased in comparison to its competitor brands, would you still buy the same brand?
- ✚ If the brand were not to be found in the stores you usually buy from, would you look for it in other stores in order to buy it again?

Similarly, Kotler and Keller (2012) and Li and Green (2011) agreed that loyal customers (1) have high intention to purchase, (2) are less price sensitive, (3) give feedback to the firm (compliments and complaints), and (4) do more repeat business, which are useful measures of loyalty. Expanding the main research questions from chapter three, similar questions to the above were part of the interview guide because they allowed the consumer market to be segmented, determining their behaviour and attitudinal loyalty.

4.8. Analysis approach

Data analysis of qualitative findings involves reducing accumulated data or information to a manageable size, developing summaries and looking for patterns (Cooper & Schindler, 2014). Data can be displayed by quoting extracts of verbal statements and producing checklists and tables to reveal patterns. In analysing qualitative data, Saunders and Lewis (2012) recommended developing categories or codes which are then attached to the unit of analysis. In this case, the content analysis method was applied in conjunction with a constant comparative analysis (comparing new set of data to previously collected data). Content analysis is a flexible, widely applicable tool for measuring the semantic content of a communication (in-depth interviews, focus group discussions and transcripts, newspaper and magazine editorials and speeches) including counts, categorisations, associations or interpretations (Cooper & Schindler,

2014.p.385). All transcripts were read and re-read to establish frequently raised issues which built the key themes that recurred. Atlas.ti, a computer-aided data analysis software, was used to categorise or code the data to identify themes through inductive and deductive analysis. Comparative analysis was done to identify areas of similarity and difference in the data.

4.9. Validity and reliability

Maxwell (2012) stated that validity and reliability have been controversial in qualitative research, as they are seen as being more appropriate to quantitative methods of research. These terms are still being used although other concepts such as trustworthiness, authenticity and quality have been brought up and qualified as more appropriate to qualitative research. Researcher bias and the researcher's effect on the respondent are the two main threats to validity often raised in qualitative studies (Maxwell, 2012, p. 124).

4.9.1. Researcher bias

The selection of data that stands out to the researcher or fits the researcher's existing thinking and goals are two major threats to the validity of research conclusions (Maxwell, 2012). Explaining the biases and how the researcher deals with these is critical. Most respondents to this study had a basic understanding of English but were more comfortable explaining themselves in vernacular, therefore interviews were mostly conducted this way. The interviews were conducted with the assistance of a trained co-interviewer who understood most South African languages (IsiZulu, IsiNdebele, IsiXhosa, IsiPedi and others). The researcher bias was also reduced by using a semi-structured interview guide to provide some consistency in the responses, and the researcher noted quotes of the respondents to substantiate the conclusions made. The findings used quasi-statistics to enable readers to assess the amount of evidence in the data that supports claims. Maxwell (2012) highlighted that the greatest fault of qualitative studies has been the failure to use numbers as a basis to their conclusions. Using numbers does not make the study quantitative, but simply makes explicit and more precise claims. Findings were also compared with existing theory from the literature review.

4.9.2. Reactivity

The influence of the researcher on the setting or respondents is the other problem often raised in qualitative studies (Maxwell, 2012). Triangulation was applied to reduce this bias by interviewing a diverse range of individuals, i.e. males and females of different age groups from different residential areas (Soweto and Diepsloot) on different days. Comparisons of the findings were also made between males and females and the age groups. All interviews were conducted at the residences of the respondents where they were more comfortable and could spare enough time to go through all the questions on the interview guide. Although small samples are common in qualitative studies, 18 interviews were conducted for this research to get diverse responses which would provide reliable conclusions.

4.10. Limitations

Although qualitative studies may not be generalised to the population in a statistical sense, their findings may be transferable with the reader taking into consideration the limitations to the study (Marshall & Rossman, 2010). The following limitations to the study should be noted:

- ✚ Due to the exploratory and qualitative nature of the research the results were not conclusive, restricting their inference to the population (Cooper & Schindler, 2014).
- ✚ Due to time and financial constraints the study was restricted to Johannesburg, Gauteng in South Africa, which is not a perfect representation of the population as the BoP also consists of a rural population which was not represented in the study.
- ✚ Time and financial constraints also informed the use of nonprobability sampling. Nonprobability sampling introduces bias to the sampling procedure and distortion to findings because not all the elements in the population have the probability of being selected (Cooper & Schindler, 2014).
- ✚ Although quota sampling was meant to improve the representation, there was no assurance that the suggested variables represented the population and there was a practical limit to variables that could be applied to ensure precision (Cooper & Schindler, 2014). Gender and age were the variables used, which may not have

been exhaustive of the characteristics of BoP consumers. To contain this limitation, the sample size was increased to 18 to allow for heterogeneity.

- ✚ Interviews are normally at risk of interviewer and participant error, which negatively influences the findings (Cooper & Schindler, 2014). Interviews were thus done in the vernacular to cater for the needs of the respondents who were unable to articulate themselves well in English, and were then translated back to English during transcription. Although an assistant interviewer who understood the vernacular very well was used, some messages could have been lost in translation.
- ✚ The services category was not fully explored due to limited responses to questions, which could have been an indicator of the low penetration of branded services at the BoP. A recommendation for future research was made to focus on this category in chapter 7.

Chapter 5: Research Findings

5.1. Introduction

The purpose of the study was to explore the nature of brand loyalty amongst low income consumers. In introduction, the respondents shared their demographics, the variables they possessed to determine their living standard measure and also discussed their income expenditure in general. Further to that, the interviews dwelt on the brands used by the respondents across product categories (consumables, durables and services), the duration of use, the relationship they had with them and if they intended to keep using them in future. The interviews also discussed the drivers behind their relationships with brands (negative or positive) and weighted their commitment to brands.

5.2. Demographics

As stipulated in chapter 4, 18 individuals were interviewed in total, with quotas set by age and gender. Demographic details are tabulated below.

Table 4: Sample Demographics

Demographics		Count
Total Respondents		18
Gender	Female	9
	Male	9
Age	18 to 30 years	6
	31 to 40 years	6
	Over 40 years	6
Race	Black	18
Education level	Primary	2
	Secondary	14
	Tertiary	2
Employment Status	Unemployed	2
	Unemployed (receives Government grant)	5
	Formally employed	8
	Informally employed	3
Residence	Shack/squatter house ('Mkhukhu')	4
	RDP House (Government subsidised housing)	7
	Free housing on work premises (security guards)	2
	Renting one room/sharing house	5

5.2.1. Income and living standard measures

All respondents interviewed confirmed that they either earned the stipulated personal of ZAR2, 005 or household income of ZAR3, 163 per month or below, which is characteristic of consumers at the BoP and LSM 2 to 4 in South Africa (Chipp et al., 2012). Out of the 18 respondents, 11 were employed and seven were not. Most females interviewed were unemployed, six out of nine; five of them mainly survived on government child support grants. Eight out of nine males interviewed were employed.

5.2.2. Residence

Interviews were conducted mainly in Soweto (Dobsonville) and Diepsloot due to the ease of access to BoP consumers there. Figure 5 below shows respondents' residences in Dobsonville and Diepsloot. Two males above 40 years who worked as security guards were interviewed in Randburg at their work premises where they also resided.

Dobsonville is a township in greater Soweto and Diepsloot is a densely populated settlement in the north of Johannesburg in South Africa. Some of the respondents in Soweto (Dobsonville) and Diepsloot lived in free government housing, popularly known as "RDP houses" (Reconstruction and Development Programme), therefore have no rental expenses while others lived in squatter houses popularly known as "mkhukhu" in vernacular or rented rooms. The residents have access to Dobsonville and Diepsloot shopping malls which have a number of chain stores and are within walking distance.

Figure 5: Respondents' residences - Dobsonville, Soweto and Diepsloot



5.2.3. Other variables

Two male respondents owned personal desktop computers, which had been bought at second hand stores shown in figure 6 below, although they did not have the internet; the personal computers were mainly used for watching movies. This proves the penetration of modern products at the BoP and the aspirations for a better standard of life there.

Figure 6: Single rented rooms with desktop computers in Soweto and Diepsloot



5.2.3.1. Media access

Access to media was high amongst the respondents, with all having access forms of media such as television, radio and print, as shown in a word cloud in Figure 7 below. TV, shops, pamphlets, newspapers and friends were the main sources of product information.

Figure 7: Product information sources



Six respondents out of the 18 subscribed to Dstv (digital satellite television) and claimed to pay as little as ZAR29 per month. This was verified on the Dstv website where the “Easyview” package is indeed offered at ZAR29 and consists of 25 television channels across categories of movies, documentaries, lifestyle, news, music, sports and religion and several audio channels (Dstv, 2014). See Figure 8 below.

Figure 8: Dstv decoder inside a respondent's shack in Diepsloot



5.3. Data analysis

Atlas.ti, a qualitative data analysis software was used to analyse the interviews and assign codes that identified the themes and concepts that emerged from the data. Codes were inductively and deductively developed as the researcher read and reread the transcripts, constantly comparing them. Table 5 below lists the codes developed.

Table 5: Thematic Codes

Inductive codes		Deductive codes
Loyalty	Satisfaction	Brand conscious
Nokia	Durability	Deal prone
In-store brands	Affordability	Disloyalty
Shoprite	Convenience	Variety seekers
Spaza shops	Quality	Desired brands
Chinese brands/shops	Groceries	Value for money
Trust	Price	Situational factors
Switch brands	Appliances/durables	Aspiration
Brand experience		

A word count showing the number of times respondents spoke about the common themes and related words was done using Atlas.ti and is shown in Table 6 below. It

was also done by gender and age group to show what was important or not to each group.

Table 6: Word count

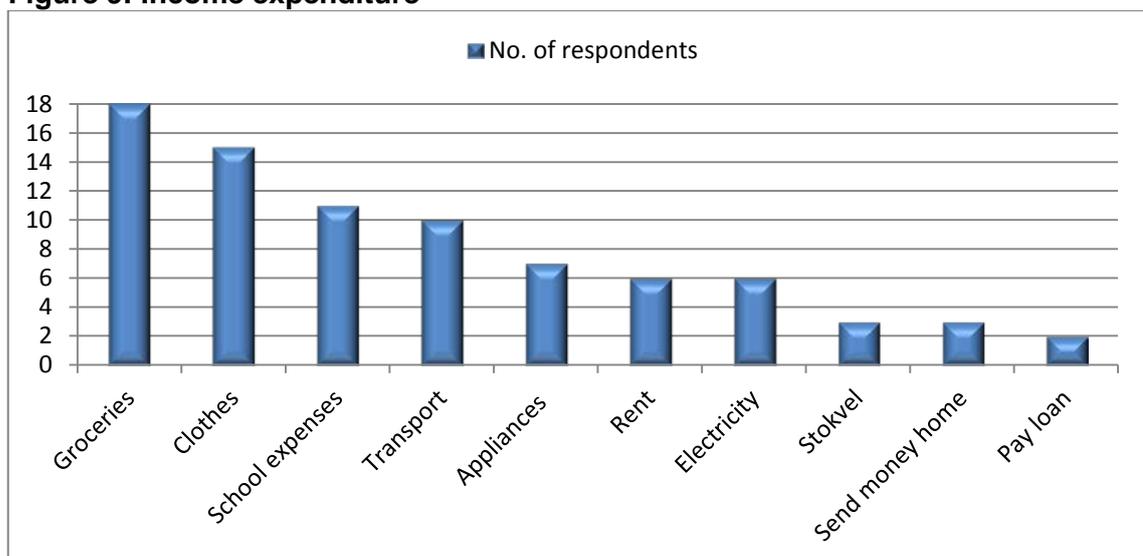
Thematic Code	Word	Total	Female	Male	18-30yrs	31-40yrs	>40yrs
Brand conscious	Brand	210	48%	52%	31%	39%	30%
	Brands	506	50%	50%	34%	34%	32%
	Buy	501	50%	50%	33%	34%	33%
	Buying	163	49%	51%	30%	36%	34%
Loyalty	Loyal	5	40%	60%	20%	20%	60%
	Satisfied	83	52%	48%	31%	39%	30%
	Like	190	48%	52%	34%	35%	31%
	Love	41	54%	46%	34%	32%	34%
	Satisfaction	4	25%	75%	0%	50%	50%
Nokia	Nokia	26	38%	62%	12%	58%	31%
In-store brands	In-store	25	60%	40%	36%	24%	40%
	No-name	34	53%	47%	29%	38%	32%
	Rite brand	9	78%	22%	11%	56%	33%
Shoprite	Shoprite	31	61%	39%	19%	45%	35%
Spaza shops	Spaza	9	78%	22%	22%	44%	33%
	Indian	2	50%	50%	50%	50%	0%
	Pakistanis	1	100%	0%	0%	100%	0%
Chinese shops	Chinese	16	56%	44%	50%	25%	25%
	Flea market	19	53%	47%	32%	37%	32%
Brand experience	Experience	15	80%	20%	20%	73%	7%
	Experiences	9	78%	22%	44%	22%	33%
	Work	14	64%	36%	29%	36%	36%
	Trust	37	57%	43%	24%	41%	35%
	Reliable	21	19%	81%	33%	38%	29%
	Used	19	63%	37%	21%	42%	37%
Disloyalty	Switch	31	52%	48%	32%	35%	32%
	Change	24	46%	54%	38%	33%	29%
Affordability	Afford	49	57%	43%	37%	29%	35%
	Affordable	15	60%	40%	20%	27%	53%
	Affordability	11	55%	45%	18%	36%	45%
	Save	26	46%	54%	31%	23%	46%
	Price	81	48%	52%	23%	37%	40%
	Reasonable	9	56%	44%	22%	22%	56%
	Prices	17	41%	59%	29%	35%	35%
	Cheaper	16	75%	25%	38%	50%	13%
	Sales	48	52%	48%	27%	38%	35%
Promotions	30	57%	43%	23%	40%	37%	
Quality	Quality	142	51%	49%	35%	33%	32%
	Good	58	53%	47%	38%	28%	34%
	Cheap	28	57%	43%	36%	39%	25%
	Poor	19	58%	42%	26%	32%	42%
Durability	Last	16	75%	25%	31%	44%	25%
	Strong	93	51%	49%	34%	33%	32%
	Durable	33	45%	55%	30%	39%	30%
	Longer	11	73%	27%	18%	45%	36%
Convenience	Convenience	23	48%	52%	35%	30%	35%
	Closer	4	25%	75%	0%	25%	75%
	Far	6	0%	100%	0%	100%	0%
	Convenient	7	29%	71%	0%	29%	71%
	Transport	22	41%	59%	27%	32%	41%
Consumables	Groceries	82	50%	50%	33%	37%	30%
	Clothes	59	53%	47%	42%	36%	22%
Durables	Appliances	29	31%	69%	59%	28%	14%
	Durables	48	50%	50%	33%	38%	29%

