Consumers' perceptions of a select premium private label retailer's innovativeness in a certain foods category

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Dissertation

MConSc (Food Management)

Supervisor: DR GE du Rand

Co-Supervisor: Prof AC Erasmus

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Dissertation submitted in fulfilment of the requirements for the degree Masters in Consumer Science (Food Management)

in the

Faculty of Natural and Agricultural Sciences

Department of Consumer Science

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Verbruikers se persepsies van 'n geselekteerde premium private-etiket kleinhandelaar se innovasievermoë binne 'n sekere voedselkategorie

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Verhandeling

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DECLARATION

I, Maria Elizabeth Roberts, hereby declare that the dissertation for the Master's in Consumer Science degree at the University of Pretoria, hereby submitted by me, has not previously been submitted for a degree at this or any other university and that it is my own work in design and execution and that all reference material contained herein has been duly acknowledged.

Maria Elizabeth Roberts

31 October 2017

DEDICATION & ACKNOWLEDGEMENTS

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This dissertation is dedicated to my parents, Annette and Daan Roberts, and each individual who believed that this dream could be a reality.

ABSTRACT

Title: **Consumers' perceptions of a South African premium private label retailer's innovativeness within a selected foods category**

by

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Department: Consumer Science

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Purpose – The purpose of this research study was two-fold; firstly, to investigate consumers' overall perceptions of a specific South African premium private label food retailer's (PPLFR) innovativeness within the selected department; this included investigating the consumers' perceptions of innovativeness about a product and promotional positioning and in-store experience. Secondly, it is to determine and correlate the association between consumers' perceptions of the PPLFR's innovativeness and its organisational performance, excluding financial performance, thereby including consumer purchasing behaviour linked to perceptions such as purchase intent, satisfaction, and loyalty.

Design/methodology/approach – This research was empirical and followed an exploratory, descriptive approach. It made use of primary data, collected electronically through a structured self-administered questionnaire, from 628 respondents. The study was quantitative, correlational, and cross-sectional and reflected on perceptions at the specific time of the study, within a particular context.

Findings – The study concluded that consumers' perceived the premium private label retailer as innovative concerning product and promotional positioning as well as in-store experience for sweet baked items sold at the retailer. The relationship between the positive perceptions and the subjective performance outcomes and consumer purchasing behaviour could be correlated and was positive.

Originality/value – For academic scholars, retailer innovativeness and essential retail innovations are crucial topics that should be explored. Investigating consumer perceptions of premium private label retailer innovativeness in an emerging market is critical to understand how retailer investment in innovations contributes to their capability. Put into practice, these results may be useful to retailers, to adopt a more consumer-centric innovation strategy especially in an era of increase competition where innovation is seen as such a critical instrument for differentiation.

Keywords: Innovativeness, Premium Private Label Retailing, Consumer Perceptions, Retail Innovation, Innovation strategy

OPSOMMING

Titel:	**Verbruikers se persepsies van 'n geselekteerde premium private-etiket kleinhandelaar se innovasievermoë binne 'n sekere voedselkategorie**
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Doel – Die doel van hierdie navorsingstudie was tweeledig. Eerstens is ondersoek ingestel na verbruikers se algehele persepsies van 'n spesifieke Suid-Afrikaanse premium private etiket-voedselkleinhandelaar (PPLFR) se innovasievermoë in die geselekteerde afdeling, wat 'n ondersoek van verbruikerspersepsies van innovasievermoë van 'n produk en promosie-posisionering en ervaring in die winkel insluit. Tweedens is gepoog om die assosiasie tussen verbruikers se persepsies van die PPLFR se innovasievermoë en die organisatoriese aspek daarvan te bepaal en te korreleer; finansiële prestasie uitgesluit, maar verbruikers se koopgedrag wat verband hou met persepsies soos koopvoorneme, tevredenheid en lojaliteit in ag geneem.

Ontwerp/metodologie/benadering – Hierdie navorsing was empiries, en is opgevolg deur 'n ondersoekende, beskrywende benadering. Daar is gebruik gemaak van primêre data wat elektronies van 628 respondente verkry is met behulp van 'n gestruktureerde, goed geadministreerde vraelys. Die studie was kwantitatief, korrelerend en van toepassing op die deursneeverbruiker, wat persepsies tydens 'n spesifieke tydperk van die studie binne 'n spesifieke konteks reflekteer.

Bevindings – Die gevolgtrekking van hierdie navorsingstudie is dat verbruikers die premium private etiket-kleinhandelaar as innoverend ervaar het betreffende produk- en promosie-posisionering, asook ervaring in die winkel met betrekking tot die soetgebak wat deur die kleinhandelaar verkoop word. Die verhouding tussen die positiewe persepsies en die subjektiewe prestasie-uitkomste, asook die verbruiker se koopgedrag kon gekorreleer word en was positief.

Oorspronklikheid/waarde – Vir akademiese navorsers is innovasie deur kleinhandelaars en noodsaaklike innoverende onderwerpe van die uiterste belang en behoort verder ondersoek te word. Navorsing van verbruikers se persepsies van premium private etiket-kleinhandelaarinnovasie in ’n opkomende mark is noodsaaklik om te kan verstaan hoe kleinhandelbelegging in innovasie tot bekwaamheid bydra. Prakties gesproke kan hierdie resultate nuttig wees vir kleinhandelaars om ’n meer verbruikergesentreerde innovasiestrategie te aanvaar, veral in ’n era van toenemende kompetisie waar innovasie beskou word as ’n uiters kritieke instrument vir differensiasie.

Sleutelwoorde: Innovasie, Premium private etiket-kleinhandel, Verbruikerspersepsies, Kleinhandelinnovasie, Innovasiestrategie

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CHAPTER 1

THE STUDY IN PERSPECTIVE

This chapter provides the background to the study, introduces the research problem and briefly explains the methodology and theoretical perspectives used. This study's structure and important definitions, abbreviations as well as the acronyms that are used, are presented.

1.1 INTRODUCTION

Historically, manufacturer brands (MBs) have been the driving force behind innovation for retail products, but in a changing economic environment, and with the globally predicted growth in the private label brand's (PLB's) market share, retailers might have to rethink this strategy in order to capitalize on the trend. In the Americas and Europe, it is estimated that by 2025, 50% of the market will consist of PLBs (Nielsen, 2014). Although the South African market is lagging behind, their adoption of PLBs has increased consistently from year to year, with a current market share of 18%, similar to the global average (Nielsen, 2014; Pearson, 2012).

Private Label (PL) is a generic term that refers to private exclusive labels as well as retailer-owned brands (Reynolds, 2014; Wyma, Van der Merwe, Bosman, Erasmus, Strydom & Steyn., 2013). PLBs have become a competitor for MBs, which is evident in certain sectors in the market, especially in the grocery segment, with packaged goods on the forefront of PLB innovation. Although the majority of the PL packaged products are traditional "value-type' products, the fastest-growing PLB type is referred to Premium Private Label (PPL) (Deloite, 2012). PPLs can be defined as a private label brand that delivers quality superior to that of MBs (Beneke, Flynn, Greig & Mukaiwa., 2013). It is not intended to substitute MBs, but to complement the total retailer offer. This development is in line with Laaksonen and Reynolds (1994), arguing that that private label retailers identify with innovation and quality. Studies that are more recent conclude that there is growing evidence that private label brands in the retail sector have become more innovative, for example, self-service checkout points, on-line ordering and home delivery, as well as growth in prepared-meals categories (Reynolds, 2014; Del Vecchio, 2001).

One of the most instrumental ways of developing a competitive advantage for food retailers is innovation (Bizcommunity, 2017; ACNielsen, 2014; Reynolds, 2014; Freeman, Nakamura, Nakamura & Pyman, 2011; Grunert, 1997:171). The extensive range of products and product categories in a food retailer necessitates that they embrace innovation processes in order to protect and maintain consumer attention, recognition and price premium (Trout, 2000). Retailers also focus on innovation in response to changing consumer needs and lifestyles, and in order to capitalise on opportunities offered by technology, changing marketplaces, structures and dynamics (Baregheh, Rowley & Sambrook, 2008). These innovations are not limited to product and process innovation only, but encompass innovative value propositions across the operational value chain (Reynolds, 2014).

This study will focus on the innovation capacity of a specific Premium Private Label Foods Retailer (PPLFR) called Woolworths (henceforth referred to as 'the PPLFR'). Innovativeness, per se, focuses on the capacity of an organisation to constantly engage in innovation (Anselmsson & Johansson, 2009a); hence, referring to the outcome of an organisational activity that attends to products, services and in-store experiences (Baregheh *et al*., 2008) as an on-going organisational characteristic, rather than success at a specific time (Brown & Dacin, 1997). In contrast innovation is defined as a radical activity that results in a new element, idea or object (Rogers, 2003), or a new combination of old elements (Brown & Dacin, 1997) that is perceived as new (Goldsmith, Flynn, Goldsmith, & Kim, 2001; Flynn & Goldsmith, 1993) by the consumer or the organisation. In 2009, Apple, which consumers view as a creative and dynamic organisation associated with on-going product innovations, was identified as the most innovative company for five years in a row by *BusinessWeek* (Foresman, 2009). An innovative retailer may thus be associated with perceptions of dynamic rather than spurious creativity, and seen as a company that changes the marketplace through its offering (Lin, 2015) (Reynolds, 2014). The PPLFR's mission statement is published as "to be the first choice for customers who care about value, innovation and sustainability in the southern hemisphere" (Woolworths Holdings Ltd., 2016:27), which exerts some pressure on the company in terms of their product and service offering and how they are perceived by consumers in general.

It is argued that perceptions of innovativeness can affect the way consumers view and evaluate a premium private label retailer and its products. As Gurhan-Canli and Batra (2004) indicate, consumers indeed use such “corporate associations in evaluating new products” (Brown & Dacin, 1997:69) and this type of acknowledgement is likely to affect consumer behaviour directly beyond any actual products that a premium private label retailer offers. Researchers have produced broad empirical evidence concerning the link between consumer perceptions of an organisation’s innovation ability, innovativeness perceptions, and the subsequent positive outcomes pertaining to consumers’ purchasing behaviour and related satisfaction (Lin, 2015; Szymanski, Kroff & Troy, 2007; Troy & Davidow, 1998; Brown & Dacin, 1997). As discussed in Chapter 2, an understanding of a retailers’ perceived innovativeness and its relationship in terms of consumers’ behaviour is important and relevant in terms of an organisation’s potential to recreate and improve their offering continuously. Moreover, it is important for on-going success of an organisation to understand the process from a customer’s point of view (Keller, 1993).

As abroad, the South African retail consumer has witnessed the introduction of many innovations in retail in recent years, such as interactive stands, mobile phone promotions and on-line shopping platforms (Grewal *et al*., 2011). Researchers seem to agree that most retailer-specific innovations are micro-innovations that involve a series of small changes and improvements that can have a significant impact when sustained over a period of time (Reynolds, 2014; Freeman *et al*., 2011), because they are meant to enhance the consumer experience (Zboja & Voorhees, 2006). A recent study conducted in Taiwan concluded that consumers perceived retailer innovativeness not only through novel or new products, but also through innovative services, creative promotions and new experiences in shopping (Lin, 2015). For the purpose of this study, innovativeness is defined as the private label retailers’ capacity and ability to engage in innovation (Hult, Hurley & Knight*,* 2004), specifically in relation to consumers’ perceptions of product, service, promotion and experience innovativeness.

Consumers ultimately determine the success of an innovation. Purely expert-based innovations often fail to provide solutions for specific consumer needs because experts (retailers' marketing and development teams) and consumers may view innovation differently (Kunz, Schmidt & Meyer, 2011; Daneels & Kleinschmidt., 2001). It has been argued that consumers' perception of the ability of a company to innovate not only affects their overall view of the retailer, but also how products are evaluated before making purchasing decisions (Kunz *et al*., 2011; Fuller, 2004; Gurhan-Canli & Batra, 2004; Brown & Dacin, 1997). Although the global recession has had a negative effect on consumers' shopping behaviour, consumers' preferences for PLB products have been affected positively (Pearson, 2012; Deloite, 2012).

It may be of value at this stage to differentiate between the two entities *custome*r and *consumer.* According to Kotler (2015: 39) and Fuller (2004: 12) the *customer* is the entity who purchases in the marketplace. The *consumer* uses or consumes what is purchased by the customer. The consumer can also be the customer. The customers' decision to purchase a product or service are influenced by many factors like their perceptions at a given point in time (Hoyer, McInnis & Pieters (2013:4). This behaviour, which involves the totality of consumers' decisions to acquire, consume and dispose of goods, services, time and ideas are referred to as consumer behaviour (Schiffman & Kanuk, 2010: 68). Retailer innovation strategies must attract both the customer and the consumer. In the context of this study the concept customer is used with reference to the respondents that had to have been involved in acquiring products from the bakery department in the six months preceding the survey. The concept consumers are used in reference to the question where WW customers where asked about their perceptions of the innovativess of other retailers, as well as where there is reference to the concept of consumer behaviour, or consumer purchasing behaviour.

1.2 RESEARCH PROBLEM

After years of struggle, the Fast-Moving Consumer Goods (FMCG) industry is poised for growth, especially in segments that offer prepared meals, frozen convenience foods, bakery products and confectionery (Consumer Goods Forum, 2016). Although the global recession has changed consumers' shopping behaviour, consumers' preferences for private label products have increased (Lowe & Alpert, 2015; Nielsen, 2014). With respect to FMCG, consumers have become more in control of their relationships with brands and retailers and are more aware of products and services that are offered. Shoppers are no longer tied to a brand or retailer. Instead, they are looking for value, whether that comes from a low price or high quality (Thiel-Nenycz & Romaniuk, 2016; Euromonitor, 2012). It is therefore imperative for retailers to become more innovative in order to ensure a competitive edge in the market place to retain their existing customers as well as to attract new customers (Kunz *et al*., 2011). Not all innovations are necessarily successful. Because end-consumers ultimately determine the success of innovations, all innovations have to follow a consumer-centric perspective (Kunz *et al*., 2011; Daneels & Kleinschmidt, 2001). Herstein and Gamliel (2006) is of the opinion that innovative PLBs can assist in developing customers' loyalty towards a retailer and to create a distinct corporate identity. It is advantageous that consumers associate retailers with their PLBs to attain increased customer patronage and retailer differentiation. In the same vein, negative perceptions of retailers' ability to innovate may have dire consequences for the store brand (Reinhartz, Delleart, Krafft, Kumar &Varadarjan, 2011). A recent study conducted in Taiwan concluded that consumers perceived retailer innovativeness not only through novel or new products, but also through innovative services, creative promotions and new experiences in shopping (Lin, 2015).

According to the South African retailer Woolworths South Africa (WSA), their aim has always been to ensure that its brand is synonymous with innovation, excellence and value for money, pitching it as the highest quality equivalent to the product category leader or as the product category leader. In the Foods Group, 78% of groceries and 99% of ready-to-eat fresh and frozen foods and desserts (one percent allows for imported Marks & Spencer representation on shelves), are PLBs. Since 2010, Woolworths has been introducing flagship standalone food stores in affluent areas across the country, such as the Nicolway store in Johannesburg, Parkview store in Pretoria and, in 2013, the award-winning Waterstone Woolworths Food store in Somerset West. Within hours after its opening, this store exceeded its opening budget and continues to do so. These stores are the prototypes for future WW Food stores and introduced an array of new innovations as part of the stores' offering. New store layout, new services offered in-store, new interactive pods (i.e. coffee and chocolate pods), sushi counters, changes to check out routine, and bespoke PPL new product offerings are unique to these stores.

Measuring consumers' perception of the capability of the retailer to innovate is important, as innovation implies a big investment for the organisation (Beneke, 2010), with quite a bleak outlook, as all innovations are not necessarily successful (Fuller, 2004). In order for the retailer to establish the success of their innovations, it is important to understand how both the customer and the consumer perceives these innovations and the ability of the retailer to be creative. Although retail innovation has been addressed by a number of studies, of which some are fairly recent (Reynolds, 2014; Pearson, 2014; Guhran-Canli & Batra, 2004; Del Vecchio, 2001; Brown & Dacin, 1991), there has been no known focus on consumers' perceptions of private label retailers' innovativeness in the context of an emerging market, especially where the target customer is a more affluent (LSM 8-10 consumer).

While the advantages as well as the disadvantages of innovativeness in the FMCG sector seem clear from a broad marketing perspective, empirical evidence to support these efforts in terms of the dimensions of innovativeness that are really of concern to consumers is lacking, i.e. whether consumers are favourably impressed by the products, services, marketing information or the experience in the store.

It becomes clear that the research problem raised in the study by Lin (2015) is also relevant to the South African market, i.e. what are customers' perceptions of the ability of a specific private label retailer to be creative and innovative with relation to product, service, promotion and shopping experience? What is the relationship between consumers' perceptions of innovativeness and their shopping behaviour as well as purchase intent at a specific premium private label retailer?

1.3 JUSTIFICATION

Evidence (Traill & Meulenberg, 2002) suggests that research demands in the area of innovation in the food industry will increase due to the rising pressures on businesses to perform better, acquire new customers and retain current consumers. It is argued that consumers' perception of the ability of a private label retailer to innovate (such as designing new private brand or own brand products, creating new attractive promotions, offering new in-store services and redesigning new store atmosphere), not only affects customers' overall view of a retailer, but also influences how products are evaluated during the pre-purchase evaluation stage (Lin, 2015; Lowe & Alpert, 2015; Fuller, 2004; Guhran-Canli & Batra, 2004; Brown & Dacin, 1997). It is furthermore argued that if the perceived value of the innovations of a private label retailer affects the company's ability to prosper and maintain or grow market share, it will also affect customers' long-term perceptions (Pearson, 2012). A positive association with a creative and innovative PLBR may then lead to a customer that is more loyal, which is important in terms of store patronage decisions.

Eighteen percent (18%) of total food sales in South Africa represent private label sales. This percentage varies from one food category to the next, but the most profitable private label categories are ready prepared, refrigerated, dry and frozen foods (Pearson, 2012). Evidence of South African consumers' perception of a premium private label food retailers' innovativeness could contribute positively to the development of marketing and innovation strategies that are more appropriate in an era of increased competitiveness, where innovation can become a critical, but costly tool for differentiation. The distinctive contribution of this study is built on the empirical evidence it provides concerning the specific dimensions of retailer innovativeness of a specific premium private label foods retailer. The study will also shed light on consumers' perceptions in a product category that has received less attention compared to product categories such as clothing and interior, where modern stores, products and services have become very sophisticated in terms of their customer offerings in recent years (Wingfield, 2017; Goldsmith *et al*., 2013; Berry *et al*., 2010).

1.4 RESEARCH AIM AND OBJECTIVES

1.4.1 The aim of the study

Empirical evidence supports the positive association between a retailer's ability to innovate and its organisational performance (Grewal, Kusum, Ailawadi, Gauri, Hall, Kopale & Robertson, 2011; Goldsmith *et al*., 2001; Brown & Dacin, 1997). The aim of this research study was thus to investigate and describe customers' overall perceptions of innovativeness of a specific division of a selected South African premium private label food retailer (PPLFR), namely Woolworths. The investigation specifically aimed to determine how customers' overall perceptions of the retailer's innovativeness in the bakery division – specifically the cake and dessert section – in terms of product characteristics, promotions and service offering as well as in-store -experience contribute to consumers' perceptions of the retailer's innovativeness.

1.4.2 Research objectives

The following research objectives were developed to delineate the overall aim:

Objective 1: To investigate record and describe the customers of the selected PPLFR in selected product categories in terms of their:

1.1 demographic characteristics;
1.2 store patronage; and
1.3 product purchase behaviour.

Objective 2: To investigate and describe the selected PPLFR customers' overall perceptions of the innovativeness of the retailer in the selected product category and to discriminate differences in terms of the relevant dimensions of innovativeness.

Objective 3: To compare the PPLFR customers' perceptions of the innovativeness (overall as well as in terms of the relevant dimensions of innovativeness) of the selected bakery products with consumers' perceptions of the competitive product offering at other retailers or outlets.

Objective 4: To investigate the relationship between the PPLFR customers' perception of the innovativeness of products in the selected product category and the following performance measures:

4.1 customer satisfaction

4.2 perceived store reputation

4.3 customer purchase intent

1.4.3 Conceptual framework

This study's conceptual framework was based on the consumer behaviour model (Kotler & Keller, 2006:184), and incorporated concepts from the recent study of Lin (2015) that was done in Taiwan and which integrated a systems approach, which will be discussed in detail in Chapter 3.

Customers' perceptions of the selected PPLFR's innovativeness of their bakery section are based on stimuli pertaining to sweet baked products and desserts that are offered in the bakery isle. These stimuli are associated with elements of the marketing mix and how they culminate in terms of the retailer's product and service offerings, including the design related activities. Favourable outcomes (although subjective), i.e. when stores are perceived to be innovative (pioneers in a particular field), enhance consumer satisfaction, boost the reputation of the retailer, and increase purchase intentions. A retailer's performance can therefore not be reduced to measurement of a single performance measure such as increased sales and financial performance alone (Koschate-Fischer, Cramer & Hoyer, 2014; Hogan, Soutar, McColl-Kennedy & Sweeney, 2011; Lin, Marshall & Dawson., 2009).

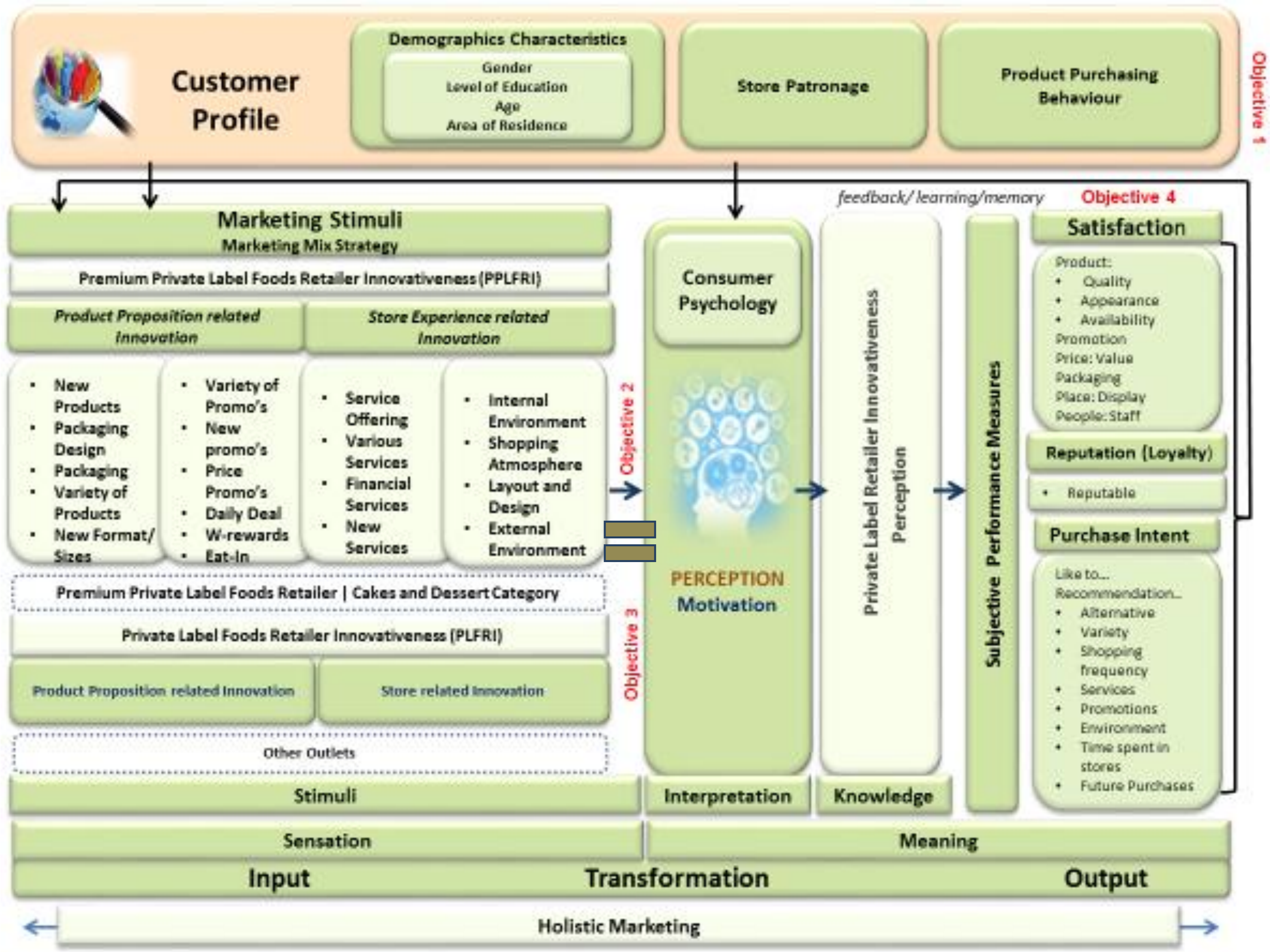


Figure 1.1: Conceptual framework

1.5 RESEARCH DESIGN AND METHODOLOGY

This study was inspired by a recent study conducted by Lin (2015) in Taiwan. A quantitative exploratory survey research approach was followed to gain insight into the phenomenon (retailer innovativeness) as the area has not received much attention to date (Salkind, 2012:58; Zikmund & Babin, 2007:162). Quantitative research is usually used for deductive reasoning where hypotheses on relationships are tested, while qualitative research is more suitable for inductive reasoning when new theories are originated from the data gathered (Walliman, 2011:63). Therefore, the quantitative method enabled the researcher to explore causal relationships among variables that were identified for investigation. Quantitative research also allows surveying a larger number of respondents effectively, which might be difficult and costlier to do with qualitative research. The fixed-response questions used in quantitative research also limited the variability in responses, as respondents are limited to specific types of answers that are easy to quantify, contrary to qualitative research where participants are allowed to respond freely (Zikmund & Babin, 2007:158). The study was conducted at a specific point in time and was hence cross sectional by nature, reflecting on consumers' perceptions in a specific context at a given point in time (Mouton, 2012; De Vos, Strydom, Fouche & Delport, 2011:228).

Primary and secondary data were utilised in the study. Primary data were gathered through electronic questionnaires, while secondary data were obtained from existing information sources on the topic of investigation to expand existing literature. A structured electronic questionnaire was used to conduct the survey, so that numerical values calculated through relevant statistical procedures could guide the outcomes as a way to address the research objectives (Zikmund & Babin, 2007:168).

1.6 RESEARCH METHODOLOGY

A typical empirical research process consists of three main stages, i.e. research planning, research implementation, and the research report (De Vos *et al.,* 2011:134). The proposed methodology is discussed below. It includes a discussion of sampling techniques, the measuring instrument, data collection and data analysis.

1.7 POPULATION AND SAMPLING

1.7.1 Sampling method and sampling size

A sample is a subsection of the larger population that the researcher wants to study, and sampling is a necessary process to follow to enable data collection in a way that ensures that the sample size and characteristics are representative of the research population (Salkind, 2012:95; De Vos *et al*., 2011:223). The unit of analysis for this study was South African residents (i.e. respondents) with personal shopping experience with cakes and desserts at a specific premium private label foods retailer, namely Woolworths, where the researcher is employed. The sample design development was done in line with recommendations by Walliman (2011:185) and De Vos *et al*. (2011:223) to ensure that statistically significantly results could be obtained. A larger, representative sample size was selected as discussed below. To ensure that the sample selection would be representative of the targeted population and to guarantee optimal respondent accessibility, the researcher opted, with permission from the retailer, to work with an external research consultant, who has an existing and up-to-date database of the retailer's current customers.

For the purpose of this study, respondents were selected by means of a systematic sampling procedure (Cresswell, 2014:157), utilising a list of a names from the consultant's database. The consultant was instructed to choose a random starting point on the list, and to select potential respondents at predetermined intervals (10). The intervals were determined by the number of potential respondents on the database at the time of the research and the number of respondents required for the research study (Cresswell, 2014:158; Salkind, 2012:105). A statistician was consulted to guide the eventual size of the sample, keeping in mind that the sample size had to be large enough to represent the research population, as well as the subsets in the population to prevent bias. Subject to the recommendation of the statistician, the initial sample size was set at 350 in order to increase the reliability and limit any biased generalisation, allowing for a marginal of error of 5% and a confidence level of 90% (Cresswell, 2014:159). Potential respondents were contacted per e-mail and invited to participate voluntarily in the study. Willing respondents received a link to follow upon acceptance of the invitation. As the survey was to be completed electronically, respondents were prompted to complete compulsory questions in order to submit a fully completed questionnaire. The unit of analysis (respondents as sample population) for this study was Woolworths customers who are residing in South Africa and who were on the retailer's database, aged between 18 and 75 years, with internet access, and who had personally purchased any cake and desserts items in the bakery isle at any of the premium private retailer's stores during the last six months. As the questionnaire was to be self-completed electronically, the respondents had to have a fairly comprehensive understanding of English, as the questionnaire was not translated to any of the other official languages, in order to prevent ambiguous interpretations of a fairly complex phenomenon. Respondents were clustered into three regions on completion of their survey. These regions reflected the PPLFR's operational regions and was used as an extra guide to ensure that the sample was a representative.

1.7.2 Measuring instrument

A reliable measuring instrument should be a precise gauge of what the researcher anticipates to measure. Furthermore, it should be easy to use (Leedy & Ormrod, 2013:215). A structured, self-administered questionnaire was constructed to serve as the main instrument whereby primary data would be collected electronically (see Addendum A). The concepts that were measured in the measuring instrument were derived from a study that was recently conducted in Taiwan (Lin, 2015). Following a comprehensive study of existing research, the instrument was slightly adapted to reflect the topic of investigation (retailer innovativeness in a specific product category) and the context of the study (South Africa). The questionnaire was created for electronic distribution using *Qualtrics*, an on-line survey software tool (Qualtrics, Provo, UT).

The purpose of the study was introduced in an e-mail to all willing respondents (see Addendum B). The introductory part of the questionnaire included a short explanation of the purpose of the study, confirming respondents' anonymity while also providing instructions for completion. Likert-type scales were used, because they are popular in research, are easy to prepare, and simple for respondents to interpret and complete (Hair *et al*., 2010:329; Kumar, 2011:206). Although existing scales were used, all scale items were scrutinised, and some were adapted to ensure that the measurement applied to the South African context, and reflected on the focus of this specific study, namely consumers' perceptions and a premium private label retailer's innovativeness in a specific product category. The structured questionnaire was designed to reflect the objectives of the study. Eventually, the questionnaire (presented as Addendum A) is comprised of four sections:

Section A: Customer demographics, store patronage and product purchase behaviour

Section B: Customers' perceptions of the innovativeness of the selected premium private label foods retailer

Section C: Customers' perception of the innovativeness of alternative retailers/food outlets

Section D: Subjective PPLR performance measures such as customer satisfaction, perceived reputation and purchase intent

1.7.3 Data collection

Primary data were collected electronically using Qualtrics. Data collection was facilitated by an independent research consultant, using an existing customer database to identify potential customers to participate in the study. The customer database of the selected retailer currently consists of approximately 180 000 customers who voluntarily participate in online research from time to time. Respondents' participation is always voluntary, and in general the response rate is very good (80%). The panel is transitory, with about 12% joining each month and approximately the same percentage withdrawing. No panel member receives more than four surveys per year. Panel members sign a pledge with the independent research consultant, and surveys are anonymous. Information relative to life-stage, shopping frequency, age group, LSM, etc., are available to assist with the pre-selection of the sample. Although the potential respondents were pre-screened, Section A of the questionnaire included a screening question to confirm that a respondent was eligible to continue with the questionnaire. The data collection was solicited in October 2016.

1.7.4 Data analysis

Data analysis requires the application of thought to understand and interpret the sets of data in accordance with the purpose of the study. Suitable techniques for statistical data analysis are generally dictated by the nature of the data, the research design, and the researcher's information requirements (De Vos *et al*., 2011:133; Zikmund & Babin, 2007:76). The data were captured and coded electronically into a manageable spreadsheet format, and exported using the *Statistical Package for the Social Sciences* (SPSS 13-22, IBM Corp 2012). As recommended by the literature (De Vos *et al*., 2011: 252), the data were analysed using descriptive and inferential statistics, which translated the quantitative data into information required for interpretation as required to address the predefined objectives. The statistician assisted to determine the most suitable statistical methods for analysing and interpretation of the data. Numerical data (frequencies, means and percentages) were presented visually using graphs and tables. A statistician assisted in identifying and implementing the appropriate statistical tests required reaching anticipated outcomes, as explicated in the research problem and the conceptual framework (Leedy & Ormrod, 2013:184; Zikmund & Babin, 2007:93).

1.8 THEORETICAL PERSPECTIVE

Hunt (1994) states that the purpose of using theory to underscore research is to increase scientific understanding through a systemised structure, which is used to explain and predict phenomena. A theoretical perspective guides the formulation of a study's objectives and interpretations, and enables the researcher to draw conclusions about the results in a more focused manner. This study is based on the model used by Lin (2015), as applied in Taiwan, which focused on developing a measure of perceived retailer innovativeness (PRI). However, the study was approached in terms of systems perspective, assuming that certain characteristics (inputs) are transformed in the retail environment in terms of outcomes that summarise consumers' perceptions of retailer innovativeness.

A systems perspective therefore directed the research (Heylighten & Joslyn, 2002) to determine customers' perceptions of retailer innovativeness and their subsequent behavioural responses in terms of their purchase decisions and store selections. Marketing management theory was also acknowledged, with emphasis on a holistic marketing approach, which recognises a broader scope and the complexity of marketing constructs (Kotler & Keller, 2006:149). Holistic marketing, which proposes that *everything matters,* is a broad, integrated perspective. Marketing management per se, includes the development of marketing strategies and plans, connecting with customers, building strong brands, shaping the marketing offerings, delivering and communicating value, capturing marketing insights and performance and creating long-term growth – normally through the development of new products and expanding into new markets. New product development (including innovativeness) can shape the future of a company, while improved or replacement products will maintain or build sales.

1.9 ETHICS

The ethics of science aim to provide guidelines on what constitutes appropriate moral behaviour in the sphere of research (Mouton, 2012:10; De Vos *et al*., 2011:120). Ethical behaviour is of the utmost importance prior, during and after conducting the study. Approval to commence with this study was obtained from the Ethics Committee of the Faculty of Natural and Agricultural Sciences at the University of Pretoria. The following ethical issues were taken into account:

Anonymity and confidentiality: A cover letter was attached to the questionnaire to explain the purpose of the study, the researcher's affiliation, and to ensure confidentiality and anonymity (Salkind, 2012:118). By using the external consultant's database, the researcher had access to, but could not disclose any personal information, thus guaranteeing respondents' anonymity and confidentiality (Mouton, 2012:15; Salkind, 2012:85).

Voluntary participation and informed consent: Respondents were informed of the purpose and potential impact of the investigation. Respondents' involvement was voluntary and they were allowed to withdraw from the process at any given stage if they wished to do so (Mouton, 2012:115).

Plagiarism: The researcher guarded against plagiarism, and ensured that all ideas and thoughts obtained from other sources were well referenced. A signed plagiarism declaration of the University of Pretoria is included as Addendum C.

Data and interpretation: The researcher guarded against fraud through consultation of statisticians and relevant statistical programs to ensure that the data were true and valid. No attempt was made to manipulate the data. The study was conducted under the guidance of the study leaders and the statistician reviewed the interpretation of the data to ensure that the reporting was done correctly. The results and discussion of the research study were compiled objectively in the form of a written report, in accordance with the requirements of the University of Pretoria and the Department of Consumer Science, as well as with the approval of the researcher's employer, namely Woolworths South Africa. The study was conducted under the guidance of study leaders, who reviewed the progress continuously to ensure the ethical correctness of the study.

1.10 PRESENTATION AND STRUCTURE OF THE DISSERTATION

The document is organised into six chapters, as summarised below.

Chapter 1: THE STUDY IN PERSPECTIVE

This chapter provides the background to the study, introduces the research problem and briefly explains the methodology and theoretical perspectives that were used. This study's structure and important definitions, abbreviations and acronyms are presented.

Chapter 2: LITERATURE REVIEW

This chapter presents the literature review that was required for a proper theoretical foundation for the study. This includes reports on previous studies on private and premium private labels in the food sector, retailer innovativeness and consumer perceptions in terms of their purchase decisions and store patronage. It also puts into context the selected retailer in terms of the scope of the study.