Females spoke more about in-store brands, Shoprite, spaza shops, Chinese brands, affordability, brand experience, sales promotions and products lasting longer than males while the Nokia and durables were more important to males. The 18-30 years group was distinctly different; they spoke the least about Nokia, Ritebrand, Shoprite, spaza shops, trust, affordability, price, sales promotions, and durability and the most about clothes, appliances, disloyalty and Chinese brands. The findings from the research therefore revolved around these thematic codes and related words, while in some cases questions were asked to get specific answers from respondents.

5.4. Income expenditure

Respondents spent their income on the list of items shown in Figure 9 below, with groceries, airtime, clothes and school expenses at the top of the list of frequent purchases. Appliances or durables were bought selectively because they were considered expensive and did not need to be replaced regularly. Four respondents did not buy durables at all because they could not afford them. Electronic durables were mostly referred to as appliances which males mentioned more than females (see Table 6 above). In the same table above, younger consumers (18-30 years) spoke more about clothes and appliances. Common branded services consumed included mobile communication and Dstv. Three women participated in stokvels (informal money saving scheme) while two males owned old cars which were said to be very expensive for them to maintain.

Figure 9: Income expenditure



The biggest monthly expenses in terms of spend or dollar amount were groceries, rent and transport. After these major expenses, consumers were left with very little money for day-to-day needs. The discussions therefore dwelt more on consumables where consumers frequently spent their money. The respondents were brand conscious and claimed they bought a lot of brands. The words brand and brands were mentioned 210 and 506 times, while buy and buying were mentioned 501 and 163 times respectively during the interviews as shown earlier in Table 6 (page 46), proving that respondents actively consumed brands.

5.5. Brand loyalty at the BoP

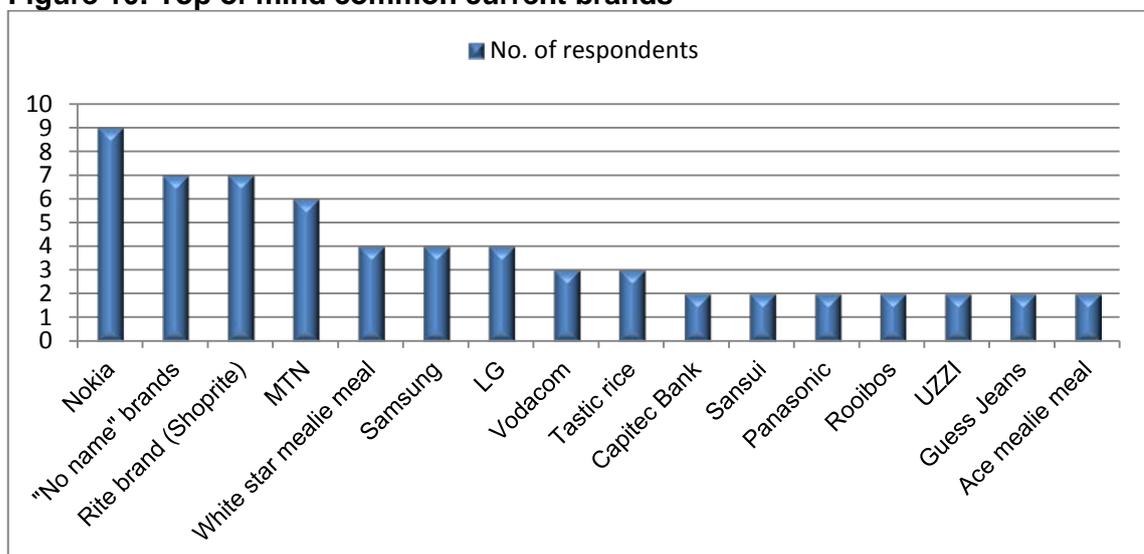
Research question 1: Are low income consumers brand loyal?

Respondents were asked about their purchasing behaviour in order to establish frequency and consistency in purchasing patterns which informed their loyalty status.

5.5.1. Loyalty towards current brands

Respondents listed brands that they had consistently been buying for more than a year within the consumables, services and durables categories. Respondents displayed behavioural (repeat purchases) and attitudinal loyalty (emotional attachment) towards some of their current brands. Common brands mentioned are shown in Figure 10 below. An extensive list of current brands by each respondent is shown later in Table 7 on page 56.

Figure 10: Top of mind common current brands



5.5.1.1. Nokia

Nokia ranked the highest on current brands used by respondents. All 18 respondents had cell phones and used mainly MTN and Vodacom networks for mobile communication. The word Nokia was mentioned 26 times; 62% of the times by males and 89% of the times by those above 30 years old, as shown earlier in Table 6 (page 46). The Nokia brand was not popular amongst the young consumers. Respondents had a strong positive relationship with the Nokia brand due to its durability, affordability and ease of use. The quotations below show how strongly respondents felt about the Nokia brand:

- ✚ **Female, 18-30yrs, unemployed, Diepsloot, Interview 5:** *“I would not change my Nokia because it is affordable and it is quality from my side.”*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 1:** *“I like Nokia it is dependable and durable, it does not freeze like these fancy smartphones. Even if it falls in water or on the floor it does not get affected.”*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 3:** *“I am satisfied with Nokia because it is simple to use it is not complicated like other phones.”*
- ✚ **Female, Above 40 yrs, unemployed, Diepsloot, Interview 7:** *“I buy Nokia because it is durable.”*
- ✚ **Male, 31-40yrs, employed, Soweto, Interview 8:** *“I go for a Nokia for a cell phone; it is reliable and durable.”*
- ✚ **Male, 31-40yrs, unemployed, Soweto, Interview 9:** *“With cell phones I like Nokia. I have been using Nokia since 1996, I am happy with the brand, I would not change it, and it is durable and reliable.”*
- ✚ **Male, Above 40 yrs, employed, stays at Randburg work premises, Interview 2:** *“I am used to Nokia so I prefer to stick to what I know, other brands may confuse me, I am scared I may not be able to use them; how they function.”*

5.5.1.2. In-store brands (Rite brand and No name)

In-store brands, specifically Rite brand from Shoprite and No name brands from Pick ‘n Pay, were frequently used by respondents. Females and those above 30 years talked more about in-store brands as shown earlier in Table 6 (page 46). “No name brands” was also used in reference to all in-store brands in general, although “No name” is a brand that belongs to the Pick ‘n Pay chain supermarket. Respondents were split on loyalty towards in-store brands. Those who favoured them said they were affordable

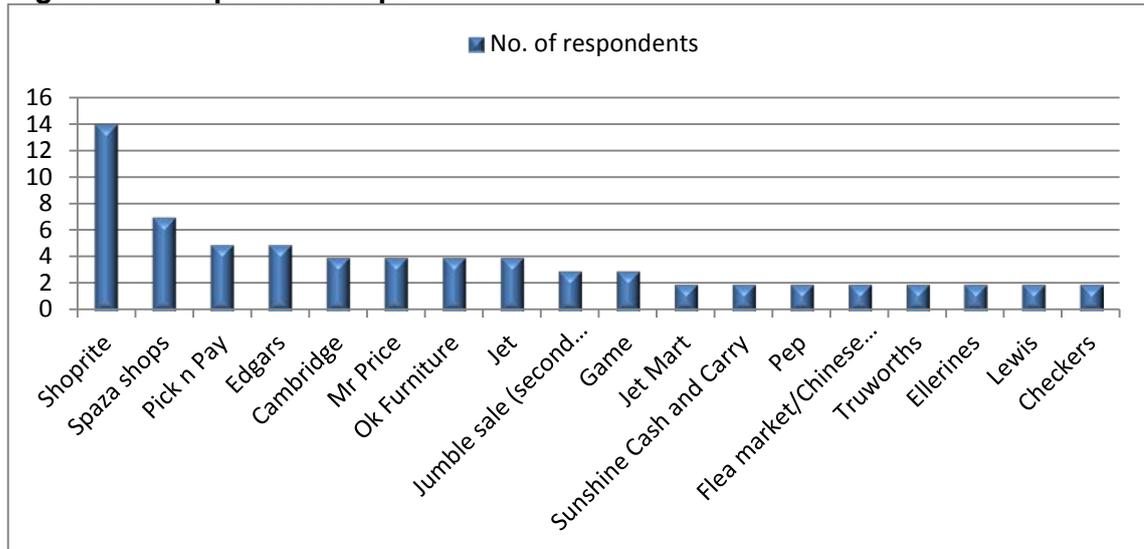
and good quality and those who did not, bought them when they could not afford what they wanted. The following quotations reveal how respondents felt about in-store brands:

- ✚ **Female, 18-30yrs, unemployed, Diepsloot, Interview 5:** *"I buy in-store brands because they are the cheapest, for example, Rite brand and No name brands. I am happy with in-store brands because I buy more for the money."*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 1:** *"I consistently buy these brands. Rite brand quality is the same as the original brands."*
- ✚ **Female, 31-40yrs, unemployed, Soweto, Interview 14:** *"Yes, if I cannot afford what I want, I could buy "no name" brands. I can buy no name brands and immediately throw away the packaging when I get home."*
- ✚ **Female, Above 40 yrs, unemployed, Diepsloot, Interview 7:** *"I buy the cheapest brands, in-store brands at Shoprite."*
- ✚ **Female, above 40yrs, unemployed, Soweto, Interview 10:** *"I have not been buying "no name" brands."*
- ✚ **Male, 31-40yrs, piece jobs, Diepsloot, Interview 4:** *"When it comes to groceries yes I can switch but it will be pressure by that time because sometimes you won't have enough money to buy the brand you want and you end up buying no name brand like Shoprite Rite brand."*
- ✚ **Male, Above 40 yrs, employed, Diepsloot, Interview 17:** *"I also buy no name or in-store brands to balance my budget, I think they are equally good quality; it's been a long time consuming those brands, some years."*

5.5.2. Loyalty towards frequented shops

Figure 11 below shows the shops frequented by respondents. Shoprite had the highest number of respondents who frequented it, followed by spaza shops which are kiosks found in the residential areas operated mostly from homes. The word Shoprite was mentioned 31 times in Table 6 (page 46); 61% of the times by females and 80% of the times by those above 30 years of age. Affordability and convenience played a big factor in the choice of shops. Most respondents claimed they would continue buying from these shops in future, proving their loyalty, although some desired to change to other shops such as Woolworths and Spar (upper income class supermarkets), as shown later in this chapter under heading 5.5.3 on aspiration.

Figure 11: Frequented shops



5.5.2.1. Shoprite

Shoprite is a chain supermarket with an extensive presence in South Africa and was one of the first chain supermarkets to target lower LSMs (Shoprite, 2014). Shoprite has been voted South Africa's number one supermarket in the annual Sunday Times top brands survey every year since 2006; its proposition is offering the lowest prices (Shoprite, 2014). Most respondents also repeatedly bought from Shoprite because it was convenient to their places of residence saving them on transport, besides it being said to be affordable. The following quotations prove these advantages:

- ✚ **Female, 18-30yrs, unemployed, Diepsloot, Interview 5:** *"I go to Shoprite because I can walk no need to take taxis. Shoprite is the biggest shop even rich people buy from Shoprite. I get free stuff at Shoprite when they have promotions, buy two get one free."*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 1:** *"Shoprite has its own brands which are cheaper and I buy those."*
- ✚ **Female, 31-40yrs, unemployed, Soweto, Interview 14:** *"Shoprite has bad service but I still use it because it is the only shop in my area. Affordability plays a big role in such a situation."*
- ✚ **Female, above 40 yrs, unemployed, Diepsloot, Interview 7:** *"Mainly at Shoprite because it is affordable and closer."*
- ✚ **Male, 31-40yrs, piece jobs, Diepsloot, Interview 4:** *"I buy groceries at Shoprite because it is closer."*

- ✚ **Male, above 40 yrs, employed, stays at Randburg work premises, Interview 2:**
“I go to Shoprite as well because is closer - convenient.”
- ✚ **Male, above 40yrs, employed, stays at Randburg work premises, Interview 16:**
“Shoprite is convenient; I save on transport and time.”