Chapter 3: THEORETICAL AND CONCEPTUAL FRAMEWORKS

This chapter presents the theoretical perspectives that were integrated for this study. This integration is depicted in the conceptual framework that was used to structure the investigation. Thereafter, the research aim and objectives are presented.

Chapter 4: RESEARCH DESIGN AND METHODOLOGY

This chapter introduces and systematically describes the research design and the methodology as implemented in the study in order to address the research aim and objectives. Details concerning the study population, the sample, measuring instrument and data collection procedure are provided. Important concepts are operationalised and the data analysis is explained, along with effort that was made to eliminate error in the research and to conduct the study in an ethically sound manner.

Chapter 5: RESULTS AND DISCUSSION

The results of the study are presented in accordance with the objectives for the study and findings are discussed in terms of extant research.

Chapter 6: CONCLUSION AND RECOMMENDATIONS

In conclusion, the final chapter reflects on the findings of the study, recommendations for retail, and outlines some limitations encountered through the course of conducting this study and recognises areas for further research.

1.11 DEFINITION OF KEY CONCEPTS

Certain concepts are defined to reflect the context in which they are used in this study.

Consumer perceptions:	The way consumers view and interpret stimuli (product offerings) of the environment (retail context) they are exposed to.
EFA:	Exploratory Factor Analysis
SAcsi:	South African Customer Satisfaction Index
FMCG:	Fast Moving Consumer Goods
Ready-to-eat products:	"Ready to eat" or pre-prepared and packaged sweet baked cakes and desserts can be defined as a product prepared and cooked in advance, with no further cooking or preparation required to achieve food safety before being eaten, additional preparation such a reheating or demoulding may be advised on pack for improved palatability, aesthetic,

	gastronomic or culinary purposes (National Department of Agriculture, 1999).
Innovation:	*Innovation* is a radical activity that results in a new element, idea or object (Rogers, 2003), or a new combination of old elements (Brown & Dacin, 1997) that is perceived as new (Goldsmith *et al*., 2001; Flynn & Goldsmith, 1993) by the consumer or the organisation.
Innovativeness:	*Innovativeness* refers to the capability of the retailer to be receptive to (Baregheh *et al*., 2008) and has the capacity to engage in innovation (Hult *et al*., 2004), continuously adopting (Brown & Dacin, 1997) and implementing new, successful ideas, processes or products (services, promotions and products) (Goldsmith *et al*., 2013; Kunz *et al*., 2011)
PLB:	Private Label Brand
PPL:	Premium Private Label
PPLFR:	Premium Private Label Foods Retailer
PPLFRI:	Premium Private Label Foods Retailer Innovativeness
PPPI:	Perceived Product Proposition-related Innovativeness
PSEI:	Perceived Store Experience-related Innovativeness
PPPI $_{\text{OTHER}}$:	Perceived Product Proposition-related Innovativeness: other outlets
PSEI $_{\text{OTHER}}$:	Perceived Store Experience-related Innovativeness: other outlets
WSA:	Woolworths South Africa

1.12 CONCLUSION

This chapter introduced the reader to the research problem and the justification for the research, also listing important definitions and acronyms that were used. Following the conceptual framework, the aim of the study and research objectives are presented. The research design and methodology are summarised and defended. Subsequently, a brief explanation of the content of the six chapters is provided. The next chapter provides an overview of the relevant existing literature and explains the constructs and theory pertaining to the consumer, perceived private label retailer innovativeness and subjective performance measures.

CHAPTER 2

LITERATURE REVIEW

This chapter provides an overview of existing literature regarding consumers' perceptions of Premium Private Label Food Retailer's (PPLFR's) ability to innovate and the subsequent impact it might have on their purchasing behaviour/decision-making. Relevant constructs and theory pertaining to the consumer, perceived private label retailer innovativeness and subjective performance measures are explained.

2.1 INTRODUCTION

From the literature consulted, this chapter focuses on the perception of consumers in relation to innovativeness of a select Premium Private Label Foods Retailer (PPLFR), creating a need to investigate its relevant constructs. First, premium private retailing is defined, and the growth and development thereof contextualised within the South African retail market. This is followed by an exposition of current retailer innovativeness research and an account of Lin's conceptualisation of retailer innovativeness. Following this, the selected premium private retailers' (Woolworths Food) are described by applying McCarthy's Marketing Mix P's; Place, Product, Price, Promotion and People. The final part of this chapter takes a closer look at the retailers' current customer profile, how perceptions are formed, as well as the potential impact thereof on their shopping behaviour and subjective marketing outcomes.

The study aimed to investigate a selected sample of South African consumers' perceptions of a Premium Private Label Foods Retailer's (PPLFR; Woolworths Food) ability to innovate, and the relation of the overall perception of innovativeness and subjective marketing performance outcomes. These following sections provide a discussion of the relevant constructs for this study.

2.2 PRIVATE AND PREMIUM PRIVATE LABEL RETAILING

2.2.1 Private and Premium Private Label defined

Private Label Retailing

A private label brand (PLB), also called store, house or distribution brand, refers to those brands that are owned by and sold through a specific chain store (Beneke, 2010; Kotler & Keller, 2006: 518). These products are typically manufactured under license by a third party. Ailawadi and Keller (2004) have identified tiers of PLBs. These include low-quality generics; premium-quality private labels, somewhat less expensive but equivalent quality products; and premium-quality private labels that are priced in excess of competitor manufacturer brands (MB). The latest growth predictions for PLBs suggest that their global share will reach 50% by 2025 (Freeman *et al.,* 2011).

Brands are a means to identify and distinguish specific product offerings so that they are seen as distinct in the marketplace (Goldsmith *et al.,* 2013); conversely, private label branded products are developed to differentiate the retailer from its competitors, providing a clear and sustainable point of difference as well a commanding a premium (Davis, 2002). PLBs have become a major competitor for MBs, and are particular evident in the grocery sector, with packaged goods at the forefront of PLB innovation. Although the majority of private label packaged products are the traditional 'value' type, the fastest-growing PLB type is premium PLB (PPL), such as Sam's Choice (US), Tesco Finest (UK), Marks and Spencer (UK) and Woolworths (The difference) in South Africa.

Premium private label retailing

Premium private label brands (PPL) can be defined as a private label brand that delivers quality superior to that of manufacturer brands (Beneke, 2010). PPLs are exclusive to a particular retailer and are not intended to substitute MBs, but to complement the total retailer offering (Kumar & Steenkamp, 2007). Retailer PPLs offer unique versions of products that can be found exclusively at a particular chain. PPLs can be characterised by being associated with the top-quality tier, rather than value products as it differs from value PLBs across several dimensions that can influence consumers’ perceptions of these brands (Hult *et al.,* 2004). The first dimension listed by Martos-Partal and Gonzales-Benito (2011), refers to the name, which often includes a word that implies quality such as ‘Finest’. The second dimension is the investment in extrinsic cues such as packaging, advertising and marketing, to signal to consumers the quality of the product (Talke & Colarelli O'Connor, 2011). Another dimension refers to the price of the products being equal or higher than those of MBs (Sanchez-Fernandez & Iniesta-Bonilla, 2007). This is congruent with ‘generation-four’ products, as identified by Laaksonen and Reynolds (1994:38),

- ‘*Being a value-added, high quality and innovative product or service that is similar to or better than the brand leader, in some cases becoming the brand leader, especially where no alternative product exists.* ‘

Retailers have been attempting to reposition their private label brands as premium offerings with the aim to compete directly or exceed manufacturer brands. Loblaw’s (Loblaw’s Inc., 2007), a Canadian retailer, successfully introduced a premium private label food brand, “President’s Choice” chocolate chip cookie. Following the success of these exceptional quality cookies, a full range of “President’s Choice” products were incepted. President’s Choice Cola was the only premium private label brand to out-sell Coca Cola in a particular retail outlet (Loblaw’s Inc., 2007). Premium private label brands can exist in harmony as non-competitive alternatives to super premium national brands.

The move towards greater sophistication is driven by retailers and consumers alike; the first requiring brand recognition and better profitability; and the latter looking for better value for money, wider choice, increased convenience and real benefits manufactured to a high quality.

2.2.2 History and rise of private label brands

Numerous research studies have indicated the “upsurge” of the private label (Nielsen Insights, 2016; ACNielsen, 2014; Beneke, 2010; Levy, 2009; Anselmsson & Johansson, 2009; Tait, 2005). PLBs appeared in the late 1970s under the guise of ‘generic’ products (Neidell *et al.,* 1984). Retailers displayed it in plain black-and-white trade packaging. The products were priced lower than their branded equivalents. They received little advertising support and were often of inferior quality to MBs. The original private label products were despised by most manufacturers, as well as most retailers and consumers, and their sales represented less than 1% of total food sales (Burck, 1979). By 1980, they accounted for 10% of sales in retailers carrying them (Neidell *et al.,* 1984). Their fortunes continued to vary – declining in the mid-1980s, but rising again in the 1990s (Mathews, 1992). Attracted and motivated by their generous profit margins, retailers improved the quality, variety and marketing of their PLBs to make them more attractive to consumers. By the 1990s, PLB products had spread from fast-moving consumer goods (FMCG) to clothing, home-care products and others (Levy, 2009). By the 21st century, sales of PLBs had increased to represent 20% of category sales in the US, and a mammoth 58% in the UK. According to Michael Wood (2015) of FMCG consultancy Aperio, private labels are no longer cheap alternatives, but they have evolved into trusted brands. Research by IPLC (De Jong, 2017) reveals that private label retailers increasingly adopt an active strategy to sub-segment the market; by doing so, they are able to innovate faster by latching on to trends and developments in society. In close cooperation with their suppliers, they succeed in developing private label ranges that create consumer enthusiasm and have the ability to optimise the retailers' return on sales.

Private labels are becoming more sophisticated with retailers catering across income groups and consumer needs. The effect is likely that, once the consumer had experienced PLB products they did not switch back to MBs. Thus, PLBs seem to be a permanent and growing component of the modern marketplace as retailers continue to improve their quality, variety and marketing support.

2.2.3 Advantages for retailers to sell PLBs and PPLs

Retailers such as Marks and Spencer and Woolworths South Africa carry mostly their own-brand products. In Britain, Tesco and Sainsbury sell 50 % and 45% PLB merchandise, respectively (Kotler & Keller, 2006:519).

Various advantages have been identified for the development of a PLB:

- Increased profitability through costs savings and increase margins (Beneke, 2010);
- Increased store loyalty and the creation of a distinct corporate identity (Goldsmith *et al*., 2013; Herstein & Gamliel, 2006);
- Prospects to expand and seize new market activities (Grewal *et al*., 2011; Burck, 1979).
- PLBs can be innovation leaders in some segments, especially where consumers would not have access to niche products, where the incentive to develop own brands did not exist (Reynolds, 2014).
- PLB Innovation demands collaborative cooperation between the suppliers and the PLB retailer (De Jong, 2017).
- PLB Innovation supports small and medium supplier development with long-term and/or exclusive relationships, partnerships and mutual challenges (Deloitte, 2012).

However, while PPLs can command more revenue, this does not guarantee profitability, as there are higher production and marketing costs, which could put extra pressure on PPL innovation to be successful. Retailers are still strongly encouraged to develop and sell private label and premium private label products, as they have the potential to facilitate better profit margins than would be achieved through selling national brands. PLBs and PPLs have the ability to build and embed loyalty to a particular retailer (De Jong, 2017; Kumar & Steenkamp, 2007).

Without a doubt, PL and PPL products are achieving rapid predominance globally. PL and PPL brands have apprehended the attention of numerous retail, marketing and innovation management scholars (Goldsmith *et al.,* 2013; Reynolds, 2014; Beneke, 2010; Kumar & Steenkamp, 2007; Tait, 2005), focusing on a wide variety of constructs such as perception of food quality and value, barriers to adoption, consumer and manufacturer innovativeness, as well as economics of private labels. PL penetration varies considerably across countries, and the UK is considered one of the most established and sophisticated PL countries, with over 41% market share. The share of PPLs also varies according to the maturity of the market. Retailers cultivate marketing tools by constantly improving quality, developing exciting new products, and designing packaging with a consistent look on the shelves. Leading retailers such as Tesco and Sainsbury's in the UK, Carrefour in France and Woolworths in South Africa have launched multi-category sub-brands in segments like value, premium, health and convenience. By doing this, PL retailers are offer a consolidated range of products to suit all their customers' needs (De Jong, 2017). In Europe, private-label products are seizing an increasing share of global retail sales and the momentum of growth is formidable. In South Africa, by contrast, PPLs have been limited to a few categories with much less above-the-line activity to challenge consumers' exposure to these categories (Beneke, 2010). The following section takes a closer look at PLB and PPL retailing in South Africa.

2.2.4 Private and premium private label retailing in South Africa

Private label brands are becoming synonymous with many consumers' daily purchasing routine (ACNielsen, 2014). Across all South African retailers, FMCG retail stores are expanding rapidly, providing the opportunity for PLBs to flourish (Statistics SA, 2012). The current PLB share in South Africa is approximately 18%, similar to the global average (Stafford, 2012). However, this is a long way off Europe's 30% penetration status. Regardless, the South African consumer still shows interest in PLB products. A survey conducted by Deloitte (2012) indicates that consumers plan to increase their purchasing of private labels by 17% the following year. Overall, the perishable segment has shown a growth of 18.5 % in 2012 – the second-largest segment, surpassed only by staples (29.1%). Fresh, ready-to-eat products form part of the top 10 private label brand categories.

Corporate or formal retail in South Africa is largely concentrated and dominated by five major players (Deloitte, 2012). These retailers are enhancing their PLB portfolios through differentiated product proposition by offering economy/value (Shoprite Ritebrand, Pick n Pay No Name), standard/copycat (Pick n Pay Brand, Checkers), premium (Pick n Pay Choice, Checkers Choice & Woolworths Brand) and elite products (Woolworths Brand, Marks and Spencer Brand) (Deloitte, 2012). The market sophistication of some of the larger retailers and an increased availability of private label food products have resulted in a wider consumer acceptance in different markets. South African retailers are increasingly adopting an active strategy to sub-segment the market (De Jong, 2017), through PL innovations through the development of ranges that create customer interest and optimise repeat purchase intentions (Bizcommunity, 2017).

In the South African market, Woolworths has succeeded in positioning itself as a premium private label retailer, both through the eyes of the customer (Bizcommunity, 2017) as well as from the organisation's perspective. According to Schreuder, Consulta CEO, "Woolworths has succeeded in providing high quality products, convenience and fast service while growing its footprint rapidly." According to the retailer, it aims to make its brand synonymous with innovation, excellence and value for money, positioning it as being of the highest quality, equivalent, if not better than the category leaders (Woolworths Holdings Ltd., 2016).

What sets South African food retail apart from other African countries, is the highly developed and competitive formal retail market (major chains), which comprise almost 70% of total food sales. A summary of corporate South African food retailers as published by the Consumer Goods Forum (2016) follows.

2.2.4.1 SPAR

The SPAR Group Limited is a South African company listed on the JSE and licenced by SPAR International to operate in selected African countries. The group operates according to the principle of voluntary trading through the SPAR and Build it Guilds, and describes itself as a wholesaler and distributor of goods and services to independently owned SPAR retail stores. The SPAR Group (South Africa) has a balanced portfolio of 1 935 member stores across seven trading brands, supplied through and supported by seven distribution centres (including imports). These seven trading brands stretch across groceries, fresh produce, liquor, pharmaceuticals and building material. The trading brands allow SPAR to trade from LSM 1 through to LSM 10 and remain aspirational across all. Their private label fresh prepared food offering is branded under the "Freshline" brand. The SPAR Group South Africa is now the second-largest retailer by turnover in South Africa (member sales out) after the Shoprite Group.

Table 2.1: SPAR group matrix (Consumer Goods Forum, 2016)

Food and Grocery Trading Brands	Brand Positioning	Target Customer	Format Summary
KWIKSPAR	Everyday convenience and freshness offering good value	LSM 1 –10	- ±135 member stores – neighbourhood and rural focus - Core range of groceries, general merchandise, fresh produce, some service departments with a focus on ready-to-eat, but not pre-packaged meals
SPAR	Competitively priced, neighbourhood and rural supermarket shopping	LSM 1 –10	- ±430 member stores – neighbourhood and rural focus - Comprehensive range of groceries and general merchandise, as well as fresh produce and service departments - Small, but growing range of “FRESHLINE” ready-to-eat, prepacked meals, cakes and desserts
SUPER SPAR	Aggressively priced convenience that also caters for a month-end shop	LSM 1 –10	- ±320 member stores – largely metropolitan - Full range of groceries and general merchandise, as well as fresh produce and service departments - Small, but growing range of “FRESHLINE” ready-to-eat, prepacked meals, cakes and desserts

2.2.4.2 Shoprite

Shoprite Holdings is a public company listed on the JSE Limited. It started from small beginnings in 1979, and have been marked by many acquisitions and various innovative expansion strategies over 34 years. It is currently Africa's largest food retailer, operating approximately 1 825 corporate and 360 franchise stores in 15 countries across Africa and the Indian Ocean Islands. The group offers a variety of retail formats, and value-added services in order to maximise its share of consumers' wallets and to drive consumer loyalty. The supermarket segment represents 95% of trading profit for the organisation. It has invested heavily in building the Checkers, Shoprite and Usave brands – each with a distinct identity and target customer in South Africa. As seen in Table 2.2, the group trades across food, groceries and pharmaceuticals, as well as liquor, furniture and fast-food channels. They brand the majority of the freshly prepared foods using the retailer name such as Checkers and or Shoprite, with sub-brands to indicate the different ranges, such as "Checkers Ready to Cook", "The Menu" and "Bites of Love". Their food and grocery channels, excluding OK, are as follows:

Table 2.2: Shoprite group matrix (Consumer Goods Forum, 2016)

Food and Grocery Trading Brands	Brand Positioning	Target Customer	Format Summary
SHOPRITE	"Lower prices you can trust always" Every day, low prices with focus on lowest prices on basic foods	LSM 4-7	- ±565 corporate supermarket stores – the flagship brand - Dry groceries, perishables, toiletries, small appliances and service departments - Emphasis on basic commodities
SHOPRITE Usave	"Where good food costs less, every day" No-frills discounter	LSM 1-5	- Approx. 335 corporate limited range convenience stores - Essential fast-moving line - 1 500 SKUs

Continues ...