5.5.2.2. Spaza shops

Although respondents frequented spaza shops (kiosks), they did not prefer buying from them and had a negative attitude towards them. Respondents did not trust the quality and freshness of products sold from spaza shops; they claimed that expiry dates and quantities were tampered with on products sold:

- ✚ **Female, 18-30yrs, unemployed, Diepsloot, Interview 5:** *“Spaza shops do not refund and they sell expired and bad quality products.”*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 1:** *“I sometimes buy from spaza shops but I don’t like buying there because these Pakistanis and Makula shops (spaza shops) sell cheap quality and their products are expired, they forge expiry dates and their soap has no foam when you compare it to that of shops like Shoprite.”*
- ✚ **Female, above 40 yrs, unemployed, Diepsloot, Interview 7:** *“Sometimes I buy from spaza shops, but you may waste your money because they can sell you expired products, they just change the dates.”*
- ✚ **Female, above 40yrs, unemployed, Soweto, Interview 10:** *“Like these spaza shops, they sometimes sell food that has gone bad; I would tell others so that they do not buy.”*
- ✚ **Male, 31-40yrs, employed, Soweto, Interview 8:** *“I buy bread, air time, drinks and other small everyday consumables from the spaza shop.”*
- ✚ **Male, 31-40yrs, unemployed, Soweto, Interview 9:** *“I only buy small everyday consumables from the spaza shops such as bread because it is more convenient but I am not happy with the general quality of their products.”*

5.5.2.3. Chinese products and shops

Respondents had an equally negative attitude towards Chinese products and shops, claiming they sold cheap quality merchandise which was not guaranteed to perform and not durable. Younger consumers criticised Chinese brands the most. Constrained by their income some respondents still bought from Chinese shops, but clearly most

respondents were disloyal as they worried about the cheap quality and the bad experiences they have had with Chinese brands:

- ✚ **Female, 18-30yrs, employed, Diepsloot, Interview 6:** *“There is a brand called New Feeling, it is a Chinese brand, I do not like it, it is not good quality. Chinese cheap brands those with funny names for their appliances, they do not last and you keep on wasting your money replacing them.”*
- ✚ **Female, 18-30yrs, informally employed, Soweto, Interview 13:** *“The products you buy from Chinese shops break down or wear off after a short while.”*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot, Interview 1:** *“Cheap clothes from the Chinese shops because they are cheap, but we know they may not last, even TV/electronics copy cats.”*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot, Interview 3:** *“I do not buy Chinese clothes anymore, I have had bad experiences with them, and they get torn just a few days after buying them. It is really a waste of money because you have to keep replacing them. I do not like their clothes.”*
- ✚ **Male, 18-30yrs, employed, Soweto, Interview 11:** *“I do not buy Chinese cheap brands, you buy them today and tomorrow they break down.”*
- ✚ **Male, 18-30yrs, employed, Soweto, Interview 18:** *“I do not buy from Indian or Chinese shops and on the streets.”*
- ✚ **Male, Above 40 yrs, employed, stays at Randburg work premises, Interview 2:** *“Chinese cheap brands have no status.”*

5.5.3. Aspiration

Some respondents desired to change where they shop in future but were constrained - mainly by affordability. Poor quality and poor service from current shops and the respondents' aspiration for better brands were the other reasons they desired to switch, as shown by these quotations:

- ✚ **Female, 31-40yrs, unemployed, Soweto, Interview 14:** *“Shoprite has bad service but I still use it because it is the only shop in my area. Affordability plays a big role in such a situation.”*
- ✚ **Male, 31-40yrs, piece jobs, Diepsloot, Interview 4:** *“Yes I will continue buying but maybe I can also change and buy at Spar and Woolworths because they sell healthy, good quality food, because sometimes Shoprite sometimes sells things that expired and we end up buying because of pressure and money. Lewis is bad*

when it comes to customer service; I am closing my account as soon as I finish paying it off.”

- ✚ **Female, above 40yrs, self-employed, Soweto, Interview 15:** *“Yes, I cannot afford them. For example, I would love to buy my groceries at Woolworths because they have good quality, very fresh all the time but they are expensive.”*
- ✚ **Male, 18-30yrs, employed, Soweto, Interview 11:** *“For now, I am happy with them, but there is always something better out there.”*

Most respondents (15 out of 18) desired well-known brands which were associated with high quality, better performance and status, but were constrained by their income and therefore could not afford them. Some of the desired brands mentioned were Woolworths, Spar, Carvela, Pierre Cardin, BMW, Toyota, Sony, Clicks and Edgars:

- ✚ **Female, 18-30yrs, employed, Diepsloot, Interview 6:** *“Yes, because I will also want to be noticed by people.”*
- ✚ **Female, 18-30yrs, informally employed, Soweto, Interview 13:** *“Yes I do desire them, because everyone likes fancy brands, you are only limited by the money you have, otherwise you would buy them.”*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 1:** *“Yes they are original and would last longer.”*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 3:** *“Yes I would buy clothes, food at Woolworths for my family if I could afford, I want them to feel like other people to be able to eat nice food.”*
- ✚ **Female, 31-40yrs, unemployed, Soweto, Interview 14:** *“Yes, they have status especially gadgets and maybe groceries. Consumers are very materialist and value status. I would buy at Woolworths because its status brand though I do not necessarily like the brands, I think they use chemicals to preserve freshness of their products. With clothing brand, I would not really be pressured to buy popular brands.”*
- ✚ **Female, above 40yrs, self-employed, Soweto, Interview 15:** *“Not really, I normally stick to those I know and what makes me happy.”*
- ✚ **Female, above 40yrs, unemployed, Soweto, Interview 10:** *“Yes I do desire them, but cannot afford them.”*
- ✚ **Male, 18-30yrs, employed, Soweto, Interview 12:** *“Yes I do desire them, because other people also like them, they wear or use them and never complain about them.”*

- ✚ **Male, 31-40yrs, employed, Soweto, Interview 8:** *“Not really, it depends with the money I have because most popular brands are very costly and the cheaper options can do the same job. If I get a cheaper brand that does the same job, I would rather buy it than spend more on just a known brand name.”*
- ✚ **Male, 31-40yrs, unemployed, Soweto, Interview 9:** *“I am attracted to them but I also consider where I stay; I cannot buy certain brands because they would be stolen here in Soweto.”*
- ✚ **Male, 31-40yrs, piece jobs, Diepsloot, Interview 4:** *“Yes because they are known, they guarantee quality.”*
- ✚ **Male, above 40 yrs, employed, Diepsloot, Interview 17:** *“I used to desire them and buy if I had money but now am grown up things change; I have more responsibilities, a wife and kids.”*
- ✚ **Male, above 40yrs, employed, resides at Randburg work premises, Interview 16:** *“I like them but I cannot afford them, if I could afford I would buy them for my kids. For example, I would want a computer for my kids to assist them with their schoolwork.”*

5.5.4. Respondents’ loyalty status on Bandyopadhyay and Martell’s (2007) loyalty matrix

Zeroing in on their loyalty status, respondents were asked to describe the relationship they had with their current brands. Most of the respondents (15 out of 18) described the relationship they had with their current brands using such words as ‘satisfied’, ‘good’, ‘loyal’ and ‘happy’, as shown in Table 7 below. Eleven of the 18 respondents still confessed to switching brands. Sixteen of the 18 respondents said they were always on the lookout for sales promotions to save. Using the loyalty matrix by Bandyopadhyay and Martell (2007), all respondents were classified by purchase behaviour and attitude towards current brands.

Table 7: Respondents' loyalty status

Respondent Profile	Current Brands	Current brand/s relationship	Switched brands	Looked for sales promotions	Loyalty status on the matrix
Female, 18-30yrs, employed, Diepsloot, Interview 6	Sansui TV, JVC DVD, LG stove, Lucky star fish, MTN, Vaseline, Rainbow chicken, Shield roll-on	<i>"I love them very much if you buy quality, you get a guarantee."</i>	No	Yes	Deal prone
Female, 18-30yrs, informally employed, Soweto, Interview 13	Sansui, White star mealie meal, tastic rice, rooibos tea, Fanta	<i>"My relationship with them is good."</i>	No	Yes	Deal prone
Female, 18-30yrs, unemployed, Diepsloot, Interview 5	In-store brands, Rite brand, No Name brands, Nokia	<i>"Yes they are cheaper I can only afford them. I'm happy with them and I'm not afraid to tell people about the brands I buy."</i>	No	Yes	Deal prone
Female, 31-40yrs, unemployed, Diepsloot Interview 1	Rite brand, Nokia, MTN, No name, Capitec Bank	<i>"Some of the brands I'm not satisfied but I buy them since I can't afford but I budget for them next time."</i>	Yes	Yes	Variety seeker and deal prone
Female, 31-40yrs, unemployed, Diepsloot Interview 3	Tastic rice, Ace maize meal, Ponds, Nokia, MTN, Vodacom	<i>"I like them. I'm satisfied with Nokia because is simple to use its not complicated like other phones."</i>	No	Yes	Deal prone
Female, 31-40yrs, unemployed, Soweto, Interview 14	Nivea, Russell Hobbs, Capitec Bank	<i>"Am loyal to them. If the brand treats me well, I will carry on being loyal to it."</i>	Yes	Yes	Variety seeker and deal prone
Female, Over 40yrs, self-employed, Soweto, Interview 15	Nestle milk, Sasko bread	<i>"My relationship with them is good, am loyal to them, but I will try others."</i>	Yes	Yes	Variety seeker and deal prone
Female, Over 40yrs, unemployed, Soweto, Interview 10	White star mealie-meal, Joko tea, Rite brand, Fanta, Nokia, Cell C	<i>"I like them, they have been reliable."</i>	Yes	Yes	Variety seeker and deal prone
Female, Over 40yrs, unemployed, Diepsloot, Interview 7	In-store brands, Rite brand	<i>"I like some of them but mostly I just buy what I can afford. They are fine. I cannot afford anything better."</i>	Yes	Yes	Constrained buyer, variety seeker and deal prone
Male, 18-30yrs, employed, Soweto, Interview 12	UZZI clothes, Adidas, Nokia	<i>"I am happy with them, they are original. I keep them for longer, I like them; they make me feel proud and socially accepted by my circle of friends."</i>	Yes	Yes	Variety seeker and deal prone

Male, 18-30yrs, employed, Soweto, Interview 18	UZZI, Adidas, Nike, Relay, Diesel, Guess clothes, Sony, Samsung	<i>"Yes, am happy with them, they are good quality and status brands. People do not take you seriously if you do not wear good brands. Some are becoming too common, I will stop buying them. Am loyal to them for now."</i>	Yes	Yes	Variety seeker and deal prone
Male, 18-30yrs, employed, Soweto, Interview 11	Huawei, Samsung, Sansui.	<i>"For now, I am happy with them, but there is always something better out there."</i>	Yes	Yes	Variety seeker and deal prone
Male, 31-40yrs, employed, Soweto, Interview 8	White Star mealie-meal, Spekko Rice, Speed stick deodorant, Nokia, Nissan	<i>"I like some of the brands but mostly I just buy what I can afford. I will not go over my budget just for the sake of a brand name."</i>	No	Yes	Constrained buyer and deal prone
Male, 31-40yrs, unemployed, Soweto, Interview 9	Nokia, MTN line, LG, Defy, Nokia, Pioneer	<i>"I like them, LG, Defy, Nokia and Pioneer have been reliable. I have never had any problems with the brands."</i>	Yes	No	Variety seeker
Male, 31- 40yrs, piece jobs, Diepsloot, Interview 4	Samsung, Guess jeans, Levi's jeans, LG	<i>"Yes I'm satisfied so far I haven't experienced any problem."</i>	Yes	Yes	Variety seeker and deal prone
Male, Over 40 yrs, employed, Diepsloot, Interview 17	Samsung, LG, Nokia , no name, in-store brands	<i>"Yes, am happy with them, they are affordable. My relationship with them is perfect, am loyal to them."</i>	Yes	Yes	Variety seeker and deal prone
Male, Over 40 yrs, employed, stays at Randburg work premises, Interview 2	Rooibos tea, tastic rice, Apricot jam, Malta Bella, Clover milk, Samson clothes, Nokia, Vodacom	<i>"I'm happy with the brands I buy because I like the quality."</i>	No	Yes	Deal prone
Male, Over 40yrs, employed, stays at Randburg work premises, Interview 16	Ace, Mac, Surf, Nokia, Samsung, Vodacom	<i>"My relationship with them is good, am loyal to them. Yes, am happy with them, they are affordable".</i>	No	No	Brand loyal

Source: Bandyopadhyay and Martell's (2007) loyalty matrix

5.5.5. Situational factors (price increase and unavailability)

To further assess the commitment respondents had with their current preferred brands, two critical questions were asked:

- 1) **For those brands you have a positive attitude towards that you buy, would you make an effort to search for them if you did not find them at your regular shop?**

Seven out of the 18 total respondents were not willing to search for their preferred brand/s. The common reason given was that other product options did the same job as their preferred brands. Those respondents willing to search for their preferred brands said the brands were what they wanted, they liked them and they were used to them. For responses and reasons see Table 8 below:

Table 8: Search for preferred brands and reasons

Gender	Age (Yrs)	Search	Reason
F	18-30	Yes	"The brands save me money."
F	18-30	Yes	"To get what I want."
F	18-30	Yes	"To get what I want."
M	18-30	No	"I do not like being known to be a brand loyalist."
M	18-30	No	"Groceries are the same, I would search for appliances."
M	18-30	Yes	"To get what I want."
F	31-40	Yes	"The brands save me money."
F	31-40	Yes	"I am used to the brands."
F	31-40	Yes	"To get what I want."
M	31-40	Yes	"It is my brand."
M	31-40	Yes	"I trust the brands."
M	31-40	No	"Other options equally do the same job."
F	Above 40	No	"Other options equally do the same job."
F	Above 40	No	"Searching is a cost."
F	Above 40	No	"Other options equally do the same job."
M	Above 40	No	"Other options equally do the same job."
M	Above 40	Yes	"To get what I want."
M	Above 40	Yes	"I like the brands."

- 2) **Would you still buy your favourite brand/s if the price went up?**

In a situation where prices went up on their preferred or favourite brands, most respondents (15 out of 18) were willing to still continue buying these brands, as long as they could still afford them. See these results in Table 9 below:

Table 9: Responses to the purchase of favourite brand/s if the price increased

Gender	Age (Yrs)	Employment Status	Will Buy	Reason
F	18-30	Unemployed	No	"I would not afford, I would look for cheaper options."
F	18-30	Employed	Yes	"I like them."
F	18-30	Employed	Yes	"I am used to them; I have good experiences with them."
M	18-30	Employed	Yes	"If I could still afford, I will not compromise."
M	18-30	Employed	Yes	"If I can still afford."
M	18-30	Employed	Yes	"But not often because I would not afford."
F	31-40	Unemployed	Yes	"I buy in-store brands they will still be affordable."
F	31-40	Unemployed	Yes	"I am used to them."
F	31-40	Unemployed	Yes	"I am satisfied with them."
M	31-40	Employed	No	"I would wait for sales promotions."
M	31-40	Employed	Yes/No	"Yes with consumables because they do not go up a lot, no with durables."
M	31-40	Unemployed	Yes	"Especially Nokia, I trust the brand."
F	Above 40	Unemployed	No	"I would not afford."
F	Above 40	Unemployed	Yes	"If I can still afford."
F	Above 40	Employed	Yes	"I am used to them, I have good experiences with them."
M	Above 40	Employed	Yes	"I trust them, they are reliable."
M	Above 40	Employed	Yes	"I would make a plan, budget."
M	Above 40	Employed	Yes	"I am happy with the quality."

5.6. Loyalty and disloyalty drivers

Research Question 2: What drives brand loyalty or disloyalty at the base of the pyramid?

5.6.1. Purchase drivers

From the preceding findings on the loyalty status of low income consumers, respondents gave reasons for their purchases. In order to quantify the drivers, the respondents were still asked to point out specifically which factors they took into consideration when making their purchase decisions. Affordability, quality, durability, convenience and brand name were the top five factors mentioned (see results in Table 10 below).

Table 10: Top of mind purchase drivers (No. of respondents)

Factors	Total	Male	Female	18-30 yrs	31-40 yrs	> 40 yrs
Price/affordability	17	8	9	5	6	6
Quality	14	8	6	5	5	4
Durability	11	7	4	4	4	3
Convenience	10	5	5	2	4	4
Brand name	8	4	4	4	4	0
Sales promotions	5	0	5	1	2	2
Brand experience	3	1	2	0	2	1
Expiry date	3	1	2	1	1	1
Availability	2	1	1	0	1	1
Customer service	2	2	0	0	0	2
Fashionable	2	0	2	2	0	0
Trust	2	1	1	0	2	0
Loyalty programmes	1	0	1	0	1	0
Guarantee	1	1	0	0	1	0

The above table shows that quality and durability were more important to males than females, while sales promotions was more important to females as purchase drivers. Convenience was more important to those above 30 years, while brand name was more important to those 40 years and below.

5.6.2. Brand loyalty drivers

Quality, durability, brand experience and brand trust were the top factors that resulted in respondents developing brand loyalty (see Table 11 below). Although price or affordability was the number one purchase driver, it is at fifth position in driving brand loyalty. Respondents had a positive attitude towards some brands even if they could not afford them, i.e. their desired brands.

Table 11: Brand loyalty drivers (No. of respondents)

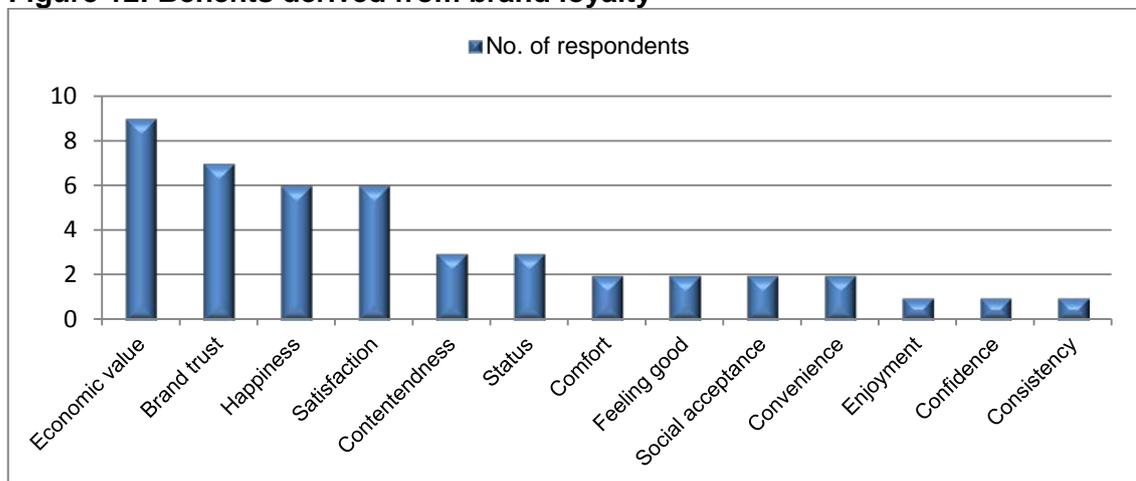
Factors	Total	Male	Female	18-30 yrs	31-40 yrs	>40 yrs
Quality	17	9	8	6	5	6
Durability	8	5	3	4	2	2
Brand experience	8	2	6	2	3	3
Brand trust	5	3	2	0	3	2
Affordability	4	1	3	1	1	2
Word of mouth	3	1	2	1	1	1
Guarantee	3	2	1	1	1	1
Satisfaction	2	1	1	0	1	1
Fashionable	2	0	2	2	0	0
Relevance	2	1	1	1	0	1
Status	2	2	0	2	0	0
Reliability	2	1	1	0	1	1
Availability	2	1	1	0	1	1
Social acceptance	2	1	1	2	0	0
Brand name	1	1	0	1	0	0

Durability was more important to males, while brand experience and affordability were more important to females. Females also spoke significantly more about affordability and brand experience than males, as shown earlier in Table 6 (page 47). Trust was not important to young consumers (18-30 years old), instead they became loyal to brands that were fashionable and which offered them status and social acceptance.

5.6.3. Benefits derived from being brand loyal

If customers had a positive attitude towards a brand that they consistently bought, they gained satisfaction, happiness, brand trust, contentedness, value for money, confidence and guaranteed performance, as shown in Figure 12 below.

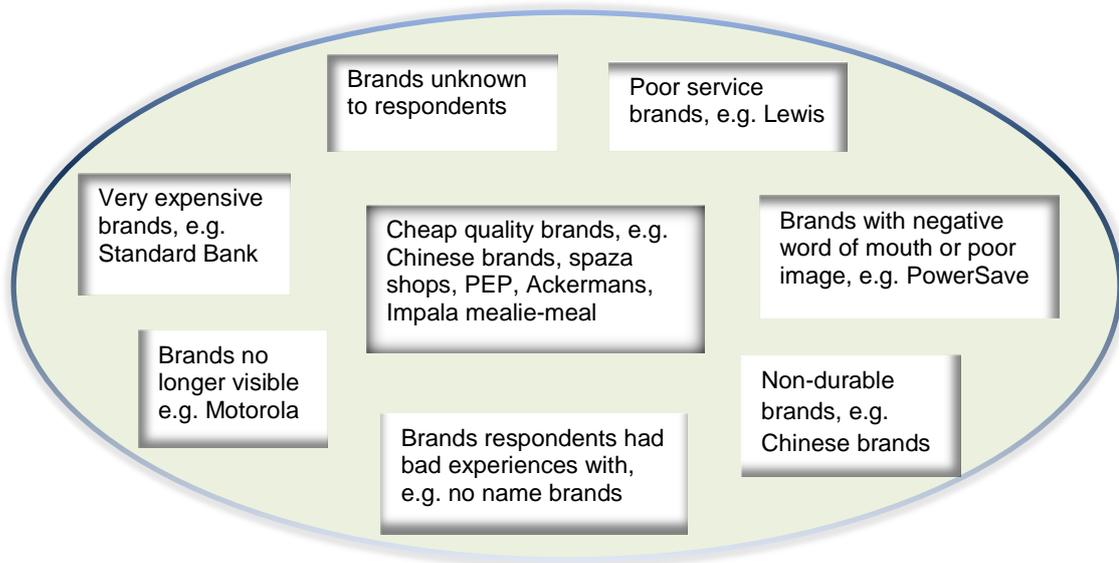
Figure 12: Benefits derived from brand loyalty



5.6.4. Disloyalty drivers

The respondents expressed negative sentiments about brands as per Figure 13 below, claiming they would never buy them. Several drivers were behind this decision including bad brand experiences, poor quality, prices being out of reach, poor customer service, poor brand image, negative word of mouth and those unknown to them. Disloyalty was driven by the absence of loyalty drivers.

Figure 13: Disloyalty brand set



5.7. Brand loyalty by product category

Research Question 3: Within which product categories are low income consumers more brand loyal or disloyal and why?

Respondents were asked about the differences or similarities in their purchase decisions and relationships with brands across the three categories (consumables, services and durables). Their responses are shown below:

5.7.1. All product categories

Ten out of 18 respondents claimed they easily switched brands across product categories depending on the quality, price and if they liked the brands and models:

- ✚ **Male, Above 40 yrs, employed, Diepsloot, Interview 17:** *"I switch brands across all categories and I shop at different shops. I look for affordability and sales promotions."*
- ✚ **Male, 31-40yrs, unemployed, Soweto, Interview 9:** *"I mix any brands across categories as long as I like them."*
- ✚ **Male, 18-30yrs, employed, Soweto, Interview 12:** *"I change or switch if I feel like across categories."*
- ✚ **Male, 18-30yrs, employed, Soweto, Interview 18:** *"I switch brands; I just look for what I like."*

- ✚ **Male, 18-30yrs, employed, Soweto, Interview 11:** *“I change or switch if I feel it is good quality. You may look at the brand name but realise it is expensive, so I just look at reasonable quality and buy.”*
- ✚ **Female, above 40yrs, unemployed, Soweto, Interview 10:** *“I change or switch depending on the price.”*
- ✚ **Female, above 40yrs, self-employed, Soweto, Interview 15:** *“I switch brands; I look for better quality across brands.”*
- ✚ **Male, 31-40yrs, unemployed, Soweto, Interview 9:** *“I mix any brands across categories as long as I like them. With appliances I buy what is durable, I mix new brands with those I have experienced in the past.”*
- ✚ **Female, 18-30yrs, employed, Diepsloot, Interview 6:** *“I buy my clothes from different shops, at Dunns, Truworths, and Edgars. I mix brands. For durables it depends on which model I like. I have Sansui TV I have JVC DVD and LG stove.”*
- ✚ **Male, 31-40yrs, piece jobs, Diepsloot, Interview 4:** *“I can switch, right now I am using LG for the TV but I can switch to something else like Panasonic if I like it. When it comes to groceries yes I can switch.”*

5.7.2. Consumables

None of the respondents claimed it was hard to switch brands within consumables, with two of the respondents making direct comments about the ease of switching consumable brands:

- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 1:** *“It is easier to change consumables because they are not expensive.”*
- ✚ **Male, 31-40yrs, employed, Soweto, Interview 8:** *“I can switch brands on consumables if there are sales promotions.”*

5.7.3. Services

Similarly, none of the respondents said it was difficult to switch brands within services. In this context only two respondents commented on services directly:

- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 1:** *“With services, it is not as difficult as durables. I can change my starter pack because it is cheap on all networks but I look at the free minutes. I prefer MTN, it will give you 120 free*

minutes for R6 airtime. I use MTN because I can talk to all my friends and relatives for free.”