Checkers better and better	"Better and Better" Consistently good value for time-pressed, higher-income consumers	LSM 8-10	- Approx. 200 corporate supermarket stores - Dry groceries, perishables, ready prepared meals and desserts, fresh baked goods. - Definite focus on development of private label fresh, ready-prepared foods, desserts and bakery items
Checkers Hyper	"Better and Better" Consistently good value encouraging bulk shopping	LSM 8-10	- Approx. 35 corporate hypermarket stores - Extensive product range from a wide variety of fresh and frozen foods, household items, clothing and furniture to large appliances and audio-visual products

2.2.4.3 Pick n Pay

Pick n Pay Holdings Limited RF and Pick n Pay Stores Limited are investment-holding companies listed on the JSE. Founded in 1967 by Raymond Ackerman, Pick n Pay was South Africa's first food retailer. The group is a multi-format, multi-channel business focusing on food, non-edible groceries, clothing, liquor and tobacco, health and beauty products, building and hardware and general merchandise, with a small on-line business. This group has prided itself to be customer-centric, with a diverse and wide target market of customers that span the full LSM 1-10 spectrum. Following the appointment of Richard Brasher as CEO, former CEO of Tesco UK, Pick n Pay is showing positive results as part of its turnaround strategy, by

- investing in centralised distribution;
- revitalising its brand positioning;

- rapid expansion in the growing private label (using its own store name brand); convenience foods sector, expanding store formats with Pick n Pay Express and Pick n Pay local formats; and
- ensuring increased geographic and demographic reach.

It has the biggest retail loyalty programme in South Africa, Smart Shopper, with 10.7 million cardholders. Table 2.3 provides an overview of the group.

Table 2.3: Pick n Pay group matrix (Consumer Goods Forum, 2016)

Food and Grocery Trading Brands	Brand Positioning	Target Customer	Format Summary
Pick n Pay Inspired by you	The preferred shopping destination for the time pressed consumer	LSM 4-10	- Approx. 215 corporate and 290 franchise supermarket outlets - Wide range of groceries, targeted range of clothing and general merchandise, fresh and service departments
Pick n Pay HYPER Inspired by you	One stop shopping with highly competitive pricing	LSM 7-10	- Approx. 20 corporate hypermarket outlets - Extensive product range from a wide variety of fresh and frozen food, household items, clothing and furniture to large appliances and audio-visual products
Pick n Pay Express	Top-up shop/quick-meal solution	LSM 6-10	- Approx. 50 franchise convenience outlets located at BP forecourts - Convenience meals and desserts, prepacked fresh fruit and vegetables, fresh meat, freshly baked product - 1 500-2 500 SKUs

2.2.4.4 Woolworths

The Woolworths Holdings Limited (WHL) is a South African-based retail group listed on the Johannesburg Stock Exchange (JSE) since 1997. It is one of the top 40 JSE-listed companies and had a market capitalisation of R65.5 billion by June 2014. The WHL group consists of three operating subsidiaries, Woolworths Limited, Country Road Limited and David Jones Limited. Woolworths Financial Services limited (WFS) is a joint venture with Barclays Africa Group, who has a controlling interest in WFS. It is distinct from other retailers in that 90% of the product offering falls under the Woolworths Brand, with a limited, curated range of PLB- and PPL-branded products.

The group employs 38 000 employees across 15 countries and trades in 1 200 stores. Its offering consists of a selected range of quality clothing and general merchandise, as well as a wide range of perishable, long-life and non-foods products. It is following a 'supermarket strategy' where it seeks to compete further in food retail in South Africa and Africa. The growth of Woolworths Food over the past 10 years has been significant, with Woolworths entrenching itself as a formidable food retailer aiming to attract the LSM 8-10 market (Consumer Goods Forum, 2016).

The vision of the company is to be a world leader in retail brands that appeal to people who care about quality, innovations, value and sustainability. This is supported by their mission statement. "We provide shared value through retail brands that meet the needs of aspirational customers in the Southern hemisphere" (Woolworths Holdings Ltd., 2016). See Table 2.4 below for an overview of Woolworths South Africa (WSA). (WSA and Woolworths Food will be discussed in more detail in 2.2.6.)

Table 2.4: Woolworths group matrix (Consumer Goods Forum, 2016)

Food and Grocery Trading Brands	Brand Positioning	Target Customer	Format Summary
WOOLWORTHS	"The difference" The convenience of an integrated Woolworths shopping experience across clothing, home, foods and financial services	LSM 8-10	- Full range of food, clothing accessories, gifting and homeware - Some stores include a full café-style restaurant and/or a coffee cart
WOOLWORTHS FOOD	"The difference" A range of convenience food carefully developed and selected to meet the needs of the aspiring upmarket local shopper	LSM 8-10	- Convenient standalone food stores - A comprehensive range of foods and grocery essentials with emphasis on high-quality pre-prepared meals, desserts, in-store bakery, and interactive counters, offering the utmost convenience to the food shopper - Some stores include a café-style restaurant and/or a coffee cart
WOOLWORTHS FOODSTOP	"Real convenience in a secure environment" 24-hour access to WW key convenience-food items	LSM 8-10	- Approx. 65 stores at Engen forecourts - Carefully selected convenience food and flower ranges

The three major players in the private label retail market are poised to continue to grow and develop their convenience food ranges in the search to retain current customers and to attract new customers. Shoprite CEO, Pieter Engelbrecht announced in April this year that their target is to expand the basket spend of their higher LSM-end customers. The strategy is in place to double their high-end convenience foods offer across all ranges. Shoprite has upgraded food technology and development facilities, as well as increased their focus on acquiring good resources and future expansions of high-end Checkers chain of stores (Moir, 2016). This development is in line with the Pick n Pay strategy they started implementing four years ago with the appointment of Richard Brasher as their CEO.

These targeted strategies, combined with the trends in the private label foods retail sector, as discussed in the next section, highlight the necessity for private and premium private label foods retailers to have a robust and sustainable innovation strategy, as well as an increased understanding of the material issues that will affect their ability to create value through innovations.

2.2.5 Trends in premium private label retailing South Africa

A range of micro-economic, social, political and technological factors have been identified as shaping the current and future landscape in which global retailers operate and consumers make their buying decisions (Consumer Goods Forum, 2016; Nielsen Insights, 2016).

Three key developments have been identified for PLBs in Africa (ACNielsen, 2016) that is of relevance to South Africa and particular to the selected PPL Retailer (WSA).

1. Due to economic and political turbulence of the preceding years, consumers remain under pressure, and consumer spending has been revised with a downward growth in real disposable income forecasted to decline.
2. The second key development is the continued urban migration, particularly among young, black Africans.
3. The emerging black middle class has increased from 1.6 million adults in 2004 to 4.2 million in 2012. These adults are estimated to have the overall spend of more than R400 billion and are mostly concentrated in Gauteng (Nielsen, 2014). This trend is clearly reflected in the changing demographic profile of the WW LSM 8-10 target market. LSM 8-

10 WSA customers have almost doubled over the last decade (Woolworths Holdings Ltd., 2016).

4. Convenience, regular shopping is increasing, with monthly shopping on the decrease.

Market research (ACNielsen, 2014) shows that, because of more frequent shopping, grocery baskets are getting smaller. Time-constrained consumers are placing a greater premium on convenience, and shopping is done more often during the week at a conveniently located local food retailer, offering quality, fresh products and ready-to-eat individual meals, as well as, to a lesser extent, online purchasing options.

Retailers have responded to this trend by developing a growing selection of PLB ready meals. A number of retailers have also collaborated with fuel-station operators to open convenience stores. Woolworths has a successful partnership with fuel company Engen, and in 2009, Pick n Pay opened its Pick n Pay Express outlets in cooperation with BP. Fruit & Veg City has also launched its Freshstop stores in association with Chevron (PWC, 2016). Most of the new filling-station express convenience stores are bigger, offering ready-to-eat pre-packaged meals, fast food and bakery products (Urban Studies, 2016)

According to ACNielsen (2014), winning strategies to ensure continued growth in private and premium private labels, even in an economic downturn, must include aggressive promotional activities and continued commitment to innovation and marketing as effective strategies for maintain growing market share. Marketing strategies to include are:

- Investment in marketing activities to build private label equity
- Differentiated premium and standard price tiers
- Continuous innovation to meet consumer needs.

Likewise, according to a study by Traill and Meulenberg (2002), the more innovative companies studied appear to be in the fastest-growing industry segments (ready meals, chilled prepared foods, convenience foods). These trends are reflected by the specific Woolworths foods category in focus, the fresh, ready-prepared cake and desserts category that ended the 2016 financial year at a 19.8% growth, which was ahead of the business average for the same financial year (Woolworths Holdings Ltd., 2016).

Premium private label innovations appeal to the selected retailer (WSA) as a vehicle to differentiate the brand from other private retailing food brands. The following section provides some history and current trading information for Woolworths Food.

2.2.6 The selected premium private label retailer – Woolworths South Africa (WSA)

Woolworths commenced trading in South Africa in 1931 and, according to their media office, since its inception, the Woolworths brand has become synonymous with innovation, quality and value for money. Woolworths is a respected retail chain offering a range of primarily private label and premium private label products across clothing, homeware, and exceptional-quality perishable and non-perishable food products.

Woolworths are dedicated to enticing their customers with a better supermarket experience through exceptional customer services, well-trained staff, a limited variety of financial services (currently 3.2 million active members, aesthetically pleasing store décor, growing on-line service, and an in-store restaurant in selected outlets (Farquar, 2007). The brand slogan "The Difference" underpins the business model as the retailer constantly endeavours to make a difference in customers' lives (Woolworths Holdings Ltd., 2016).

2.2.6.1 Strategic focus

Ian Moir, COO (WHL, 2016) has stated that the measure of performance is not based solely on financial terms, and that long-term success depends on the ability to implement the group's strategy, achieving the target for each strategic focus area, thereby creating value for all stakeholders. The strategic focus areas for Woolworths Food have been identified to:

- Build stronger, more profitable customer relations, through enhancing the loyalty proposition and to offer customers a connected retail experience.

- Towards connected retail: by focusing on connecting the customer seamlessly to personalised marketing, the physical store, the digital experience, supply chain, seamless payment options, and helping staff deliver consistent, brand-aligned customer experience.
- Embedded good business journey throughout our business; the vision is to be the most sustainable retailer in the southern hemisphere. Through continued entrenchment in the Good Business Journey Programme, which ensures that sustainability is embedded in every aspect of the business model, which includes, but is not limited to, contribution to social development priorities, sustainable farming and sourcing of raw materials, reduction of waste across business and assisting customers to do the same, improvement of energy efficiencies, and a reduction of water consumption.

Their stated vision is, "to be our customers' favourite retail brand" and the purpose is "to make a difference because we care about our customers, our products, our people, our communities and our planet".

Deliverables for 2016 were defined as follows:

- Continued innovation of WRewards offer, including integration of WFS offer
- Introduction of Woolworths private label brands David Jones Stores
- Continued improvement of price perceptions, particularly on foods
- Removal of sweets from the bollard in more than 50% of the food check-out isles
- Enhancing customer experience with new store concepts introduced at the Mall of Africa and Waterstone

2.2.6.2 Financial performance 2016

Sales including food service concessions grew by 11%, and the net retail space grew by 5.9%. Adjusted operating profit grew by 12.4% (Woolworths Holdings Ltd., 2016).

For the purpose of this study, the focus will be on Woolworths Food.

2.2.6.3 Woolworths Food

Woolworths Food delivered a strong performance in 2016, and continues to trade ahead of the market, despite a tough trading environment. Sales have increased by 11.9%. Price movement, however, was accelerated on the back of the drought and weaker rand, resulting in a price movement of 6.7%. It contributes 36% to group turnover and a 25.3% group profit, with 410 store locations in South Africa.

Woolworths Food has built a reputation as a trusted retailer for convenient fresh-food solutions for every occasion. Food offering includes fresh produce, bakery, butchery, groceries and long-life products. It has targeted consumers in the middle-upper-income bracket and Living Standards Measure (LSM 8-10). When the retailer started selling pre-prepared convenience foods in 1993, it set a trending in food retailing that other retailers were quick to follow. By 2004, Woolworths Food had become a star performer in the group and had repositioned Woolworths as a premium brand (Stockport & Dorfling, 2006). Woolworths Food has consistently marketed their Good Food Journey; a commitment providing consumers with food that is safe, nutritious and tasty (Vermeulen & Bienabe, 2007). It introduced a limited range of organic fruit and vegetables in 1999 and became the first South African retailer to produce and sell organic meat and dairy. It has launched a wide range of innovative healthy food-initiatives, such as the removal of artificial additives and preservatives, the promotion of free-range eggs, dairy free from rBST growth hormones, badger-friendly honey and free-range chicken and beef, as well as now UTZ-certified cocoa products (Woolworths Holdings Ltd., 2016).

In a recent presentation by Zyda Rylands (CEO WSA), she reiterated the following as it relates to strategy to become a big food business with a difference. The Woolworths Food vision is to be the destination of choice in their customers' world of food, through having the "mind of the customer and the soul of a deli". The undertaken journey to become a big foods business with a difference includes maintaining their leadership position in fresh produce, innovation and quality, while expanding ranges at competitive prices to enable delivering value to the customer.

Woolworths delivers convenience to the customer across all channels and formats, whilst continuing to open larger-format stores to enable capturing more of the customer spend through enhancing the shopping experience. Woolworths Food has 421 outlets across Africa in four different formats (see Figure 2.1):

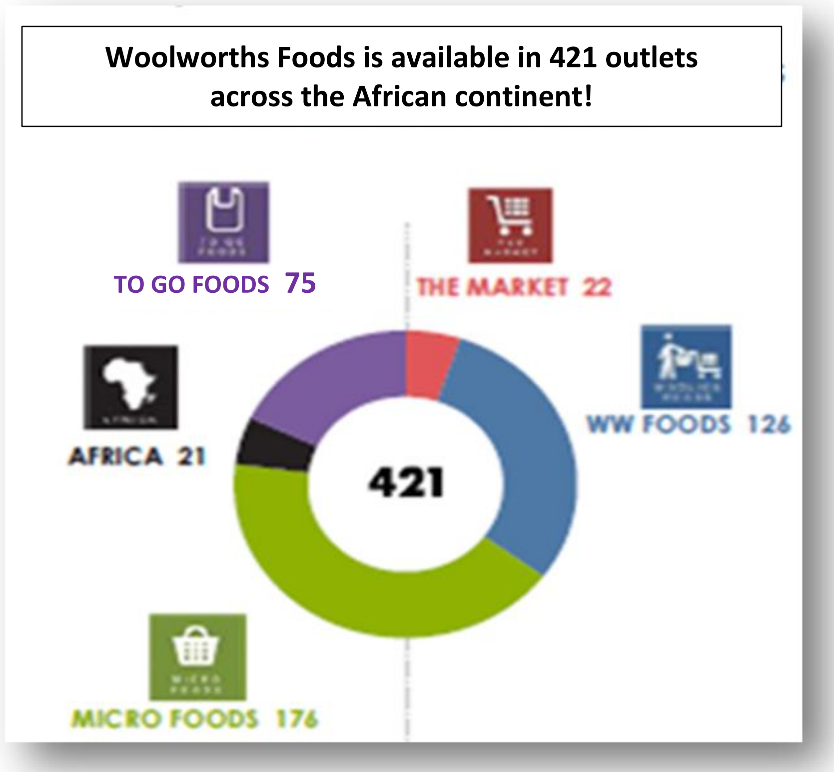


Figure 2.1: Woolworths store formats (Woolworths Holdings Ltd., 2016)

1. The Market Store (22 stores): Flagship stores in three different sizes, large (8), medium (3) and small (11) as a minimum offer the following interactive service counters or ''store-within-a-store; Fresh Produce Market, Butchery Counter, Fishmonger Counter, Interactive Coffee and Chocolate Counter, Deli Counter, Full In-store Bakery, and a Florist. It has the largest footprint of all store formats (See Figure 2.2).
2. WW Foods (126 stores): Complete food grocery store with some of the interactive store-within-a-store conveniences (See Figure 2.2).
3. Micro Foods (176 stores): conveniently located neighbourhood store, offering a small, credible convenience offer.

4. To Go Foods (75): Engen Woolworths convenience stop for daily convenience products.

As lifestyle and consumption habits change, there is a structural shift, with local brands and smaller niche-store formats showing growth. Small stores are adapting to meet the growing consumer need for a higher level of specialisation and service delivery, since agility, authenticity, personal service and individualism are synonymous with these stores (Wingfield, 2017).

Figure 2.2 illustrates the specialised service counters per store format.

	THE MARKET	WW FOODS	MICRO FOODS	TOTAL
Cafe	20	37	4	61
Coffee Pod	20	3	0	23
Coffee Cart	0	36	8	44
To Go counter	4	1	3	8
Hot Foods Counter	22	126	168	316
Bakery Counter	1	7	0	8
Florist	4	2	0	6
Juice pod	4	0	0	4
Butcher	20	10	0	30
Fishmonger	21	12	1	34
Sushi	4	2	0	6

Figure 2.2: Per format service counter (Woolworths Holdings Ltd., 2016)

In order to retain food authority credentials, the focus remains on offering high-quality, innovative products and also by enhancing the store experience through tiering and scaling flagship fresh and long-life concepts across stores and through the Woolworths Café. Ultimately, the focus will remain on delivering high-quality, ethically sourced products through the Good Business Journey Programme, supplier relationships and technical innovations implemented in the value-chain process.

The focus of this study is on the premium private label foods retailer and its innovation capacity as perceived by the consumer, and the association of the perceived retailer innovativeness and subjective performance outcomes such as satisfaction, loyalty and reputation, with specific reference to its bakery department (discussed in more detail in section 2.4.1).

2.3 INNOVATION AND INNOVATIVENESS

Successful innovations can lead to increased market share and credibility to innovations (Davis, 2002). Long-term success in a competitive market can be assured by superior product innovation (Trott, 2013:419). Retailers need to innovate in response to rapid changes in the marketplace and consumers' demands and lifestyles, in order to capitalise opportunities at hand (Baregheh *et al.*, 2008). It is important to differentiate between the terms "innovation" and "innovativeness", as these terms can be ambiguous and are often used in academic studies.