- ✚ **Female, 31-40yrs, unemployed, Soweto, Interview 14:** *“I would switch service brands to get the one which offers better value, better quality. I recently switched to Telkom mobile because it offers value for money.”*

5.7.4. Durables

Only four out of 14 respondents remained loyal to the same brands within the durable goods category. Four other respondents did not buy durables at all because they could not afford them. See quotations below from the four respondents who were loyal to their durable brands:

- ✚ **Female, 18-30yrs, informally employed, Soweto, Interview 13:** *“I stick to one brand across appliances, I like uniformity.”*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 1:** *“I do not often switch brands with durables because if you take care of them you do not have to replace them for a long time.”*
- ✚ **Female, 31-40yrs, unemployed, Diepsloot Interview 3:** *“For durables it is not easy to switch because I like to stick to a brand I know and I know where to get them and you can always take them back to get fixed when they break.”*
- ✚ **Female, 31-40yrs, unemployed, Soweto, Interview 14:** *“I tend to stick to the same brands with appliances.”*

5.8. Conclusion

Respondents spent most of their monthly income on consumables, transport and rent. Shoprite was the most frequented shop due to it being affordable and convenient. Respondents had repeatedly purchased from Shoprite for years. Spaza shops were next in line due to convenience, but respondents had a strong negative attitude towards them due to their unethical business practices (false expiry dates and quantity falsification). Nokia was the most used consumable brand followed by in-store brands such as the Rite brand from Shoprite. Respondents had a strong positive attitude towards Nokia due to its affordability, durability and ease of use; both behavioural and attitudinal loyalty was visible towards this brand. On the other hand respondents had mixed feelings towards in-store brands; respondents mainly purchased them because they were cheaper but some did not think of them as good quality.

The top five drivers in purchase decisions were affordability or price, perceived quality, durability, convenience and brand name respectively, while quality, durability, brand performance/experience, brand trust and affordability influenced brand loyalty respectively. This consumer segment was restricted by low incomes therefore respondents wanted affordable products that were good quality and durable to realise value for their money. Most of the respondents claimed to easily switch brands and looked for sales promotions; in the absence of the brand loyalty drivers above, they became disloyal. Chinese brands were criticised on most of these purchase and loyalty drivers. These low income consumers also had aspirations evidenced by their desire for popular brands which were synonymous with high quality and durability to them.

In general most respondents were variety seekers and deal prone, although at the same time they were satisfied with some of their current brands. Evidently low income consumers can be loyal to those brands relevant to them which are reasonably priced, such as Nokia and Shoprite. Brand loyalty was minimal across all product categories (consumables, durables and services). Situational factors such as unavailability and price increases forced consumers to consider other brands.

Chapter 6: Discussion of Findings

6.1. Introduction

This chapter discusses the research findings from chapter 5 in line with the literature review. An introductory section of the interview guide collected information on demographics and income expenditure habits as summarised in Table 4 and figure 9 in chapter 5. Respondents were low income earners of LSMs 2 to 4, who resided in urban Gauteng; mainly drawn from Diepsloot (a slum settlement) and Dobsonville, a township (high density suburb) in Soweto. Only 44% of the sample was formally employed. Only one male was unemployed against six women who mainly relied on government child-support grants as their source of income. On average, 77% of LSM 2 to 4 was unemployed as per the Amps (Saarf, 2014).

Respondents spent most of their money on groceries, clothes, transport, school expenses and rent as shown in Figure 9 in chapter 5. Responses regarding purchase behaviour, brands and loyalty were more inclined to consumables and durables, with little mention of services. Respondents spent most of their income on consumables than durables and services. Durables did not need to be replaced regularly but at the same time some respondents could not afford them. Those who bought durables did so on lay-by because they did not qualify to buy them on credit and some bought them from second hand shops and other individuals.

Money that was spent by respondents on branded services generally went to mobile communication and Dstv, and to a lesser extent banking. All respondents owned cell phones. The Amps 2014 measured cell phone access at 80% within LSM 1 to 4 (Saarf, 2014). Six out of the 18 respondents subscribed to Dstv. LSM 2 to 4 made up 6% of Dstv subscribers and overall Dstv penetration increased from 33.4% in 2013 to 35.7% in 2014 (Saarf). This growth was attributed to black viewers aged 15-34 years in LSM 1 to 7 (Saarf). Dstv companies have engineered packages targeted at low income consumers because respondents claimed to pay as little as ZAR29 for their subscriptions per month. In the context of banking, the Finmark (2013) report on promoting savings amongst low income consumers says there is a lack of perceived incentive for low income households to save at formal financial institutions, there is a lack of a saving discipline, and banks have been slow in penetrating this segment.

Respondents were brand conscious as they claimed to buy a lot of brands and had exposure to various media, both above and below the line, for product information, as shown in figure 7 in chapter 5. The words 'brand', 'brands' and 'buy' were mentioned 210, 506 and 501 times respectively during the interviews, which confirmed consumption and interaction with brands. This finding is supported by Prahalad (2012), who stated that there was increasing exposure of BoP consumers to marketing messages, which fuelled their desire to trade up due to the increasing penetration of cell phones, televisions and radios at the BoP. Low income consumers search for value, that is, relevant good quality products at affordable prices, which is where their loyalty lies. Affordability, quality, durability and convenience were critical factors in their purchase decisions and in developing loyalty to a brand. High levels of disloyalty were also evident across product categories due to the respondents' deal proneness and variety seeking behaviour.

In chapter 5 thematic codes were generated from the findings as shown in Table 5, while a word count in Table 6 showed the codes and related words that made up the interview conversations. Thematic codes and related words were split by gender and age group on Table 6 to show what was more or less important to each group. There were similarities and some notable differences between males and females while the age group 18 to 30 years was distinctly different from those older. Both males and females across all age groups evenly spoke about brands, proving they were all consumers who frequently interacted with brands. Quality, price, durability, convenience, switching brands and consumables are themes that were relevant to both genders and age groups. The differences were picked up on thematic codes and related words such as Nokia, in-store brands, spaza shops, brand experience, affordability, sales promotions and appliances where most were mentioned more by females than males except for Nokia and appliances which were mentioned by males 62% and 69% of the times respectively.

The younger consumers (18-30 years) made the least mention of these thematic and related words; Nokia, in-store brands (Rite brand and No-name brand), spaza shops, brand experience, affordability, price and sales promotions and the most of clothes, appliances, changing brands and Chinese brands. Only one 18 to 30 year old respondent used a Nokia phone. These respondents frequently spent money on clothes and appliances and put a lot of importance on brands within these product categories. They criticised Chinese brands for poor quality the most during interviews. The consumption habits of the youth in Africa are different from those of their elders;

they are more likely to seek product information, follow fashion and trends and try new things (McKinsey & Company, 2012). This is because they are more educated, with 40% having completed high school (McKinsey & Company).

The research findings are discussed in detail according to the defined research questions below and the thematic codes identified.

6.2. Research Question 1: Are low income consumers brand loyal?

6.2.1. Loyalty to current brands

Figure 10 in chapter 5 shows brands that respondents had been consistently using for at least a year, which indicates behavioural loyalty as determined by repeat purchases. Bandyopadhyay and Martell (2007) referred to behavioural loyalty as the frequency of repeat purchases and a loyal customer as one who buys only one brand in a particular category over a year. Top of mind brands that were used consistently by respondents included Nokia, in-store brands or “No name brands”, White Star mealie-meal, Tastic rice, Rooibos tea, Samsung, Sansui, MTN and others. Respondents described their relationship with these brands using words such as ‘like’, ‘love’, ‘happy with’ and ‘satisfied with’, amongst others.

Nokia had the highest usage due to its affordability, durability and ease of use. These factors were very important to the low income consumers in their purchases in general. Respondents presented a strong positive attitude towards this brand and were satisfied with its performance. Respondents were committed to using Nokia in the future as they had many years of good experience with the brand. Nokia was more important to males who mentioned it 62% of the times and to those above 30 years of age (89% of the times) as shown in Table 6 in chapter 5. Next in line were the in-store brands - Rite brand and No name brand - which respondents frequently purchased from Shoprite and Pick ‘n Pay (the largest chain supermarkets in South Africa) respectively. In-store brands were purchased mainly due to their lower prices. Females spoke more about in-store brands than males; indicating that they purchased them more and as most of them were not employed, they would have tended to seek lower prices. Some respondents thought in-store brands were good quality brands while some stated that they only bought them as they were constrained by money; the type of loyalty towards in-store brands was certainly more behavioural than attitudinal. The claim by D’Andrea et al. (2006) therefore holds that there is still some scepticism, even amongst low

income consumers, when it came to trying value brands, because a low price is associated with cheap quality. McKinsey&Company (2012) found that a few Africans had exposure to in-store brands and 36% of South Africans bought them regularly while 64% perceived their quality to be poor.

6.2.2. Loyalty to current shops

Respondents also mentioned shops that they frequented consistently for their purchases as shown in Figure 11 in chapter 5, which are brands in themselves. Consumers mainly bought from Shoprite, spaza shops, Jet, Pick 'n Pay, Edgars, Cambridge, and Chinese shops amongst others. Shoprite had the highest count of frequented shops due to its affordability and convenience. Low income consumers want to buy more for their money and also not waste money on transport getting to far away shops (see quotations on Shoprite under heading 5.5.2.1. in chapter 5). Females mentioned Shoprite, spaza shops and Chinese shops more than males; 61%, 78% and 56% of the times respectively as shown in Table 6 in chapter 5. In general, frequented shops were chosen because they were said to be affordable, offer sales promotions and good quality products, therefore offered value for money. McKinsey&Company (2012) found that 53% of Africans chose a grocery store based on price and 49% chose an apparel store based on price and sales promotion. These figures are obviously higher if looking at the BoP consumers only.

Respondents frequented spaza shops and Chinese shops but presented a strong negative attitude towards them. Spaza shops were mainly frequented for daily consumables such as bread and airtime because they were convenient, but they were not preferred due to alleged unethical business practices such as falsifying product expiry dates and quantities and tampering with product quality (see quotations under heading 5.5.2.2 in chapter 5). Interviewee 14 had these negative sentiments about Spaza shops: *“I sometimes buy from spaza shops but I do not like buying there because these Pakistanis and Makula shops sell cheap quality and their product are expired, they forge expiry dates and their soap has no foam when you compare it to that of shops like Shoprite”*. Chinese shops were also singled out for selling cheap quality products which are not durable, i.e. they are a waste of money as they need regular replacement.

The type of loyalty respondents have with spaza shops and Chinese shops or brands was referred to as spurious by Dick and Basu (1994), because it is just a repeat

purchase without a positive attitude towards a brand. Spurious loyalty could be as a result of situational factors (Dick & Basu, 1994); in this case there were no trusted shops very conveniently located to the respondents. Azmat and Samaratunge (2013) called it blind loyalty, where customers are seemingly manipulated by such enterprises but still continue buying from them. They found that small enterprises such as spaza shops engage in irresponsible business practices such as misleading information on quality, quantities and pricing, which was confirmed by this study. Bandyopadhyay and Martell (2007) referred to such consumers as constrained buyers because they cannot necessarily choose to buy wherever they want to, possibly because it would be too far and they would have to spend money on transport; an expense they would rather not incur.

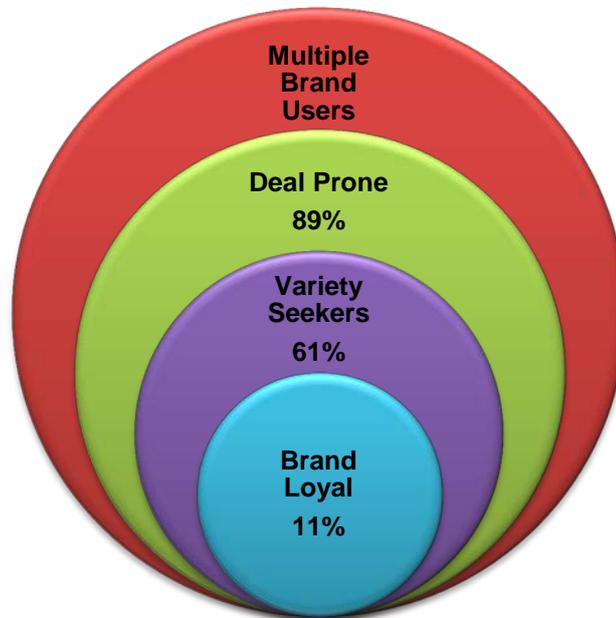
6.2.3. Respondents' loyalty status on Bandyopadhyay and Martell's (2007) loyalty matrix

Bandyopadhyay and Martell's loyalty matrix (2007) classified consumers along behavioural (brand usage-single user, multiple user and non-user) and attitudinal (weak or strong) loyalty axes, as shown in Table 1 in chapter 2. Consumers who have a strong attitudinal loyalty are either single brand users who are brand loyal, multiple brand users who are variety seekers, or non-users who are potential buyers, while those with weak attitudinal loyalty could be single brand users who are constrained buyers, multiple brand users who are deal prone, or non-users who are indifferent. To determine the respondents' loyalty status or which category they belonged to on the matrix, respondents were asked to describe their relationship with current brands, if they currently switched brands or considered competing brands, and if they looked for sales promotions whenever they did their shopping. The classification is shown in Table 7 in chapter 5.

Although most of the respondents (83%) said they were satisfied with their current brands and would continue using them in future, 61% switched brands or considered competing brands which made them variety seekers. An even bigger proportion; 89% looked for sales promotions whenever they did their shopping because they wanted to stretch their budget; this makes most of them deal prone, leaving only 11% brand loyal. Nokia and Shoprite were the only brands ranked significantly higher on consistent usage; proven loyalty. Only 25% of Sub-Saharan Africa consumers in the groceries category were brand loyal according to McKinsey&Company (2012). This figure would possibly go down at the BoP due to lower incomes. Bandyopadhyay and Martell's

loyalty matrix (2007) blankets variety seekers and deal prone into multiple brand users who are said to be the largest and most common group among consumers (Aaker, 2012). Figure 14 below replicates these findings diagrammatically.

Figure 14: BoP Consumers' brand loyalty status



Respondents were non-users of their desired brands which made them potential users as per this loyalty matrix. They had a positive attitude towards these brands and if they could afford them in the future they wanted to purchase them. Low income consumers are therefore brand conscious and have aspirations for better brands which would afford them the good quality and durability they desire, amongst other factors. Respondents were disloyal to brands they perceived to be cheap quality, too expensive, of poor image, poor customer service, non-durable and those unknown to them.

6.2.4. The effect of situational factors (price increase and unavailability)

As recommended by Aaker (2012) and Ioan (2009), the following questions were also asked to determine brand loyalty:

✚ For those brands you have a positive attitude towards, that you buy, would you make an effort to search for them if you did not find them at your regular shop?

Table 8 in chapter 5 showed that 39% of the respondents did not feel the need to search for their favourite brands if they were not available where they normally bought them. Respondents did not feel the need to search for their favourite brands mainly because other options did the same job. Situational factors such as unavailability and price increases on their preferred brand, price decreases on competing brands and/or effective in-store promotions have the potential to cause switching behaviour (Dick & Basu, 1994; Oliver, 1999). The difference between brands is largely irrelevant to consumers with the influx of similar products in the market encouraging switching behaviour (Aaker, 2012). Sixty one percent were willing to search for their favourite brands because they trusted the brands, they were used to them, they offered them value for money and they liked the brands.

✚ Would you still buy your favourite brand/s if the price went up?

In a situation where prices went up on their preferred or favourite brands, Table 9 in Chapter 5 shows that 83% of the respondents were willing to still continue buying those brands only if they could afford them. Affordability was a huge constraint with the respondents; therefore businesses cannot enjoy a price premium in this segment. These respondents ranked affordability as the number one factor in their purchase decisions, therefore they shopped where prices were lower to be able to afford goods. As one respondent (Female, 31-40 years, unemployed) said, *“Yes I would continue buying my current brand, Rite brand because it would still be cheaper than original brands even if the price went up”*. Quality, trust, reliability, brand experience and satisfaction were other reasons consumers would want to stay loyal to their preferred brands, even if prices go up.

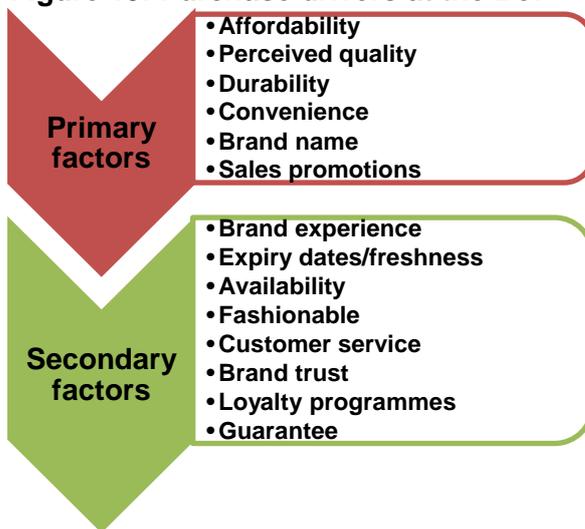
6.3. Research Question 2: What drives brand loyalty and disloyalty at the base of the pyramid?

6.3.1. Purchase drivers at the BoP

Affordability, perceived quality, durability, convenience, brand name and sales promotions are the primary factors considered when making purchase decisions (see

Table 10 in chapter 5 and figure 15 below). Companies should therefore take into account these factors when targeting the BoP. Three of the 4As (Acceptability, Access/Availability and Affordability) proposed by Anderson and Billou (2007), Chikweche and Fletcher (2012) and Prahalad (2012) to drive product adoption at the BoP were supported by these findings. Awareness was not a challenge with these low income consumers who lived in urban areas because they had access to media, for example television, radio, newspapers, magazines, in-store communications and billboards. None of the respondents mentioned the internet as a source of product information.

Figure 15: Purchase drivers at the BoP



6.3.1.1. Affordability

Affordability is a critical factor at the BoP due to the meagre incomes earned, yet consumers equally expect to get good quality products for their money. Affordability was the top purchase driver for respondents as shown in Figure 15 above, while it ranks fifth as a brand loyalty driver in Figure 16 shown later in this chapter. Shoprite was the most frequented shop because it claimed to offer affordable products of good quality. One respondent (Female, 31-40 years old, unemployed, Soweto, interview 14) directly commented on this relationship between affordability and good quality, saying: *“I consider price, the irony is I want affordable things that are good quality. I wait for discounts and sales promotions to buy quality things for cheaper prices”*. Only 44% of the respondents were formally employed therefore most respondents sought lower prices they could afford. Of the unemployed 86% were female, therefore they spoke more about affordability than males as shown in Table 6 in chapter 5. Prahalad (2012)

confirmed that limited income still forces low income consumers to strike a balance between price and performance, so affordability becomes a key driver in product adoption.

6.3.1.2. Perceived quality

Perceived quality was considered to be the second most important purchase factor after affordability/price and the number one brand loyalty driver amongst respondents, as shown in Figure 16 below. Respondents appreciated good quality products and disapproved of cheap quality products, such as Chinese products which cannot be trusted to perform and had failed them many times. This finding is in agreement with a study by McKinsey & Company (2012) who found that quality has become important to the African consumer, being the second purchase criterion after price and consumers worried about sacrificing quality for low prices.

Perceived quality has a significant influence on brand loyalty and it was proven to drive financial performance (Chi et al., 2009). Deng et al. (2010) supported this claim, stating that perceived quality could attract new customers, retain existing customers and even encourage customers to switch from competitors. The perceived quality of Nokia phones retained the loyalty of most respondents; therefore their intention was to still use the brand in the future. The need to buy good quality durable brands was high amongst the respondents, the cost was considered less in the long run as they cannot afford to keep replacing less durable products. This finding is supported by Nakata and Weidner (2012), who stated that low income consumers can be loyal if they find a brand with an acceptable price value proposition; they are receptive and willing to spend money on suitable, reasonably priced, quality products.

6.3.1.3. Durability

Durability is closely related to quality and came up strongly during the interviews, more so when respondents spoke about the Nokia brand. Consumers want to spend their hard earned, limited income on products that will last them longer, be it durables, services or consumables. The word 'strong' in describing durability came up 83 times during the interviews, while words such as 'last', 'longer' and 'durable' also had many mentions, suggesting durability is important. Respondents saved somehow and were willing to pay more for durable products. Interviewee 11 said he saved to buy Samsung and Sansui durables because they are durable enough to withstand the power cuts that

are common in the townships: *“I have been using Samsung and Sansui appliances three years or so. They are durable and reliable especially here in Soweto where there are always power cuts, they still do not blow up, they continue working”*. Low income consumers want their once-off purchases to guarantee them expected performance and durability because they cannot afford the replacement costs (Barki & Parente, 2010; D'Andrea et al., 2006). For respondents, durability was the third most important purchase driver and the second most important brand loyalty driver, as shown in Figure 16 below.

6.3.1.4. Convenience

Convenience was also a critical factor in purchase decisions in order to cut down on transportation costs, which was listed as one of the biggest expenses respondents incurred. Shoprite was ranked the most frequented shop partly due to its convenience to respondents, as shown under heading 5.5.2.1 in chapter 5. Convenience was more important to those above 30 years old as shown in Table 6 and Table 10 in chapter 5. Respondents shopped mainly in the shopping malls within their communities where they could walk. Although respondents had a negative attitude towards spaza shops, they were a highly frequented distribution channel due to their convenience to consumers; they were more convenient than the shopping malls where chain supermarkets were found. Chikweche and Fletcher (2010) cited that low income consumers prefer to buy at local shops to save on transport and also to meet immediate needs when they buy single items due to the limited amount of money they have at each point in time. Convenience is thus considered a purchase driver but not a brand loyalty driver.

6.3.1.5. Brand name

Brand name came up in fifth position on the purchase drivers and was important to those 40 years and below, as shown in Table 10 in chapter 5. Respondents bought a number of brands and were exposed to a lot of media, i.e. they are brand conscious. Respondents also desired some brands and well-known brands which would offer them good quality and durability, but they could not afford them as shown under heading 5.5.3 in chapter 5. The evidence proves the importance of branding even to low income consumers. McKinsey & Company (2012) state that brands play a significant role in purchase decisions of the African consumer; 44% of consumers in Sub-Saharan Africa agree that well-known brands are always better quality. Barki and Parente (2010)

asserted that strong brands drive higher aspirations even to low income consumers, because they believe such brands guarantee them social integration and status.

Brand name was not found to be a primary driver of brand loyalty as shown in Table 11 in chapter 5 and Figure 16 below, although it was important to males aged 18-30 years. Social acceptance, being fashionable and status were also important to the young consumers (18-30 years old) as shown in Table 10 in chapter 5. They spoke about clothes and appliances more than the older age groups. The young male respondents bought branded clothing such as UZZI, Adidas, Nike, Relay, Diesel and Guess jeans, as shown in Table 7 in chapter 5. Barki and Parente (2010) and Jacobs and Smith (2010) found that even in developing countries, low income consumers also spend on luxuries such as cell phones and branded clothing, proving their aspiration for quality and status. Majumder (2012) concluded that low income consumers are not only driven by affordability or price, but are brand conscious and evaluate the products and services they use, therefore companies should see them as value driven consumers.

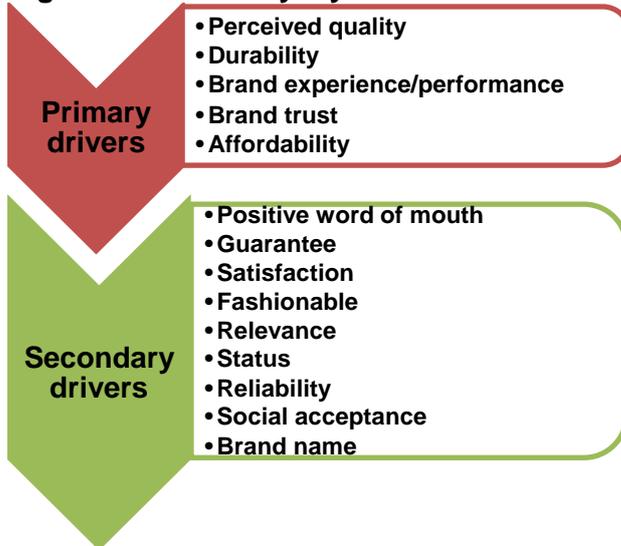
6.3.1.6. Sales promotions

Sales promotions were also an important purchase driver for the respondents. Although most respondents looked out for sales promotions whenever they did their shopping, affordability was the most important purchase factor. Respondents frequented shops such as Shoprite and bought in-store brands which were generally cheaper even when not on promotion. Females and those above 30 years of age spoke more of sales promotions, as shown in the word count Table 6 in chapter 5. Today consumers are exposed to intensified price competition and retailers have become more powerful selling their own in-store brands at lower prices, encouraging consumers to be deal prone and price sensitive (Aaker, 2012). Sales promotions are a way of attracting consumers to purchase a brand, but will not keep them loyal. Loyalty programmes which have been adopted by many mainstream shops to encourage repeat purchase were a weak purchase driver at the BoP; there could be less of their adoption there. Loyalty programmes have expanded in South Africa mainly in the retail sector (Bizcommunity, 2014). Despite this development, research by global research agency IPSOS showed that customer satisfaction with loyalty programs is relatively low (IPSOS, 2014).

6.3.2. Brand loyalty drivers at the BoP

Table 10 in chapter 5 and Figure 16 below show that quality, durability, brand performance or experience, brand trust and affordability are the primary drivers of brand loyalty.