2.3.1 Innovation and innovativeness defined

The terms "innovation and "innovativeness" are often used interchangeably, but these two concepts have a fundamental difference. Numerous academic studies have attempted to define the two concepts. Table 2.5 provides a brief overview of the definitions used in extant studies.

Table 2.5: Academic definitions of innovations and innovativeness

Construct	Definition	Reference
Innovation	Generation, acceptance and implementation of new ideas, processes products and services	(Thompson, 1965)
	Innovation as an idea, practice or material artefact perceived as new by the relevant unit of adoption	(Zaltman *et al.,* 1973:65)
	Successful implementation of creative ideas within an organisation	(Amabile, 1988)
	Innovation is a radical activity that results in a new element or new combination of old elements.	(Schumpeter, 1934:34)
	Innovation is bringing an insightful idea successfully to the market	(Verloop, 2013:3)

Continues …

Construct	Definition	Reference
Innovation *(continued)*	A combination of the extent to which the new product "… offers new benefits, incorporates new features, is superior to other products and requires change in attitude, behaviour and learning effort …"	(Talke & Colarelli O'Connor, 2011)
	Innovation is an idea, practice or object perceived as new by the individual or organisation	(Rogers, 2003:45)
	"The extent to which the technology involved in a new product is different from prior technologies and the extent to which the new product fulfils the key customer needs better than existing products"	(Chandy & Tellis, 1998)
Innovative-ness	Innovativeness is the capability of a retailer or organisation to introduce new products	(Dupuis, 2001)
	Innovativeness refers to the ability of an organisation to innovate	(Reinhartz *et al*., 2011)
	Ability of the organisation to adopt or implement new ideas, process or products successfully.	(Burns & Stalker, 1969)
	Innovativeness is openness to new ideas and is a characteristic of the firm's culture	(Hurley & Hult, 1998)
	Capacity to innovate is the ability of the organisations to successfully adopt or implement new ideas, process or products	(Goldsmith *et al.,* 2013)
	Organisational innovativeness can be described as an organisation's overall innovative ability to introduce new products into the market or open up new markets through combining strategic orientation with innovative behaviour	(Wang & Ahmed, 2004)
	Innovativeness refers to the broader outcome of a firm activity, such as new offerings, services and promotions	(Kunz *et al*., 2011)
	Innovativeness refers the capability of a firm to be receptive and the capacity to engage in innovation of new ideas and solutions	(Baregheh, *et al*., 2008) (Hult *et al.,* 2004)
	Innovativeness refers to on-going characteristics and not to success at any point in time	(Brown & Dacin, 1997)
Perceived innovativeness	Perceived firm innovativeness as the consumer's perception of an enduring firm capability that results in novel, creative and impactful ideas and solutions for the market.	(Kunz *et al*., 2011)

For the purpose of this study, the innovation and innovativeness will be defined as follows:

- *Innovation* is a radical activity that results in a new element, idea or object (Rogers, 2003), or a new combination of old elements (Schumpeter, 1934:34) that is perceived as new (Zaltman *et al.,* 1973:65) by the consumer or the organisation.
- *Innovativeness* refers to the capability of the retailer to be receptive to (Baregheh *et al.,* 2008) and has the capacity to engage in innovation (Hult *et al.,* 2004), continuously adopting (Brown & Dacin, 1997) and implementing new, successful ideas, processes or products (services, promotions and products) (Goldsmith *et al.,* 2013; Kunz *et al.,* 2011).

2.3.2 An exposition of current retailer innovativeness research

Researchers have explored various perspectives to understand innovation. Most research focuses primarily on manufacturer or organisational sector (Hogan *et al.,* 2011; Kunz *et al.,* 2011). A small number of studies addressed innovations in the retail sector (Grewal *et al.,* 2011; Reinhartz *et al.,* 2011; Anselmsson & Johansson, 2009).

Lin (2015) summarises existing retail innovation research from either the retailer or the consumer perspective (see Table 2.6).

This study is adapted from a recent study conducted by Lin (2015), in Taiwan. Lin (2015) has developed a reliable and valid measure of Perceived Retailer Innovativeness (PRI). It proposed three attributes of consumer oriented PRI related to the perceived value of innovation of the consumer.

1. From consumers' perspective, PRI was assessed as an overall perception by the consumer and not as a gap in expectations compared to that of traditional SERVQUAL scales.
2. Consumers' assessment of retailers' innovativeness was based on an image of the specific retailer and not just a summation of performance during a specific shopping experience.
3. The measure of PRI has a broader scope than just the evaluation of product and/or service innovativeness.

Table 2.6: Summary of retail innovation research during 2009-2014 as seen in Lin (2015)

Study	Type of retail innovation	Research method	Research targets/sources	Firm/ consumer
Reynolds, 2014	Products/service/ process	Case study	European retail sectors	Firm
Morisson & Hamlen, 2013	Production/ promotion	Case study	"Panera Cares", community café, Pick n Pay, celebrate local	Firm
Freeman *et al.*, 2011	Promotion (price)	Case study	Walmart	Firm
Grewal *et al.*, 2011	Promotion (price)	Research agenda	Literature review	Firm
Reinhartz *et al.*, 2011	Product/promotion	Research agenda	Literature review	Firm
Berry *et al.*, 2010	Service	Research agenda	Literature review	Firm
Chimhundu *et al.*, 2010	Product (private brand)	Semi-structured interview	Managers in the New Zealand grocery retail and manufacturing sectors	Firm
Lin (2010)	Service	Fuzzy, multiple-preference integrated model	A certain chain wholesale	Firm
Zhang & Wedel, 2009	Promotion	Model estimation	Household purchase data provided by Information Resources Inc.	Consumer
Gelhar *et al.*, 2009	Product	Case study	Heinz; Snyder's of Hanover	Firm
Anselmsson & Johansson, 2009	Product (private brand)	Linear regression analysis	Swedish grocery consumers	Consumer
Wu et al., 2009	Product/service/ hybrid	Content analysis	7-Eleven, Family Mart, and Hi-Life	Firm

2.3.3 Lin's (2015) conceptualisation of consumers' perceptions of retailer innovativeness

The research concluded that PRI could be constructed as the perception of a consumer of the ability of the retailer to provide new products, services and promotion. These three innovation attributes have been found to be the primary determinants of the degree of innovativeness of a retailer.

The model allowed for multiple paths of influence of consumers' perceived product, service, promotion and experience-related innovation on consumers' PRI. In addition, it recognised an important distinction between different types of perceived related innovativeness and the potential impact it might have on consumer behaviour. The study also included performance measures such as satisfaction, reputation and purchase intentions as subjective outcome variables of a favourable innovative perception, on the premise that a retailers' performance could not be measured on a single performance measure, such as financial performance alone. This was also the takeout of Ian Moir, Woolworth Holdings, CEO. In a recent interview he stated that the measure of performance cannot solely be based on financial terms, but that long-term success depended on the implementation of the group's strategy, achieving the target set for each strategic focus area, thereby creating value for all stakeholders and enhancing the loyalty proposition for customers. Previous studies have found that subjective measures such as loyalty, satisfaction and purchase intent could be used in predicting objective performance measures (Goldsmith *et al.,* 2013; Lin *et al.,* 2013; Hogan *et al.,* 2011).

Perceived product-related innovativeness

Perceived product-related innovation refers to the consumer's perception of a retailer's ability to provide customers with satisfactory new products and the ability to offer new private brand products (Lin, 2015; Reynolds, 2014). Retailers can offer new PLB products quicker and more often than before, because of advances in technologies, as well as supply-chain and management practices that are more efficient. Every leading retailer in South Africa has a basket of product offers that include several PLB and PPL lines. The consumer perceptions of the brand as it relates to the PLBs are unique and cannot be substituted by other competitors. The ability of a retailer to offer innovative PLBs products has been identified as an important credential of retailer innovativeness (Anselmsson & Johansson, 2010). Product innovations refers to new, innovative products and product ranges (Baregheh *et al*., 2008), creative packaging and pack design (Anselmsson & Johansson, 2009a), the variety of products on shelf and creative and innovative pack sizes of product formats (Beneke, 2010). Woolworths Food has grown its product portfolio to 11 000 products, which range from new product ranges introduced to the market, i.e. Carb

Clever and Gluten-Free products and range extensions, as well as continuous upgrades to current lines. Hung *et al*., (2014) indicate that consumers' understanding and evaluation regarding product innovation affect their overall attitudes and product acceptance intentions.

Perceived promotion-related innovativeness

This dimension is related to consumers' perceptions of the ability of the retailer to offer a new or creative promotional mix (Kotler *et al.,* 2015:45). The PPLFR targets specific promotions to individual consumers or consumer segments, as informed by the availability of customer insights data (Woolworths Rewards Card, WCI), enabled by the ability of the retailer to mine and use such data. Innovations in promotions include personalised discount vouchers and promotional rewards, as well as price and value promotions such as "WRewards", "Eat-In" and "Daily Difference" promotions, which are unique to the PPLFR.

Perceived service-related innovativeness

Perceived service related innovativeness refers to the consumer's perception of the ability of the retailer to provide new or integrated service platforms that are more innovative than those of their competitors (Lin, 2015; Zolfagharian & Paswan, 2009). The innovation in service is often a new idea of organising a solution to a problem or a need of a consumer. Consumers buy services because of their value-in-use (Sandstrom *et al.,* 2008). A service offering consists of multiple dimensions, each of which encompasses multiple service elements (Flynn & Goldsmith, 1993). Zolfgharian and Paswan (2009) defined consumer's perceived service innovativeness (CPSI) as the consumer's evaluation of the extent to which the dimensions of a service offering meaningfully differ from those of alternatives, real or imagined.

A service offering consists of multiple dimensions, each of which encompasses multiple service elements (Berry *et al*., 2010). In a study conducted in 2009, Zolfgaharian and Paswan mapped consumer-centric dimensions of retail service innovations. The following seven dimensions were reported:

1. Interior and exterior facilities, that include items such as building, visible brands and symbols, neighbouring business and location (Baker-Prewitt, 2000)
2. Technology; encompass computers and other electronic equipment that consumers can easily identify and interact with.
3. Employees; includes the physical appearance of and the quality and quantity of care and interaction with customers as provided by employees.

These 4 dimensions seem to be similar with the tangibles, responsiveness, assurance and responsiveness as identified by Parasuruman & Grewal (2000) for service quality.

4. Administration; comprises processes that govern, secure and facilitate consumers 'use of service facilities and includes procedures such as check-in, check-out, and payment.
5. Responsiveness; includes operational hours, customized recognition and provision individual consumer requirements, and activities related to communication and information dissemination.
6. Core services, processes essential to the effective design and provision of the service.

In retail environments, service performance and productivity can be heightened through innovative use of the sales area, or improved service delivery, and strategic choice of locations.

Consumers might not notice, or might notice and place little emphasis on innovations built into the dimensions of administration and responsiveness (Zolfagharian & Paswan, 2009). For example, consumers may not be fully aware of innovations that target improved efficiencies when using the checkout counter, registration of new members and other customer-related services. Although consumers expect the retailer to be alert and accommodating to their particular needs, too many changes in the way the retailer makes their services available (i.e. days of operation and operation hours), communication with consumers, and customising their offerings may interfere with the expected behaviour that is essential for consistent service delivery (Flynn & Goldsmith, 1993). By contrast, innovations constructed into intangible services seem to gain importance. Consumers expect that all service provisions be accomplished as quickly and efficiently as possible. Innovative developments of the administrative competences or the responsiveness of the retailer and its employees may have a positive impact on consumers' purchasing intentions (Zolfagharian & Paswan, 2009; Sandstrom *et al.,* 2008).

Perceived experience-related innovativeness

The customer experience construct is holistic by nature, and involves the consumers' cognitive, affective, emotional, social and physical responses to the retailer. This experience is not only created by those elements which the retailer can control, i.e. service interface, retail atmosphere, etc., but also by elements that are out of the retailer's control, i.e. influence of others or purpose of shopping (Verhoef *et al.,* 2009). Gentile, Spiller and Nocci (2007:395-410) define customer experience as,

> *'the internal and subjective responses customers have to any direct or indirect contact with a company. Direct contact generally occurs in the course of the purchase, use and service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representatives of a company's word-of-mouth recommendations or criticisms, advert contacting, news reports, reviews and so forth.'*

In recognising the holistic nature of customer experience, it is not limited to the customer's interaction in the store alone, but is affected by a combination of experiences that evolve over time (Neslin *et al.,* 2006). Creating customer experience seems one of the core objectives of modern retailing environments (Verhoef *et al.,* 2009). This dimension is related to tangible aspects such as space, design, layout and furnishing, as well as intangible aspects, including ambient conditions, noise, music and aromas. Research has concluded that consumer perceptions of store environment, atmosphere and design are three of the important elements in determining the shopping experience of the customer (Kunz *et al.,* 2011; Zboja & Voorhees, 2006; Tait, 2005).

2.3.4 Retailer innovativeness and perceived retailer innovativeness

In 2011, the *Journal of Retailing* published a special issue focusing on innovation in retailing (Grewal *et al.,* 2011). Reinhartz (2011) asserts that the success of innovation in a retailer is reliant on the ability of the retailer to address the current needs of consumers, compared to those of existing offers. The potential of dimensions of innovation including new private brand product development, new shopping experience and new in-store portfolio was highlighted.

Various research has been conducted to understand innovation (Kunz *et al*., 2011; Gelhar *et al*., 2009, Hult *et al*., 2004), but few studies exist that address consumer perceptions of the capability of the retailer and especially the premium private retailer to innovate. Reynolds (2014) reports that European retailers can engage in innovation activities that are characteristic of both production and service segments. Modern retailers tend to introduce various private brand products to increase customer attention and intention to purchase (Anselmsson & Johansson, 2009). In 2009, Apple was identified as the most innovative company by *Business Week*. Apple is associated with on-going product innovation, but is also perceived by many consumers as a creative and dynamic organisation (*Business Week*, 2009). An innovative retailer may thus be associated with perceptions of dynamic creativity and seen as a company that changes the marketplace with its offers (Lin, 2015; Reynolds, 2014). The above associations will be referred to as “perceived retailer innovativeness” (PRI) for the purpose of this study.

“Newness” of a product is difficult to establish, and is considered a relative term. In the case of new products, services or promotions, it is relative to what preceded the product (Fuller, 2004:11). Hart (1993) argues that a product could be considered new as long as it is perceived as new by customers. Consumers’ perceptions are regarded as pivotal determinants of shopping behaviour, store and product choice, but have not been analysed extensively within the context of a South African premium private label foods retailer.

2.4 MARKETING MIX APPLIED

Integrated marketing devise and assemble integrated marketing strategies to create, communicate and deliver value for the targeted customer. Traditionally, marketing activities have been depicted in terms of the marketing mix, which has been defined as a set of tools used to pursue its marketing objectives. All these factors influence the customers’ perceptions and ultimately their purchasing decisions. The marketing mix provides marketers with a framework of the delivery of customer value, incorporating product, price, place and promotion. All these have been used as inputs into the system. Innovation forms part of the business plan and/or marketing strategy of most big corporates and the selected PPL food retailer is no different. Innovation is one of the key pillars on which retailers' reputations are built and it continues to form a substantial part for future development and growth in order to differentiate them in the marketplace.

To gain further insight into the specific selected foods category, the information will be structured and investigated through its positioning within an applied and integrated marketing mix strategy, as depicted in Figure 2.3.

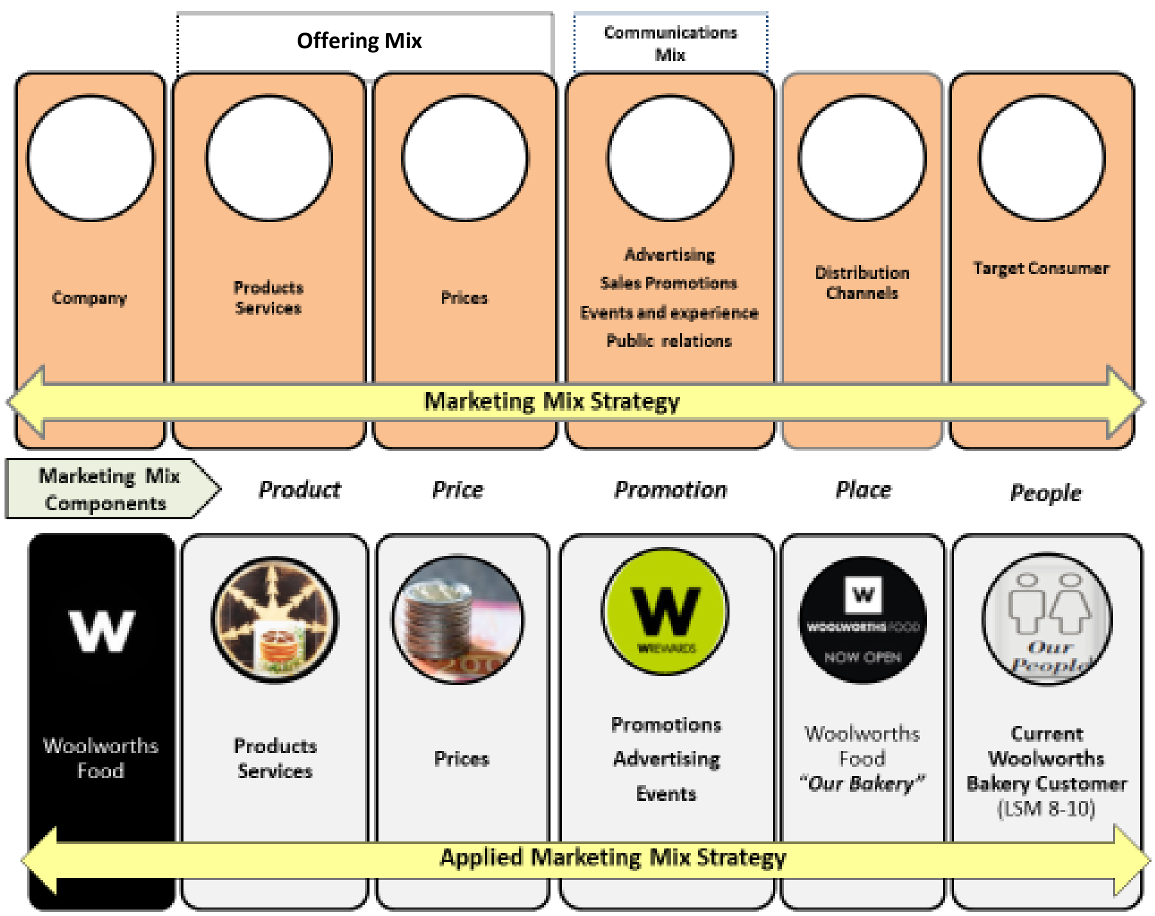


Figure 2.3: Applied marketing mix components (Kotler & Keller, 2006:72)

The 5 Ps are a set of recognised marketing strategies, and used creatively by the retailer with the intent to entice and satisfy the customer. The indicators of the variable are referred to as 5 Ps, and are used in marketing strategy. These are: Product, Promotion, Price, Place and People. Applying the 5 Ps more specifically to sweet baked cakes and desserts, these can be expanded as follows:

- Product: quality, appearance, availability, range, packaging
- Product: service available, service innovation, variety of services
- Price: value
- Promotional activity; creativity
- Place: display of products, ambiance, cleanliness
- People: staff & target customer

The components to be discussed are categorised as follows for the study:

- The Company: WSA and WF (refer to section 2.2.4. and 2.2.6.1)
- Product & Price: with specific reference to sweet baked items and ready prepared desserts.
- Promotion: as it relates to the specific category
- Place: “Our Bakery”
- People: the current Woolworths Bakery Customer

In order to further clarify the scope of the study, “Our Bakery” as the *Place* will be discussed first followed by *Product, Services, Price, Promotion and People*.

2.4.1 Place: “Our Bakery”

“Place” refers to the location where products are offered on sale, and multiple descriptors may be used to describe the place, namely convenient location, environment outside the store, display and layout within the store, store ambience and general atmosphere (Gelhar *et al.,* 2009: 167).

The WF bakery consists of various departments offering a selection of freshly baked breads through the in-store bakery in selected stores, prepacked breads and rolls, ready prepared sweet baked items stored at ambient temperatures and a selection of refrigerated, ready-prepared desserts, teatime items and cake and gateaux. The contribution of innovation to sales exceeded the budgeted contribution expectation, with 104 products launched in the 2016-2017 financial year. These product launches were a combination of range extensions and newness. Another 89 products underwent a packaging and design upgrade in line with the retailers' good business journey (Woolworths Holdings Ltd., 2016). In the same fiscal year, 72 bakery-specific promotions were active in different formats, including WRewards, Eat-in and Daily-deal promotions, as well as general price-saving promotions or bundle deals. The bakery section in the market store formats received a face-lift that included new in-store, visual merchandising with product attributes messaging, new shelving and display units, aisle layout updates and tasting domes (Moir, 2016).

2.4.2 Product: Ready-to-eat prepared dessert and sweet baked items

"Product" refers to tangible and intangible products or services offered to potential customers, including all dimensions that are relevant to the product range (Brown & Dacin, 1997:68).

2.4.2.1 Product offer

The bakery product offer includes sliced bread, speciality breads and buns, global breads, Viennoiserie, baked breakfast items, cakes, cupcakes, muffins, and prepared desserts (Woolworths Holdings Ltd., 2016). For the purpose of this study, all bread items will be excluded, with the focus on sweet baked items and prepared, ready-to-eat desserts. All items are displayed in the bakery aisle, with some items stored in the fridge and others at ambient temperature on either display tables and/or shelves. Refrigeration is required for items that are deemed at higher risk for product spoilage, reduction in product stability or increased risk to the safety of the customer, mainly due to the preparation method and or ingredients used in the preparation of the product item (National Department of Agriculture, 1999).

2.4.2.2 Product classification

For the purpose of this study, products will either be classified as ambient or refrigerated. Ready-to-eat product ranges are developed to ensure that the customer has a real convenient choice when selecting products for purchase. "Ready to eat" or pre-prepared and packaged cakes and desserts can be defined as a product prepared and cooked in advance, with no further cooking or preparation required to achieve food safety before being eaten. Additional preparation such a reheating or demoulding may be advised on pack for improved palatability, aesthetic, gastronomic or culinary purposes (National Department of Agriculture, 1999). Table2.7 provides a clear description of the ranges and the product examples currently available for purchase.

Table 2.7: Product classifications, definitions and specific product names

Product Classification	Definition, Size Format, Packaging & Design	Product Examples
Warm-eating Puddings	Definition: Ready-to-eat baked puddings that need reheating before consumption. It is primarily sponge- or custard-based cold-weather fare. Their dense texture and richness make them suitable for colder temperatures (Sinclair, 1991:1245). Size Format: Product formats currently serves 4, or it is available in a bulk format to serve up to 10 people. Packaging and design: Mostly in ready-to-heat foil containers that is heat- sealed with a protective cardboard sleeve, with photographic imaging. Storage: Refrigerated	▪ Malva pudding ▪ Sticky Toffee Pudding ▪ Chocolate Pudding ▪ Bread and Butter Pudding ▪ Apple and Blackberry Buttermilk Sponge pudding ▪ Citrus and Almond Upside-Down Pudding ▪ Sago Pudding
Individual Desserts	Definition: Dessert: The last course of the meal. The word comes from *desservir* (to remove what has been served – and consequently means everything offered to guests after the previous dishes and service ware have been cleared. Individual: "Adjective, relating to, characteristic of, or meant for a single person or thing" (Sinclair, 1991:1104). Woolworths's individual desserts include desserts that are ready-to-eat in a format for convenient, consumption	▪ Chocolate Mousse Swirls ▪ Choc Delight Dessert ▪ Jelly and custard ▪ Malva Pudding in a pot ▪ Zesty Lemon Cheesecake ▪ Triple Choc Dessert ▪ Peppermint Caramel Dessert

Continues …

Product Classification	Definition, Size Format, Packaging & Design	Product Examples
	for one person. It can be eaten cold or warmed i.e. Sundaes, Pud in pot desserts, Cornerpot desserts Size Format: Individual format and portion size suitable consumption by one person. Packaging and design: Convenient plastic container with a label or sleeve Storage: Refrigerated	▪ Raspberry Cheesecake Dessert ▪ Vanilla Delight with Mini Brites
Ambient Muffins or Cupcakes	Definition: Cupcake: a small individually sized cake that is usually baked in a muffin pan lined with a crimped foil and or paper cup. After baking the cupcake are filled and topped with icing. The paper cup is peeled off before (Felder, 2011:251). Muffin: small cake-like bread that can be made with a variety of flours, often containing fruits and nuts. Most muffins fall in the quick-bread category and are leavened with baking powder and/or baking soda. They are made in muffin pans, and can be sweet and/or savoury. Traditionally served as part of breakfast, it is now shared across eating and teatime occasions (Felder, 2011:178). Size Format: Individual portions or mini portions, in multi format pack i.e. 4-pack, 6-pack, 12-pack and 15-pack. Packaging and design: Plastic skillet, flow wrap with a colour-coded adhesive label Storage: Ambient	▪ Blueberry Muffin ▪ Chocolate Muffin ▪ Lemon Poppy seed muffin ▪ Carrot and Nut Muffin ▪ Banana Muffin ▪ Choc Vanilla Muffin ▪ Vanilla and Chocolate Cupcakes ▪ Raspberry Rose Cupcakes ▪ Vanilla Caramel Cupcakes ▪ Red Velvet Cupcakes
Ambient Cakes, Bar Cakes, Party Cakes	Definition: Cake: Baked confectionary in a loaf or layer form, typically made from a mixture of flour, sugar, flavouring ingredients and egg, or other leavening agents such as baking powder or baking soda (Felder, 2011:321). Size Format: Cakes: 16 & 20 cm single- or double-layer round cake filled and topped with all-butter icing Bar Cake: cake baked in a bread-tin shape, with or without a glazed icing topping Party Cakes: a rectangular single-layer cake cut into 15 squares, iced and topped with confectionary sweets. Packaging and design: Plastic skillet and/or base and dome, flow wrap with a colour-coded adhesive label Storage: Ambient	▪ Vanilla Caramel Cake ▪ Choc Vanilla Party Cake ▪ Triple Choc Gateau ▪ Red Velvet Gateau ▪ Caramel White Choc Gateau ▪ Lemon Drizzle Bar Cake ▪ Chocolate Bar Cake ▪ Red Cherry Genao ▪ Banana Bar Cake

Continues …

<table>
<tr><th>Product Classification</th><th>Definition, Size Format, Packaging & Design</th><th>Product Examples</th></tr>
<tr><td>Refrigerated Layered desserts</td><td>Definition:
Dessert: The last course of the meal. The word comes from desservir (to remove what has been served – and consequently means everything offered to guests after the previous dishes and service ware have been cleared (Sinclair, 1991:1104).
It is sweet dessert consisting of layers of mousse, sponge, fruit preparations, whipped cream and sometimes garnished with nuts, chocolate shavings, cocoa dusting, etc., including traditional desserts such as Tiramisu and Lemon Cheesecake.
Size Format:
Rectangular, family size format, normally serves 4.
Packaging and design:
Plastic container and lid with a cardboard sleeve and photographic imaging
Storage: Refrigerated</td><td>▪ Triple Chocolate Dessert
▪ Peppermint Caramel Dessert
▪ Tiramisu Dessert
▪ Lemon Cheesecake Dessert
▪ Raspberry Cheesecake Dessert
▪ Blueberry Cheesecake</td></tr>
<tr><td>Teatime items, i.e. custard slices, macarons, koeksisters, cake slices</td><td>Teatime/patisserie:
Definition:
This French word has three different meanings: 1. The general category of sweet baked goods, including cakes, cookies, cream puffs, etc.; 2. The art of pastry making. 3. A shop where pastries are made and sold (Felder, 2011: 323; Sinclair, 1991: 1134).
Products included in this category:
• Éclairs
• Koeksisters
• Napoleon/Custard Slices
• Brownies
• Tartlets
• Mini Swiss Rolls
• Petit Fours
Size Format:
Various, ranging from individual hand-held offers to family size (serves 4) and bulk offers
Packaging and design:
Various, with a combination of colour coded and photographic labels and sleeves.
Storage: Refrigerated and ambient</td><td>▪ Choc Cream Éclairs
▪ Koeksisters and Koeksister Bites
▪ Vanilla Custard Slices
▪ Triple Choc Brownie
▪ Pecan Tartlets
▪ Choc Coated Fingers
▪ Caramel Swiss Rolls
▪ Salted Caramel Lamington Swiss Roll</td></tr>
<tr><td>Christmas Desserts (10)</td><td>Definition:
A combination of the product offer above that is suitable to celebrate special occasions such as Christmas.
Size Format:
Various, ranging from individual, hand-held offers to family-size (serves 4) and bulk offers
Packaging and design:
Various, with a combination of colour-coded and photographic labels and sleeves.
Storage: Refrigerated and ambient</td><td>▪ Choc Caramel Trifle
▪ Raspberry Brûléed Trifle
▪ Chocolate Yule Log
▪ Triple Choc Brownies
▪ Berry Baked Cheesecake
▪ Chocolate Petit Fours
▪ Brandy Custard</td></tr>
</table>

2.4.2.3 Product attributes

In line with the Good Business Journey, all products should have at least one sustainable attribute. For the bakery department the most prevalent are goods prepared using free-range egg, GM-free and sustainably sourced UTZ-certified cocoa. Products are developed in line with the company values, ensuring that it maintains the highest quality and safety standards, whilst offering real choice and innovation that the target customer can aspire to.

2.4.3 Service

A service offering consists of multiple dimensions, each of which encompasses multiple service elements (Flynn & Goldsmith, 1993). Innovative retailers currently use various information technologies and self-service apparatuses to create new service for customers. Consumers might not notice, or might notice and place little emphasis on innovations built into the dimensions of administration and responsiveness (Zolfagharian & Paswan, 2009). For example, consumers may not be fully aware of innovations that target improved efficiencies when using the checkout counter, registration of new members and other customer-related services. Although consumers expect the retailer to be alert and accommodating to their particular needs, too many changes in the way the retailer makes their services available (i.e. days of operation and operation hours), communication with consumers, and customising their offerings may interfere with the expected behaviour that is essential for consistent service delivery (Flynn & Goldsmith, 1993). By contrast, innovations constructed into intangible services seem to gain importance.

Woolworths Food offers a variety of services including but not limited to:

- Financial services
- On-line shopping
- In-store customer care counters
- ATMs
- In-store bakery and other interactive counters

- Set operating hours
- Helpful and trained employees
- Conveniently located stores and operating hours
- In-store digital messaging

Previous research has indicated that tangible and non-tangible services have a significant effect on consumers' personal shopping experiences and consumer satisfaction (Berry *et al*., 2010).

2.4.4 Price and promotion

"Price" refers to the tool that indicates or measures affordability, value for money and, in some instances, the quality related to the product for consumers (Grewal *et al.,* 2011). Promotions as part of a marketing campaign consist of an assortment of short-term incentive tools, aimed at stimulating purchases of particular selected products or services by customers (Kotler *et al.,* 2015:584). There is no doubt that shoppers are more discerning about what they need, how they shop and what they are willing to pay. However, quality remains significant and brands that continue to delight their customers will reap the benefit of being chosen; thus, the value proposition will always remain more than just the actual price. Proof of this is that many premium-priced brand leaders continue to outperform cheaper alternatives, including staple consumer-packaged goods (Urban Studies, 2016).

As part of the Woolworths strategy, there is a deliberate focus on improving their customers' perception surrounding price and value experienced. This is done by conducting weekly basket checks against the prices of competitors to ensure that prices are comparable to other food retailers, actively identifying and addressing products or ranges that erode their value perception. Continuous marketing initiatives are undertaken to convey price competitiveness to the customer through price investments and rewarding loyalty, by using WRewards to drive their price competitiveness. Research conducted by Urban Studies (2016) have found that local shoppers have a heightened appetite for promotions and special offers in the light of more prevalent occasion-based promotional activity, and they are willing to go the extra mile to get the bigger deal. Since retailers and manufacturers have a shared reliance on promotions, knowing which categories are more or less sensitive to pricing changes will be essential for breaking the current promotion addiction and driving sustainable future growth. According to a study done by Consulta, all categories showed positive growth on improved customer-price perception and increased promotions (Bizcommunity, 2017).

2.4.4 People

Sales people represent all the employees of the retail outlet with whom customers come into contact, because they become part of the sales experience and have the ability to enhance customer-perceived value with customer satisfaction as an important outcome of the service-delivery process (Gentile *et al.,* 2007). It also includes the target customer, LSM 8-10 affluent South Africans.

2.4.4.1 Employees

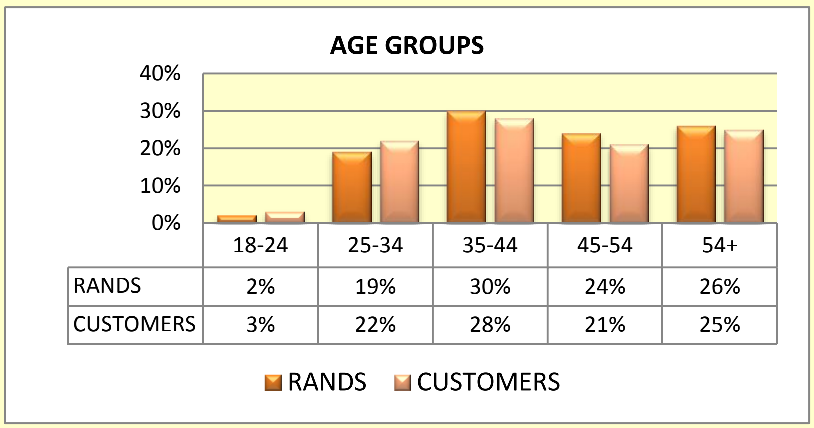
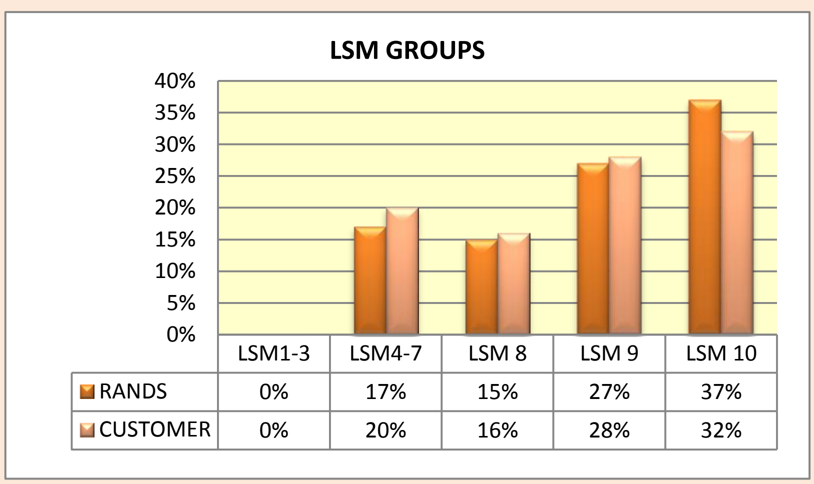
The group has over 43 000 employees across 14 different countries, primarily in South Africa (31 631) and Australia (11 509). Employee engagement is focused on aligning employees to deliver to the strategy, as well as the groups Employee Value Proposition (EVP). The EVP is designed to attract, inspire, engage, retain and motivate diverse leadership and talent required to deliver sustainable profit growth. The retailers' employees are listed as some of the enablers to aid in the improvement of customers' experiences (Woolworths Holdings Ltd., 2016).

2.4.4.2 The target customer

The group has in excess of 15 million customers who transact, using multiple channels and across different geographic footprints. The target customer is in the mid- and upper-tier income bracket, and in South Africa's Living Standards Measure, LSM band 8-10.

Woolworths continuously engage with their customers through advertising, in-store communication and campaigns, brand websites and social media, as well as through customer service centres and loyalty programmes. Customer feedback is valued and informs operational and tactical components of the strategic intent. During the recent announcement to remove sweets from the food check-out aisles of new and large-format stores, extensive engagement with the customer through survey and focus groups resulted in the sweets being replaced with alternative snack options that customers requested, such as dried fruits, biltong and nuts. New, innovative products and product formats are currently in development to fill the gaps that have been identified. Annual customer satisfaction surveys inform the company of customer needs and shopping experiences. Table 2.8 provides a snapshot view of the current bakery customer as per an internal customer survey conducted by an independent research consultant to Woolworths Holdings in February 2016.