Figure 16: Brand loyalty drivers at the BoP



Perceived quality came first as the most important factor that drove respondents to develop brand loyalty. Although low income consumers are driven by affordability due to limited incomes, most of all they value good quality products because they are durable and do not require replacement, which ends up being more expensive. It should be noted that respondents had a strong positive attitude towards well-known brands and those they desired because of their perceived quality and durability, although they perceived them to be beyond their reach. Affordability was more important in driving purchases than brand loyalty, ranking 5th on loyalty drivers as shown above. Customer satisfaction is a driver of brand loyalty, but other factors also play a significant role. Perceived quality, durability and affordability are primary purchase drivers as well as brand loyalty drivers and have been discussed above. Respondents became disloyal in the absence of loyalty drivers (Figure 13 in chapter 5 shows the disloyalty brand set).

6.3.2.1. Brand experience/performance

From the interviews, brand experience or performance was related to the functionality of the product, that is, if it delivers to its expected use. Females spoke more about

brand experience than males, as shown in the word count Table 6 in chapter 5. Respondents committed to future use of their current brands because of prior good brand performance or experience, as evidenced in the following quotations:

- ✚ **Female, 18-30yrs, employed, Diepsloot, Interview 6:** *“I rather stick to these brands am used to, I have had good experiences with them.”*
- ✚ **Female, above 40yrs, self-employed, Soweto, Interview 15:** *“I consider if the brand has worked well for me in the past, if I am satisfied with it I tend to buy it again because I now trust that it will always work for me.”*
- ✚ **Male, 31-40yrs, unemployed, Soweto, Interview 9:** *“I buy brands I grew up with or experiencing, it is difficult for me to buy things I have no previous experience with or any knowledge of.”*
- ✚ **Male, above 40yrs, employed, stays at Randburg work premises, Interview 16:** *“Yes I would continue buying my current brands because they have always worked for me. I trust them because I have used them all along.”*

Pleasing brand performance leads to a favourable brand experience which leads to the brand being trusted, and the opposite is true (Brakus et al., 2009). Consistent good brand performance therefore leads to brand loyalty (Kotler & Keller, 2012). Brand experience is about fulfilling the promise that a brand makes of how the product will perform consistently (Brakus et al).

6.3.2.2. Brand trust

Brand trust is based on prior performance or the experience of a used brand. Respondents claimed they bought brands they grew up with, i.e. those they had experienced over a long time and developed a relationship with and therefore trusted. Liu et al. (2011) described brand trust as the conviction that the customer has that the brand will deliver as expected in meeting their need. Brand trust was also found to be highly influenced by perceived quality (Deng et al., 2010), for example respondents trusted brands such as Nokia which they believed to be of good quality and reliable, and therefore remained loyal to them. Well-known brands were also trusted because they were perceived to be of good quality and durable. All the top of mind current brands in Figure 10 in chapter 5 were well-known brands in South Africa, and some internationally. Brand trust was also mentioned more by females than males, as shown in Table 6 in chapter 5 where with a word count of 37 on ‘trust’, females mentioned it

57% of the times. Brand trust was also more important to older consumers than younger ones, as shown in Table 11 in chapter 5 and confirmed by Deng et al. (2010).

6.4. Research Question 3: Within which product categories are low income consumers more brand loyal or disloyal and why?

As discussed earlier, one of the biggest expenses incurred by respondents was consumables (groceries and clothing). Respondents frequently spent money on consumables than durables and services. Durables were not frequently purchased because they were considered expensive, although brand awareness was high in the category. Less mention of branded services could be as a result of their low penetration in low income segments. Loyalty was minimal across all three product categories of consumables, durables and services. All respondents felt it was easy for them to switch brands within consumables and services, while only 22% claimed to be brand loyal with durables.

6.4.1. Consumables

Consumables were a product category respondents were more familiar with and they showed low involvement in their purchases here. Respondents claimed they easily switched brands because consumables were cheaper, frequently purchased and were more frequently on promotion (see quotes under heading 5.7.2 in chapter 5). Rundle-Thiele and Bennett (2001) suggested that consumers would easily switch brands within consumables to seek variety and sales promotions. Respondents did say that the shops they frequented often ran sales promotions and saved them money, therefore sales promotions feature as a primary purchase driver in Figure 15.

6.4.2. Services

Respondents claimed they would easily switch service providers because they simply chose the one who offered more value for money as quoted under heading 5.7.3 in chapter 5. Interviewee 1 said mobile communication was affordable and providers were always competing to offer the cheapest packages, therefore there were no switching costs to hinder them. Branded service penetration was very high in mobile communication as discussed earlier, but poor on other services, therefore limiting reach, awareness, trial and use which are critical in building brand loyalty.

6.4.3. Durables

Contrary to Rundle-Thiele and Bennet (2001) who found brand switching to be minimal in the durables product category, only 22% of the respondents were brand loyal within the this category. Another 22% of the respondents did not buy durables at all because they could not afford them, therefore as non-users they fell within the indifferent category on Bandyopadhyay and Martell's loyalty matrix (2007). Common current durable brands were Samsung and LG. Respondents used a mix of durable brands as shown in their rooms in Figures 5 and 6 in chapter 5. Respondents did not have a problem buying different brands as long as they were brands they trusted as quoted under heading 5.5 in chapter 5. There could be some blurring of differences between brands which makes consumers easily switch and mix brands even within this category.

6.5. Conclusion

Like other income segments, low income consumers in urban areas are exposed to the influx of competing brands, sales promotions and price competitions, which encourage and create a variety seeking behaviour and price sensitivity. Most of the respondents were certainly multiple brand users who sought variety and affordability. Respondents were loyal to brands that were relevant to them such as Nokia and Shoprite; they perceived them to be good quality at reasonable prices. Durability and convenience also played an important role in their purchase decisions. Multiple brand users (variety seekers and deal prone consumers) were found to be the biggest group and the most common type of consumers in today's price competitive environment, which is over capacitated with similar competing products (Aaker, 2012; Bandyopadhyay & Martell, 2007).

The branding concept was evidently understood amongst the respondents; they purchased a lot of different brands and appreciated well-known brands. The top purchase drivers were affordability, durability, quality, convenience and sales promotions, while brand loyalty drivers were quality, durability, brand experience, brand trust and affordability. Disloyalty was driven by the absence of these purchase and loyalty factors. There was minimal brand loyalty across all product categories (consumables, services and durables), with just 22% of the respondents confirming their brand loyalty in the durables category to be much stronger than in consumables and services.

Chapter 7: Conclusion

7.1. Introduction

This chapter will summarise the key findings of the research study, provide recommendations and implications for business, and make recommendations for future research. The holistic research objective was to explore the purchase behaviours at the BoP and determine the forms of brand loyalty that are characteristic of low income consumers within the South African context. The research objectives were met and chapters 5 and 6 presented and discussed the findings, while a framework to sum up the findings and provide insight to businesses targeting the BoP is presented in this chapter. The findings also contribute to the academic body of knowledge on the subject of brand loyalty.

7.2. Key findings

Face-to-face in-depth interviews were conducted with 18 low income consumers in urban Gauteng to test the research questions discussed in the previous chapter. The following key findings were identified:

- ✚ Brand loyalty exists at the BoP with those brands that are relevant to the low income consumer at an acceptable price value proposition. Quality and brand matters, but they must be delivered at the right price point. This is in agreement with the proposition made by Chipp et al. (2012) and finding by McKinsey& Company (2012).
- ✚ Shoprite is the most popular shop frequented by low income consumers, mainly due to affordability and convenience. Nokia is the most popular product brand used due to its durability, affordability and ease of use. Low income consumers are loyal to those brands that address their needs and are willing to continue using them in the future. Note note that these brands are more important to those above 30 years old. There was less mention of them by the young consumers.
- ✚ Affordability or price is the biggest purchase driver. Coupled with increased price competition and an influx of competing brands in the market, most consumers become deal prone and variety seekers. Loyalty is therefore minimal across product categories.
- ✚ About 39% of the respondents are not willing to search for their favourite brands if they are not available at their regular shop. In the case of a price increase, 83% are

willing to buy their favourite brands if they can still afford them and the 17% will not buy them at all.

- ✚ Low income consumers are largely multiple brand users (variety seekers and deal prone); 61% switch brands and 89% look out for sales promotions. In support of this finding, Aaker (2012) and Bandyopadhyay and Martell (2007) found that multiple brand users are the largest group of consumers due to increased price competition and the number of similar brands in the market.
- ✚ Low income consumers are constrained by their incomes and therefore mainly consider affordability in their purchase decisions, in line with observations by Prahalad (2012). Affordability, sales promotions and in-store brands were mentioned more by females and it correlates with most of them being unemployed pointing to their low incomes.
- ✚ Despite price being an important purchase driver, perceived quality, durability, convenience, brand name and sales promotions are also key. The weakness of these purchase drivers limit product adoption. Perceived quality, durability, price and convenience were mentioned more or less the same times by both genders and across age groups.
- ✚ Convenience is a purchase driver but not a brand loyalty driver. Convenience is critical to save on transport which was pointed out to be one of the biggest expenses low income consumers incur.
- ✚ Brand loyalty amongst low income consumers is primarily driven by perceived quality, durability, brand experience, brand trust and affordability respectively. The weakness of these drivers resulted in brand disloyalty. This is in line with the suggestion made by Majumder (2012) that low income consumers are value-seeking consumers who are not only concerned about price, but assess products and brands on other factors. Brand experience and trust is more important to females than males and brand trust is also valued by older consumers as confirmed by Deng et al. (2010).
- ✚ Low income consumers highly appreciate good quality brands because they are durable, saving them money as they do not have to be replaced regularly. They aspire to expensive, popular brands for the same reasons, although they also claim such brands would give them recognition and social integration. Barki and Parente (2010) and Jacobs and Smit (2010) confirmed this aspiration at the BoP.
- ✚ Low income consumers resident in urban areas are brand conscious and understand the concept of branding; they are exposed to a lot of media which is in agreement with Amps (2014).

- ✚ Low income consumers spend more of their money on consumables compared to durables and services.
- ✚ Younger consumers (18-30 years), more so males regularly spend their income on clothes and appliances and branding within these product categories is important to them. McKinsey & Company (2012) confirmed that the African youth consumer is more brand conscious and follows fashion and trends.
- ✚ Durables in particular are expensive for low income consumers therefore they are mainly bought on lay-by, while others buy them from second hand shops or individuals and 22% do not buy them at all.
- ✚ The reach of branded services is limited within low income segments except for mobile communication, which is in line with Amps by Saarf (2014).
- ✚ Brand loyalty is minimal across all product categories - consumables, services and durables at the BoP. This is contrary to Rundle-Thiele and Bennet (2001) findings that brand switching is minimal with durables and services.

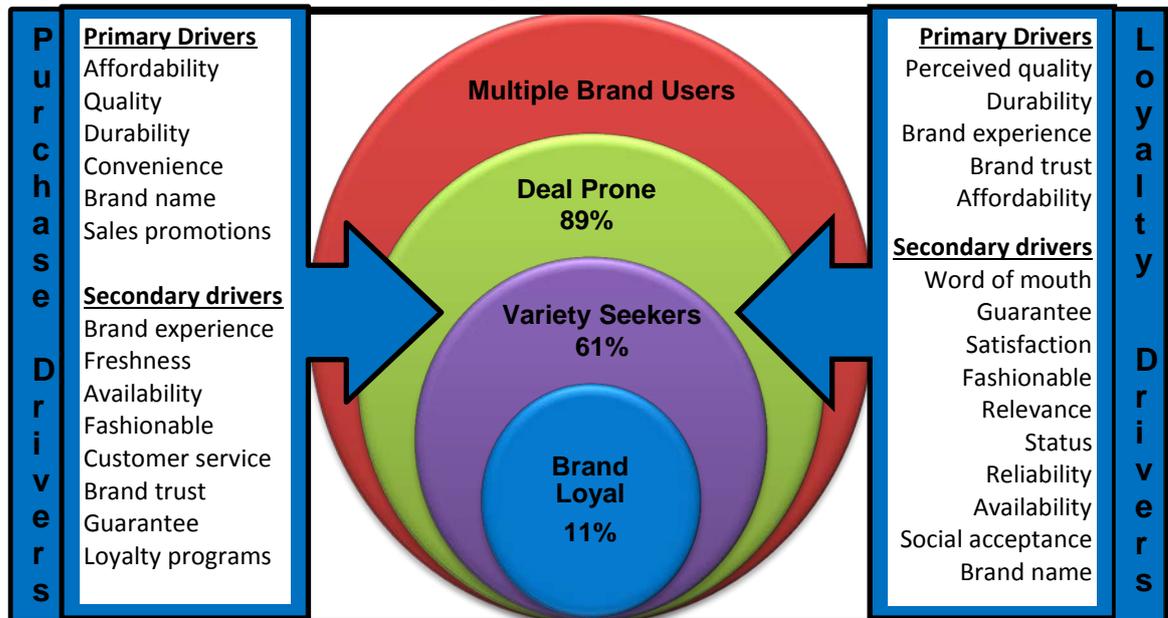
7.3. Recommendations for corporate business and managers

In view of the key findings above, the framework in Figure 17 below was developed to offer an insight for business into the concept of brand loyalty at the BoP, which can be applied by companies wanting to explore the BoP. The model pulls together the findings consolidated in Table 7, 10 and 11 in chapter 5 on brand loyalty status, purchase drivers and brand loyal drivers respectively and discussed in chapter 6. Figure 17 demonstrates that there are less low income consumers who are brand loyal, more are variety seekers and nearly all of them are deal prone; making them largely multiple brand users. Brand loyalty and purchase drivers are shown in descending order of importance as per the findings in chapter 5.