Table 2.8: Bakery customer profile

<table>
<tr><th>Variables</th><th>Figures</th></tr>
<tr><td>AGE
Fairly even distribution of customers ranging between 25 and 54.
The highest contribution of rand spent is from customers aged 54 years and older</td><td>
</td></tr>
<tr><td>LSM
76% current customer is a LSM 8-10 customer
The remaining percentage is an aspirational LSM4-7 customer</td><td>
</td></tr>
</table>

Customers 54 years of age and older are contribution to the most Rands spend. The highest proportion of customers and revenue spent are from LSM 8-10 customers with a combined contribution of 79% of Rands spent. The highest contribution is from LSM 10 customers.

2.5 CONSUMER PERCEPTIONS

Consumer perception can be defined as the process by which an individual selects, organises and interprets stimuli into a meaningful coherent picture of the world (Botha *et al.,* 2013:75; Schiffman & Kanuk, 2010:329; Kotler & Keller, 2006:184). Consumers act and react based on their perceptions and not based on objective reality. Individual reality is a very personal manifestation, influenced and constructed by the individual's needs, wants, values and prior experiences (Botha *et al.,* 2013: 76). Consumers are known to make decisions based on what they perceive to be reality or truth. It is therefore important that businesses have a good understanding of the notion of perception and its related concepts to determine more readily which factors will influence consumer's intention to purchase (Lin, 2015; Kunz *et al.,* 2011; Beneke, 2010). Schiffman and Kanuk (2010:328) poses that the study of consumer perceptions is mainly a study of what individuals add or subtract subconsciously from unprocessed sensory inputs to create a subjective image or perception of the world. Perception is the result of physical stimuli and predispositions based on prior experiences. This unique combination of inputs results in varying, personalised individual perceptions. Human beings are selective in their "recognition" of stimuli, and subconsciously organise the acknowledged impetuses according to psychological principles. Then subjective meaning is given to the stimuli influenced by individual needs, expectations and experiences. Consumer perception comprises three phases of perception: selection, organisation and interpretation of stimuli (Botha *et al.,* 2013:76).

Kunz (2011) proposes that consumers adopt a broader view of innovation; they not only use their perceptions of new products, one by one, as they are being introduced to judge whether a retailer is innovative, rather, they observe a range of retailer's activities to derive a judgement of the retailers' overall innovativeness. Research indicates a very clear relationship between consumer perceptions of product, service, promotional innovation and value (Sanchez-

Fernandez & Iniesta-Bonilla, 2007; Beneke, 2010), as well as improved brand positioning, increased market share (Beneke, 2010), loyalty (Goldsmith *et al.,* 2013) and subjective marketing outcomes such as customer satisfaction, loyalty and intent to purchase (Lin, 2015; Grewal *et al.,* 2011; Hult *et al.,* 2004).

2.6 INNOVATIVENESS AND SUBJECTIVE PERFORMANCE OUTCOMES

Well-grounded theoretical and qualitative research supports a positive association between a retailer's ability to be creative (innovativeness) and organizational performance (Lin, 2015; Grewal *et al*., 2011; Morisson & Hamlen, 2013). A retailer's marketing performance, however, cannot be assessed by a single performance measure. It should include not only financial performance, but also a broader performance related to consumer behaviour such as customer satisfaction, perceived store reputation and customer purchase intent as influenced by the consumer's perception of the PPLFR'S reputation (Grewal *et al*., 2011). As premium private labels have become more dominant in the retail market, with increased competition, it demands a focus on customer satisfaction and store reputation to ensure continued patronage (Beneke, et al., 2013).

2.6.1 Customer Satisfaction

Customer satisfaction has been gaining increasing attention from researchers and retailers as a recognized field of academic study and is a fundamental tool used by financial institutions for enhancing customer loyalty and ultimately organizational performance and profitability. According to Kotler and Keller (2015:139), customer satisfaction can be defined as a customers' feelings of disappointment or pleasure resulting from comparing a company's or product's perceived performance or outcome in relation to his or her expectations. Customer satisfaction is an important barometer for the retailer to give insight into customer behaviour and support marketing directives as it acts as an indicator of *consumer purchase intentions and loyalty* (Baker-Prewitt, 2000); it increases customer life (Beneke, *et al*., 2013); supports and promotes positive word of mouth (Consumer Goods Forum, 2016); and it ultimately costs the retailer less money to retain its current customer base than to acquire new customers (Koschate-Fischer, *et al.,* 2014).

The South Africa Customer Index (SAcsi), is an independent national benchmark of customer satisfaction on the quality of products and services available to household consumers in South Africa, with international comparability (SAcsi, 2017). Extant research has shown that measuring customer satisfaction regularly is a key to ensure customer retention and growth. The Importance of customer satisfaction in today's dynamic corporate environment is obvious as it greatly influences customers' repurchase intensions whereas dissatisfaction has been seen as a primary reason for customers' intentions to switch.

Beyond satisfied current customers, lies a powerful crowd of potential customers. Potential customers- despite never having frequented your store; either have already decided that they will one day shop at your store, or have you checked off their wish list of stores to shop. *Reputation* is another powerful tool for customer retention and is an important factor that influences consumer's store patronage (Baker & Saren, 2016: 219).

2.6.2 Brand reputation

Brand reputation has been defined as "*stakeholders' overall assessment of the brand'* (Jaafar & Lalp, 2014:74), and can be seen as an outcome of interactions between stakeholders or customers and the private label retailer over time. The private lable retailer might have a number of repuations depending on the customers concerned. Interactions with the brand-associated stimuli (incuding mass communication, employees, store experiences, product quality and sevices that are associated with the brand), enables the consumer to form their perceptions of the retailer (Kotler, et al., 2015:321). These perceptions consolidate to become a single impresion at a point in time, that is refereed to as the brand image. Over time brand image evolve the become the consumer's perception of the repuation of the organisation.

A brand repuation is an important asset in enabling retailers to exploit opportunities and mitigate threads (Goldsmith, et al., 2001). A retailer that pursues to create a positive consumer repuation must have an understanding of the dimensions on which the comsumers evaluate reputation. These can inlcude, but is not limited to, the retailer's performance, its products, services and pricing, product quality, innovation, store experiences, brand trust and governance (Hunt, 1994).

2.6.3 Loyalty

As retail competition intensifies, it has become more important for the retailer to retain its customers. Customer retention has been shown to explain profits better than market share and other variable normally associated with competitive advantage (Das, 2014). A customer centric focus if it results in customer satisfaction, may also have other benefits, for example the generation of positive word-of-mouth. Understanding customer loyalty and their determinants is an important basis for the identification of optimal retailer marketing actions (Zboja & Voorhees, 2006). Three measure have been identified for the construct of store loyalty intensions of current customers': willingness to repurchase; willingness to purchase more in the future, and willingness to recommend the store to others (Goldsmith, et al., 2001).

The innovation capability of a retailer has been noticed mostly because of the growing evidence that they have more ability to offer new products, services and promotions to satisfy their customers' needs (Grewal et al., 2011). Modern retailers tend to introduce various premium private brand products to increase consumer attention, satisfaction, loyalty and intention to purchase (Anselmsson & Johansson, 2009).

2.7 CONCLUSION

This chapter explicated the consumer perceptions of the ability of a selected premium private label food retailer in terms of the dimensions associated with retailer innovativeness; perceived product-, promotion-, service- and experience-related innovativeness. It presented a background of the history, development and growth related to private and premium private label retailing, globally and in South Africa. Conversely, it presented a company profile of the selected premium private label retailer, and previous research conducted on perceived retailer innovativeness. The selected food category is viewed through an applied marketing mix strategy for the selected PPL food retailer.

The next chapter elaborates on the theoretical foundation and conceptual framework that underpins the study. The aim and objective of the study are also outlined.

CHAPTER 3

THEORETICAL PERSPECTIVE AND CONCEPTUAL FRAMEWORK

This chapter presents the theoretical perspectives used and integrates the fundamental concepts for this study in terms of a conceptual framework that also depicts the objectives for the study.

3.1 INTRODUCTION

Hunt (1994) states that the purpose of using theory to underscore research is to increase scientific understanding through a systemised structure, which is used to explain and predict phenomena that are relevant to a particular investigation. A theoretical perspective directs the focus of a study and guides the formulation of a study's objectives as well as the interpretation of results to allow logical conclusions that can be associated with the aim of the investigation. This study was based on the theoretical model used by Lin (2015), as applied in Taiwan, which focused on developing a measure of perceived retailer innovativeness (PRI). PRI is an integral part of innovation, which is strategically used as a tool of differentiation in an era of intense competition among private label retailers.

In this study, consumers' behaviour was investigated in terms of a systems approach (Heylighten & Joslyn, 2002), with specific focus on customers' perceptions and their subsequent behavioural responses as demonstrated through consumers' purchase decisions and store selections (also see Section 3.2). Marketing management theory was acknowledged, specifically considering a holistic marketing approach, i.e. a broader scope that incorporates the complexity of marketing constructs (Kotler & Keller, 2006:149). Holistic marketing takes the stance that *everything matters,* and that a broad, integrated perspective is necessary. Marketing management involves

- the development of marketing strategies and plans;
- connecting with customers;
- building strong brands;
- shaping the marketing offerings;
- delivering and communicating value;
- capturing marketing insights and performance; and
- and creating long-term growth – generally through the development of new products and expanding into new markets.

New product development (including innovativeness) can shape the future of a company while improved or replacement products will maintain or build sales (Lowe & Alpert, 2015).

Innovativeness focuses on the capacity of an organisation to engage in innovation (Anselmsson & Johansson, 2009). This study focused on the innovation capacity of a Premium Private-Label Foods Retailer (PPLFR), namely Woolworths (referred to as the PPLFR). Innovativeness of a particular entity refers to the outcome of its organisational activity, involving its products, services and in-store experiences (Baregheh *et al.,* 2008). Innovativeness is considered as an on-going organisational characteristic rather than success at a specific point in time (Brown & Dacin, 1997). In 2009, Apple, which consumers view as a creative and dynamic organisation associated with on-going product innovations, was identified as the most innovative company five years in a row by *BusinessWeek* (Foresman, 2009). Similarly, an innovative retailer may be associated/perceived as having dynamic creativity, and a company that has the ability to change the marketplace through its offering (Lin, 2015; Reynolds, 2014). The mission statement of the PPLFR focused on in this study is "to be the first choice for customers who care about value, innovation and sustainability in the southern hemisphere" (Woolworths Holdings Ltd., 2016). Surely, this undertaking exerts considerable pressure on the company in terms of their product and service offerings, as well as how consumers perceive them in general.

It is argued that perceptions of innovativeness can affect the way in which consumers view and evaluate a premium private label retailer and its products. As Gurhan-Canli and Batra (2004) indicate, consumers use "corporate associations in evaluating new products" (Brown & Dacin, 1997:37), which will inevitably affect consumers' behaviour beyond any actual products that a premium private label retailer offers. In former research, researchers have produced empirical evidence concerning the link between consumers' perceptions of an organisation's innovativeness, and subsequent positive outcomes with respect to consumers' purchasing behaviour and related satisfaction (Lin, 2015; Szymanski *et al.,* 2007; Troy & Davidow, 1998; Brown & Dacin, 1997). As discussed in Chapter 2, an understanding of the relationship between the perceived innovativeness of a retailer and consumers' behaviour is important and relevant in terms of an organisation's potential to continuously recreate and improve their offering. Moreover, to ensure the on-going success of an organisation, it is crucial to understand innovativeness as a phenomenon from customers' point of view (Keller, 1993).

3.2 MOTIVATION FOR FOLLOWING A SYSTEMS APPROACH

Systems theory concerns the study of components/elements of a particular system as well as the sequence and interaction of the elements, i.e. relevant relationships and interdependencies of the elements of the system that will determine the behaviour of a system (Lansing, 2002). Heylighten and Joslyn (2002) refer to a system approach as a trans-disciplinary study of abstract organisation of phenomena independent of their substance, type, spatial or temporal scale of existence in terms of the principles that are common to all complex entities and models that can be used to describe them.

When investigating an organisation in terms of a systems approach, it is therefore necessary to concentrate on the composition of the system, as well as the relationship among the parts of that system that are connected to form the whole system (Heylighten & Joslyn, 2002). Systems theory was regarded appropriate to structure this study, as it provides a useful vehicle to discuss consumers' perceptions of retailer innovativeness in terms of the different aspects of innovativeness, as well as the correlation between consumers' perceptions of retailer innovativeness and their purchase behaviour. Figure 3.1 presents the conceptual framework that is designed to depict the fundamental assumptions of systems theory (Spears & Gregoire, 2007:78), namely:

- A system should be viewed holistically although it comprises of different elements;
- All the elements of a system are interactive and interdependent;
- In every system, a hierarchy of the elements exist as not all elements are equally important;
- The principal of equifinality exists, i.e. certain elements within the system can negate shortcomings of other elements to attain a particular outcome in different ways;
- Ultimately, every system should maintain equilibrium;
- Within every system, there is feedback that will determine the future functioning of the system and its efficiency.

These assumptions are discussed in detail later on in terms of the topic of investigation.

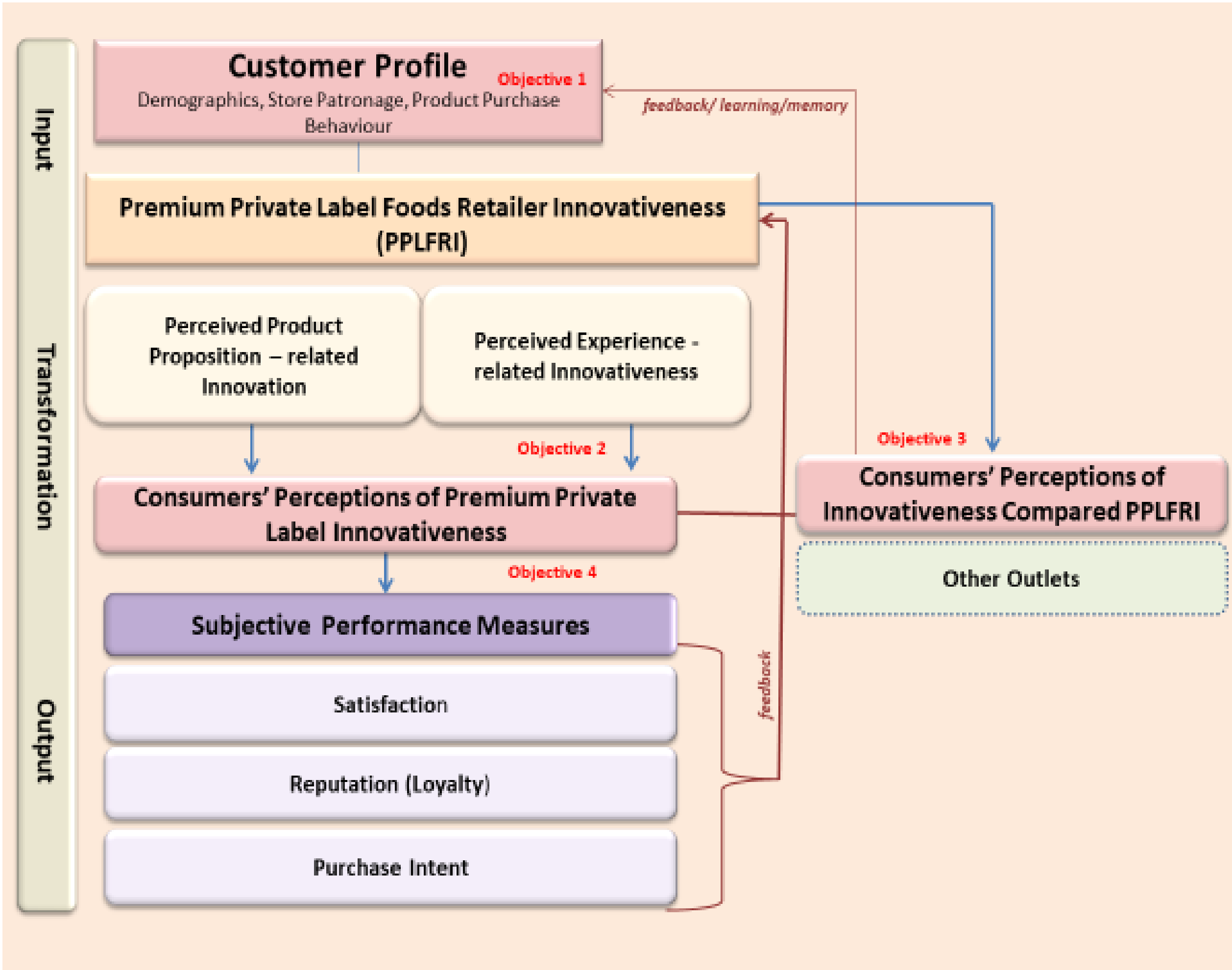


Figure 3.1: Conceptual framework depicting fundamental assumptions of systems theory

The core idea of systems thinking is that all the components/elements within a system are interrelated and thus important in terms of the system as a whole. All the parts of the system have a function – although not all are equally important – and are related (Spears & Gregoire, 2007:78). A systems approach is a holistic approach where the focus is on the operation of a system as a whole, acknowledging the contribution of all the elements within the system, not only that of selected elements (for example, the price of products), individual parts or certain parts in isolation (such as the uniqueness of the products) (Whitchurch & Constantine, 1993:295). Thus, the output of the system (for example, high innovativeness) may not necessarily be derived from factors/elements that influence consumers' perceptions in isolation. One can therefore not assume that the biggest contributor towards consumers' overall perception of innovativeness is promotional innovation or product assortment.