It is critical for businesses targeting the BoP to take note of the loyalty status of BoP consumers and purchase and brand loyalty drivers in the framework above and align their strategies to realise success there. Despite affordability being a challenge, the BoP has business potential due to the huge number of consumers there (Prahalad, 2012). Companies such as Nokia, Shoprite, mobile communication providers and Dstv have frugal engineered products that are relevant and successful at the BoP. It is also critical for business to create access to their products; make them conveniently available to low income consumers because they cannot afford transport. Looking into nonconventional low cost distribution channels is thus necessary for business at the BoP. Convenience is also required in offering relevant packs which achieve lower price

points that are affordable to the BoP. The mobile communication industry has managed to achieve this by offering airtime in lower denominations and Coca-Cola and SABMiller maintains lower price points by using returnable bottles (McKinsey & Company, 2012).

Figure 17: Framework for brand loyalty at the BoP



As discussed in chapter 6, there are similarities and differences between males and females and age groups at BoP which marketers should take note of. The BoP purchases consumables more than durables and services due to limited incomes. Services have the least penetration at the BoP, presenting a gap there that business should take advantage of. More males buy appliances or durables than females because more of them are employed. Making durables affordable to the BoP either through frugal engineering or offering favourable trading terms is recommended. Quality, durability and convenience are important to both genders and across age groups though durability is slightly more emphasized by males. Value for money is important at the BoP; companies should develop good quality products that are relevant and affordable. Females want products to last longer while males want durable products; this can be interpreted similarly or differently depending on the product. Affordability, sales promotions, brand experience and brand trust is more important to females than males.

The younger consumers (18-30 years) are different from their elders; they are more brand conscious, follow fashion and trends and willing to try new things. Drivers such

as brand name, fashionable, status, social acceptance are more important to them. They regularly spend money on clothes and appliances, more so males. Young males spend money on branded apparel. The adoption of new products at the BoP can be accelerated by targeting this age group which is better educated than their elders. Consumer education is recommended for the older BoP consumers to stimulate product trial and create trust.

Low income consumers, particularly those residing in urban areas, are brand conscious and can be reached by media channels such as television, radio, billboards, newspapers, magazines, pamphlets and in-store activities. Cell phones can also be used to reach low income consumers with mobile communication penetration being 100% there. Although there is currently no use of the internet as a source of product information, the potential is there due to the high use of cell phones and younger consumers are also gaining access to computers. The increasing brand awareness amongst low income consumers creates an aspiration for better quality brands which will be adopted in the future if incomes improve. The forecast economic growth in emerging markets signals increased expenditure and improved standards of living at the BoP in future.

Companies should realise that an influx of competing products will soon take over the low income segments and that a first mover advantage at the BoP has helped, for example, Shoprite and Nokia. Respondents want to remain loyal to these brands because they have used them for a long time and trust them. Competing with such brands will be difficult for new entrants at the BoP. Building and promoting a brand at the BoP now than later is therefore recommended, to get it into the consumer's consideration set. It is clear that well-known brands are perceived to be of good quality; therefore consumers will be more receptive to them. Findings also showed how much spaza shops and Chinese brands were criticised for poor quality and unethical business practices, which creates room for established brands to venture into this market. Equally, business should realise that low income consumers exhibit some similar characteristics with upper income classes although at different levels, e.g. variety seeking behaviour and deal proneness. These behaviours create a small window for product acceptance, adoption and loyalty with consumers, therefore heightening the competition amongst offerings.

Finally, the urban BoP is an easily accessible consumer segment for businesses seeking market intelligence and academics doing research due to the willingness of

consumers to share their experiences and views. Products and marketing messages can only be made relevant to the BoP with a deeper insight into that market. The market is not homogenous as shown in earlier discussions therefore requires segmentation and targeting marketing. The BoP certainly poses socio-economic environmental challenges to business, but it has been proven that companies can be successful there with the relevant business strategies, some recommended by this study.

7.4. Recommendations for future research

As described in chapter 4, this research study was exploratory and therefore adopted a qualitative research design, which fails to infer results to the population. Future options for research include a quantitative study to test the BoP brand loyalty model (Figure 17) on a larger scale. This study was only conducted in Gauteng, South Africa, which does not represent all the dynamics of low income consumers in emerging markets. Other cities, rural areas and other countries can be explored for a robust representation. The study was also constrained by time and financial resources, thus its limited reach. A future study could also go on to capture the behaviours and experiences of upper income consumers and make a comparison with low income consumers.

Research is also recommended to further explore the purchase behaviours and brand loyalty within the services category which received fewer responses in this study. Recruiting a larger number of low income consumers with a higher consumption of branded services would give better insight. All respondents in this study consumed mobile communication and some branded services were gaining momentum, therefore it would be of interest to service providers to gain insights in this area.

A study of companies that have been a success at the BoP in South Africa and other developing markets is recommended to explore how they have managed to meet the needs of low income consumers and build brand loyalty amidst the challenge of affordability. This study only heard from consumers, therefore it would be valuable to tie the two together for a holistic view.

It would also be of interest to research the purchasing behaviour, product adoption and loyalty around unbranded products and services within low income segments where they are likely to be largely consumed. This study revealed the high consumption of 'no

name' brands and spaza shops (highly frequented unbranded shops) and at an exploratory level the attitudes towards them. A conclusive study is thus recommended.

The youth market at the BoP and their lifestyle is distinctively different from their elders. They are more brand and socially conscious, feeling the need to fit in. Research to better understand their lifestyle and product consumption behaviour is recommended. The segment is critical because it is where brand trial occurs more.

7.5. Conclusion

The study met its objectives of exploring the nature of brand loyalty at the BoP, establishing drivers of brand loyalty and disloyalty and assessing brand loyalty across consumables, durables and services categories. Due to the influx of competing products, there is heightened price competition by businesses, encouraging variety seeking behaviour and deal proneness amongst low income consumers too. This was also an observation amongst consumers in general made by Aaker (2012) and Bandyopadhyay and Martell (2007). This study showed that there is minimal brand loyalty across the consumables, services and durables product categories at the BoP in urban South Africa. BoP consumers spend most of their income on consumables, durables were considered expensive although they did not require regular replacement while branded services were least consumed. The penetration for branded services is low at the BoP except for mobile communication. An opportunity exists for business to explore and offer services relevant to the BoP.

Low income consumers purchase brands that mainly offer them affordability, quality, durability, convenience and sales promotions. Brand loyalty is primarily driven by quality, durability, brand experience or performance, brand trust and affordability. In the absence of these drivers, disloyalty is exhibited. Offering a lower price for good quality has been a challenge for many companies, but frugal engineering and insightfulness by some companies has proved successful at the BoP. Although constrained by low incomes, BoP consumers highly appreciate quality because such products last and cost less with time. Consumers are aspirational and desire well-known good quality brands. The urban BoP consumer is brand conscious due to easier access to media and exposure to many brands. Companies should therefore consider the BoP consumer to be discerning and not only concerned about price but also value for money.

The youth market at the BoP presents huge business opportunity due to their willingness to try new things and search for product information, mobility, brand consciousness, trendiness and better literacy. The large youth population in Africa (above 50%), coupled with these characteristics points to major changes in consumption behaviour which business should be preparing itself for (McKinsey & Company, 2012). The BoP at large was characterised as an attractive market segment with huge business potential by Prahalad (2012) due to the aggregate expenditure by the multitudes of consumers there. Companies seeking to expand their presence and grow their revenues are encouraged to explore the BoP as growth has stagnated in developed markets (Prahalad). Recommended business strategies to drive purchase and build brand loyalty at the BoP are creating product relevance, access and convenience, offering good quality at an affordable price and extending brand awareness to reach more consumers.

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Appendix A: Interview Guide

I am conducting research on the nature of brand loyalty at the base of the pyramid. I am trying to find out more about the purchase behaviour and the relationships low income consumers have with brands (products and services). Our interview is expected to last about an hour. Your participation is voluntary and you can withdraw at any time without penalty. Of course, all data will be kept confidential. If you have any concerns, please contact me or my supervisor. Our details are provided below.

Researcher name: Memory Nyanga

Research Supervisor Name: Priya Thakoor

Email: 440117@mygibs.co.za

Email: priya.thakoor@gmail.com

Phone: 074 527 9229

Phone: 082 495 0969

Interviewee is informed and signs consent form.

1) Demographic information about the participant

Gender	Male		Female	
Age	18 – 30 yrs	31-40 yrs	>40 yrs	
Race	Black	White	Indian	Coloured
Education level	None	Primary	Secondary	Tertiary
Personal Income (\leq ZAR 2, 005)				
Household income (\leq ZAR3, 163)				

Interviewer instruction- Recruit only those who earn the specified income and below

Quotas to fill

Gender	Age Group			Total
	18 – 30 years	31 to 40 years	41 years and above	
Females	3	3	3	9
Males	3	3	3	9
Total	6	6	6	18

2) Questions to establish required Living Standard Measure (LSM 2 to 4)

	YES	NO
Do you have hot running water at home?		
Do you have a working motor vehicle?		
Do you have a working personal computer/laptop?		
Do you have a working microwave?		
Do you have a working washing machine?		
Do you have a working vacuum cleaner?		
Do you have a domestic worker?		
Do you have a Dstv subscription?		
Do you have a built-in kitchen sink?		
Do you have a home security service?		

Interviewer instruction- Recruit those with most items ticked NO

3) Are you actively involved in shopping here at home?

Interviewer instruction - If the answer is YES, go ahead with the interview, terminate if it is a NO

4) Questions on income expenditure.

- a) May you explain how you spend your income in general?
- b) What would you say are your biggest expenses and why?
- c) After that, are you left with enough money to buy other things you need?
- d) What do you do in case you run out of money before your next salary?

5) Questions on purchase behaviour (behavioural loyalty)

Product and service categories purchased

- a) When you do your shopping, which products or services do you normally buy?
- b) What are the most important factors that you consider when buying a product or service? Why? (*Price, Quality, Durability, Brand name, Functionality, Status, After sales service, etc.*) Is price an important factor for you when shopping? Why?
- c) Are there any differences in how you make decisions when buying consumables/groceries, services and durable/long life goods? What are the differences and why?
- d) Within which category (Consumables, services and/or durables) are you likely to switch brands or stay committed to a brand? Why?
- e) Where do you normally buy consumables/groceries, services and durables/long life goods? (*Local store, chain stores, flea market etc.*)
- f) How do you decide where to buy? What factors influence your decision?
- g) Would you continue buying where you buy from in future? Why?

- h) Do you look for sales promotions and discounts whenever you go shopping? Why?
- i) Where do you get information about product or services? (*Family, neighbours, shop workers/owners, friends, church, clubs, television, radio, newspapers, magazines, billboards, posters*). Do you tell others about brands you know?

Brands purchased

- j) Among the products or services you mentioned that you buy, which brands do you normally buy and why?
- k) For how long have you been consistently buying and using these brands?
- l) Are you satisfied with these brands you buy? Why?
- m) When you are satisfied with a brand/s, do you commit to just buying that particular brand or do you also still consider buying competing brands? Why?
- n) Would you recommend the brands you are satisfied with to other people? Why?
- o) Will you continue buying these brands you are satisfied with in future? Why?
- p) Would you still buy your favourite brand/s if the price went up? Why?
- q) Do you tell other people about brands that you are not satisfied with? Why?
- r) Among the product/service categories you mentioned, are there any particular brands you would never consider buying and why?
- s) Do you desire to buy well-known brands? Why? (Status, social integration etc.)

6) Questions on attitudes towards brands (Attitudinal loyalty)

Attitude towards brands

- a) Describe the relationship you have with the brands you buy? How do you feel about them?

- b) Are there brands you have a negative/weak attitude (do not like/hate) towards that you buy? Why?
- c) Are there brands that you are aware of, never buy but have a positive strong attitude (like very much/love) towards? Why?
- d) Are there situations where you would buy a brand that you do not like? Explain the situations when this would happen?
- e) What would make you develop a strong positive attitude towards a brand?
- f) What would make you develop a negative/weak attitude towards a brand?
- g) For those brands you have a strong/positive attitude towards, that you always buy, would you make an effort to search for them if you did not find them at your regular shop? Why?
- h) Describe the benefits that you derive from brands that you have a strong/positive attitude towards? (*Trust, relationship, value for money, status, time saving, risk reduction, convenience*).

Thank you very much for your time.