- *Generally, all the elements of a system interact with one another and are interdependent*. This implies that each element of the system, i.e. all the different dimensions/elements of innovativeness are relevant and mutually affect consumers' overall perception of retailer innovativeness and subsequently, consumers' behaviour. The system (in this case, retailer innovativeness) therefore always needs to be viewed as an interacting whole comprised of interdependent elements, and not in terms of isolated elements (e.g. product price, packaging or variety) of the system/phenomenon. Systems are indeed groups of elements (that could be the attributes of products, or service dimensions) that are coherently contribute in some way or another (Whitchurch & Constantine, 1993:295) to acquire a desired outcome.
- Equifinality refers to the process whereby a similar output may be achieved in different ways (e.g. a more expensive yet unique product that would excite consumers, versus a less expensive, yet good quality product) or by varying transformation processes (Lansing, 2002).
- Equilibrium within a system suggests that continuous reaction and adjustment occurs between the internal and external environment of the system to acquire new, desirable properties (Heylighten & Joslyn, 2002). A premium private label retailer's branded products, its promotions, services and in-store environments are continually changing in accordance with the prevailing business model, the economic environment, seasonality, current trends and a multitude of other influences, which explains the so-called permeable boundaries of systems. The relationship between different subsystems (for example, perceived product related innovativeness and perceived promotion related innovativeness) is such that equilibrium is created, which is crucial to maintain the system. Over-emphasis of one element could be detrimental to the system.
- In any system feedback – whether positive or negative – is indispensable to provide essential information in terms of the effectiveness of the system. Negative feedback

could indicate shortcomings that could be used to resolve problems, while positive feedback would indicate that the retailer is meets or even exceeds the consumers' expectations. A PPLFR needs feedback to improve its offering in accordance with consumers' expectations continually.

3.3 MOTIVATION FOR INTEGRATING CONSUMER BEHAVIOUR THEORY

According to Kotler and Armstrong (1994:325), successful organisations connect, and have a thorough understanding of their customers, implying that the right products are offered to their target market in the right way. The stimulus-response model (shown in Figure 3.2) is useful to understand consumer behaviour.

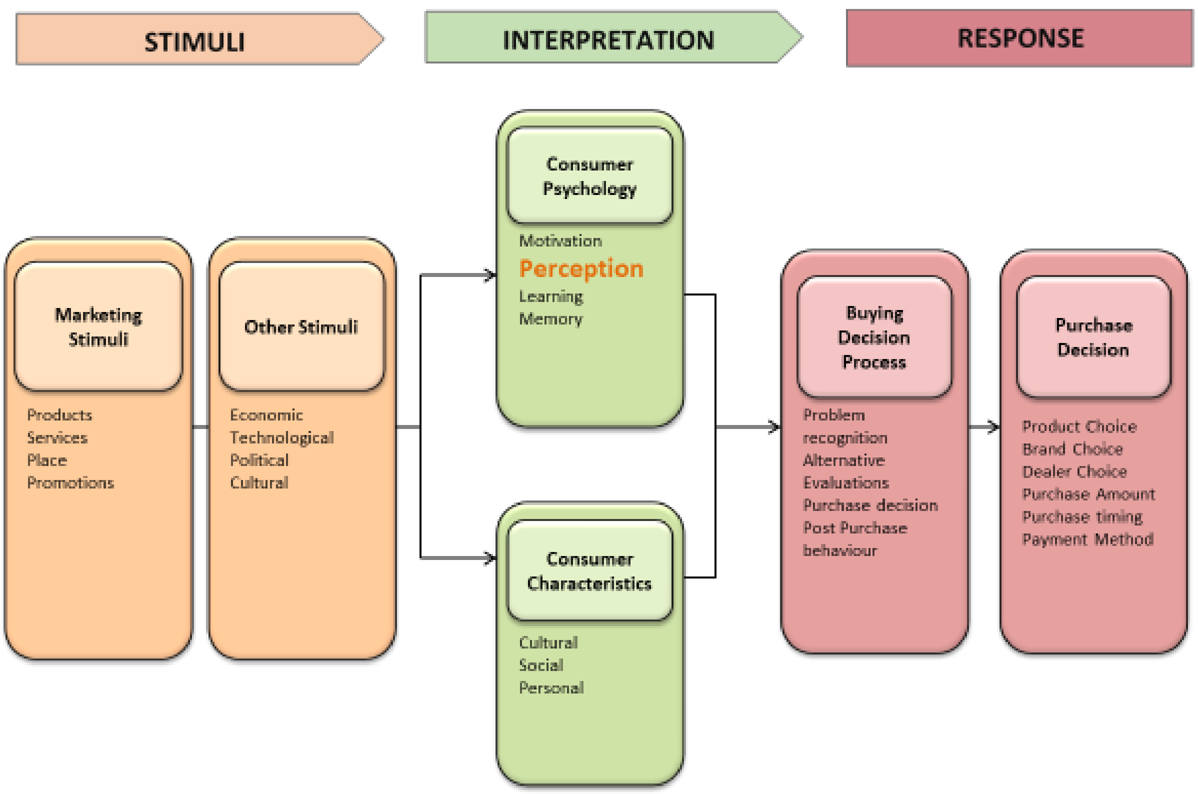


Figure 3.2: The stimulus-response model of consumer behaviour (Kotler & Armstrong, 1994:325)

The assumptions depicted in the given model suited this investigation as it depicts the impact of marketing stimuli on the formation of consumers' perceptions and the possible impact on subsequent consumer decisions. Consumer perceptions have to do with the way in which consumers view and interpret stimuli (product offerings) or the environment (retail context) to which they are exposed. Perceptions are formed when stimuli are recognised, selected, organised and interpreted in terms of existing frameworks in consumers' minds (memories) (Solomon, 2011:422). Because perceptions are subjective by nature, individuals react differently to the same stimuli; inevitably, consumers' prior experiences, personal characteristics and physical ability to discriminate stimuli differ and therefore stimuli are interpreted differently by different consumers (Botha *et al.,* 2013:77).

Figure 3.3 depicts the process of how perceptions are formed. Firstly, consumers detect stimuli that they are exposed to through their sensory receptors. However, stimuli have to be intense enough to be noticed by a consumer in order to pay attention to it and, in many cases, consumers are selective due to an overload of stimuli in the environment (Botha, *etal*., 2013:75). A consumer hence tries to make sense of the multitude of stimuli and try to interpret them in terms of existing cognitive frameworks in memory. Once the consumer has interpreted a stimulus, it is stored as knowledge in memory and can be retrieved when necessary, for instance, when exposed to products in the future and having to make selections in terms of the product, store or brand.

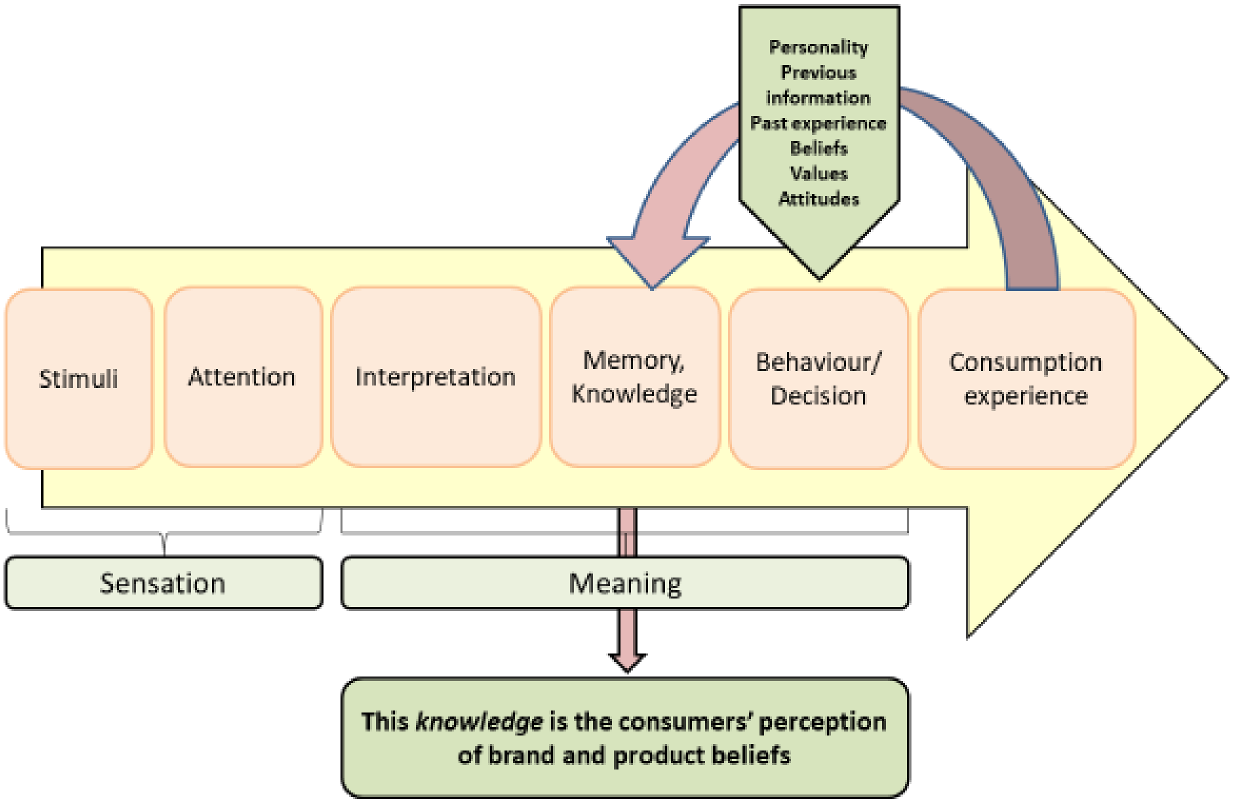


Figure 3.3: The process of perception (Botha *et al.,* 2013:75)

Existing cognitive frameworks serve as a reference point in terms of consumers' perceptions that influence future decisions. Because perceptions guide consumers' decision-making, it is important for a retailer to understand how customers perceive their brands or their innovativeness. This study is in particular concerned with current customers' perceptions of the innovativeness of PPLFR's in their foods department, where premium private label products are offered, unlike their grocery departments and other South African retailers that offer a curated range of private label and national branded products.

3.4 MOTIVATION FOR INTEGRATING MARKETING THEORY

In this section, the relevance of marketing theory is explained. According to Baker and Saren (2016:127), "marketing is concerned with the identification, creation and maintenance of mutually satisfying exchange relationships". Hence, exchange is the core concept of marketing, which is the process during which the desired product is obtained from someone and something is offered in return (Kotler, *et al*., 2015). Successful marketing management entails the development of marketing strategies and plans, connecting with customers, building strong brands, shaping the marketing offerings, delivering and communicating value, capturing marketing insights and performance, and creating long-term growth. Growth is generally attained through the development of new products and by expanding into new markets. New product development can shape the future of a company, while improved or replacement products will maintain or build sales (Wood, 2015). For a private label foods retailer, innovation is at the forefront of all that they do.

Five competing concepts are relevant in terms of the conduction of business: the production concept; the product concept; the selling concept; the marketing concept; and the holistic marketing concept. The holistic marketing concept specifically is based on the development, design and implementation of marketing strategies, processes, and activities that recognise their breadth and interdependencies (see discussion in Sections 3.2 and 3.3). In terms of holistic marketing initiatives, "everything matters", which often requires a broad, integrated perspective. The four broad topics associated with holistic marketing are relationship marketing; integrated marketing; internal marketing; and socially responsible marketing (Kotler, *et al*., 2015). Relationship marketing is particularly relevant in this study due to its focus ultimately to understand the PPLFR customer better.

Relationship marketing aims to build mutually satisfying long-term relationships with key parties, such as customers, suppliers, distributors and other marketing partners, in order to attract and retain their business. This is achieved by mutual exchange and fulfilment of promises (Kotler, *et al*., 2015; Gronroos, 1994). Today it is widely accepted that relationship marketing reflects the essence of the marketing concept. It is highly likely that buyers of baked products, which are relevant in this study, would look for reliable sources of supply at a fair price to reduce cognitive dissonance and uncertainty during every single transaction. Similarly, sellers would realise that increased opportunities for long-term survival and profit exist if they can establish repeat purchasing behaviour.

The *marketing mix concept* forms a fundamental building block in marketing theory and practise. The marketing mix refers to the set of 'controllable' demand-impinging elements that are integrated in terms of a marketing strategy, and which are used by an organisation to achieve a certain level and type of response from its target market (Van Waterschoot & Van den Bulte, 1992). The McCarthy typology (McCarthy, 1960:178) is widely known as the "4Ps classification", which refers to Product, Price, Place and Promotion. McCarthy named these categories without defining them. By definition, elements of the marketing mix can be influenced to a greater or a lesser extent, like changing the price of a product or the way in which it is promoted, i.e. controllable variables whereby an organisation can establish value. The first category reflects on product-related elements such as product variety, product quality, product or packaging design, brand name, product and packaging sizes, product range, availability and services. The second category encapsulates price-related elements such as the list price of products, discounts, alternative payment services and credit terms. Place-related elements refer to choice of distribution channel, location of outlets, and coverage of existing outlets, i.e. all elements related to the actual store space or physical environment where services or products are offered. Lastly, promotion encompasses all the marketing activities and promotional instruments. Since the 1960s, the use and interpretation of the marketing mix has evolved and developed, and has not remained static (Kotler, *et al*., 2015:44). In retail marketing, supplementary elements have been added over time, such as 'People', which include personnel or personal selling, as well as 'Presentation' of the merchandise, which also encompasses store layout (Kotler *et al.,* 2015:45).

The marketing variables that are relevant in this study are depicted in Figure 3.4, as an adaptation of the marketing-mix strategy as published by Kotler and Keller (2006:19). The 4Ps represent the organisation's marketing tools that are used to influence consumers. From consumers' point of view, marketing tools are meant to increase customer benefit.

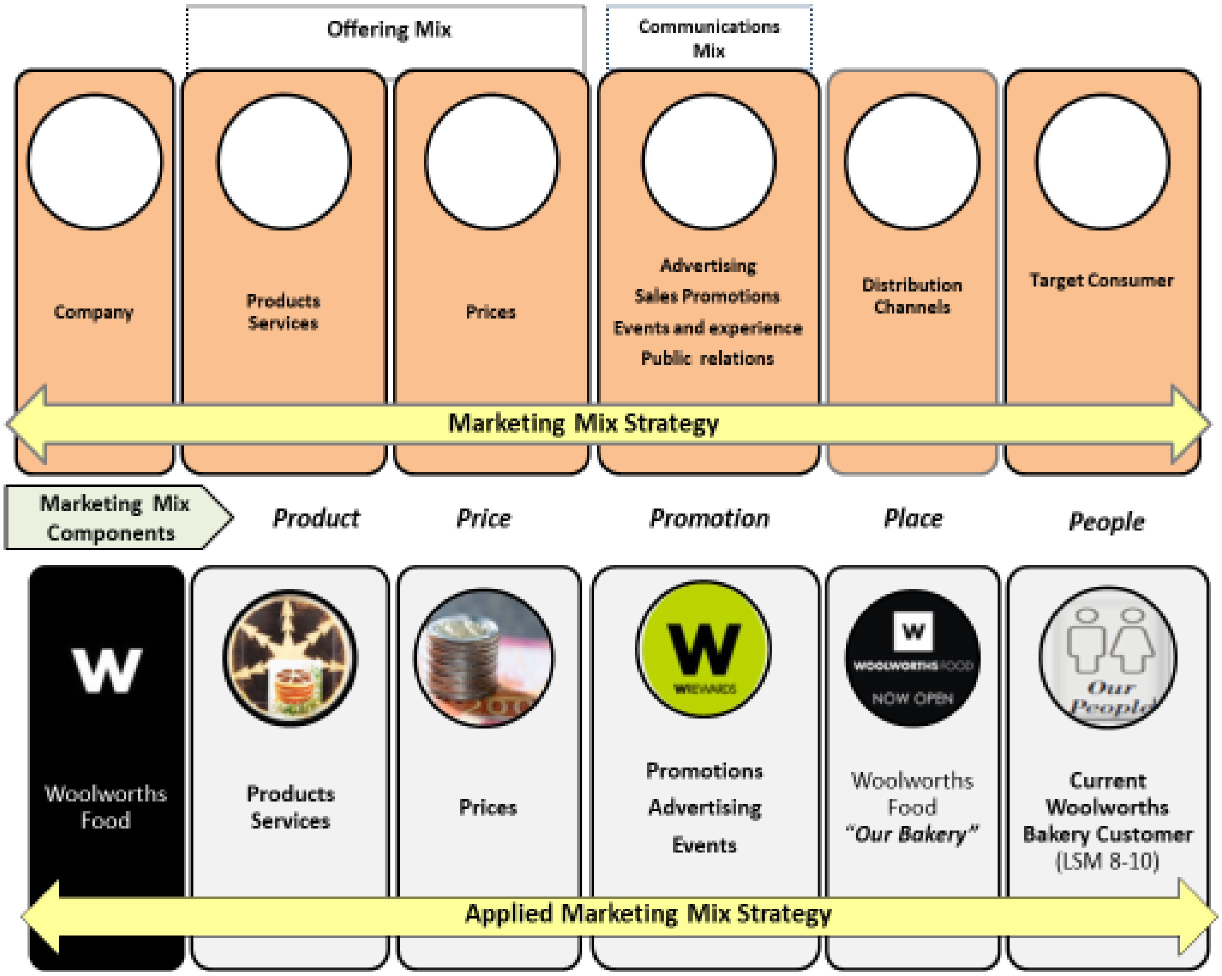


Figure 3.4: Marketing Mix Strategy applied (adapted from Kotler & Keller, 2006:19)

3.5 THE CONCEPTUAL FRAMEWORK

The Stimulus-Response consumer behaviour model depicted in Figure 3.2 was used to compile the conceptual framework for this study, which is illustrated in Figure 3.6. Kotler's (2006:184) model shows that consumers become cognisant of marketing and environmental stimuli (input). Subsequently they are transformed through a set of psychological processes that are unique to individual consumers. Four key psychological processes, namely motivation, *perception,* learning and memory fundamentally influence consumers' responses to the various marketing stimuli. This transformation culminates as decision processes and purchase decisions (outputs).

This study’s conceptual framework is based on the consumer behaviour model in Figure 3.5, and incorporates concepts from the recent study of Lin (2015) done in Taiwan and which integrates a systems approach as discussed above.

Customers’ perceptions of the selected PPLFR’s innovativeness of their bakery section are based on stimuli pertaining to sweet baked products and desserts that are offered in the bakery isle. These stimuli are associated with elements of the marketing mix and how they culminate in terms of the retailer’s product and service offerings, including the design related activities.

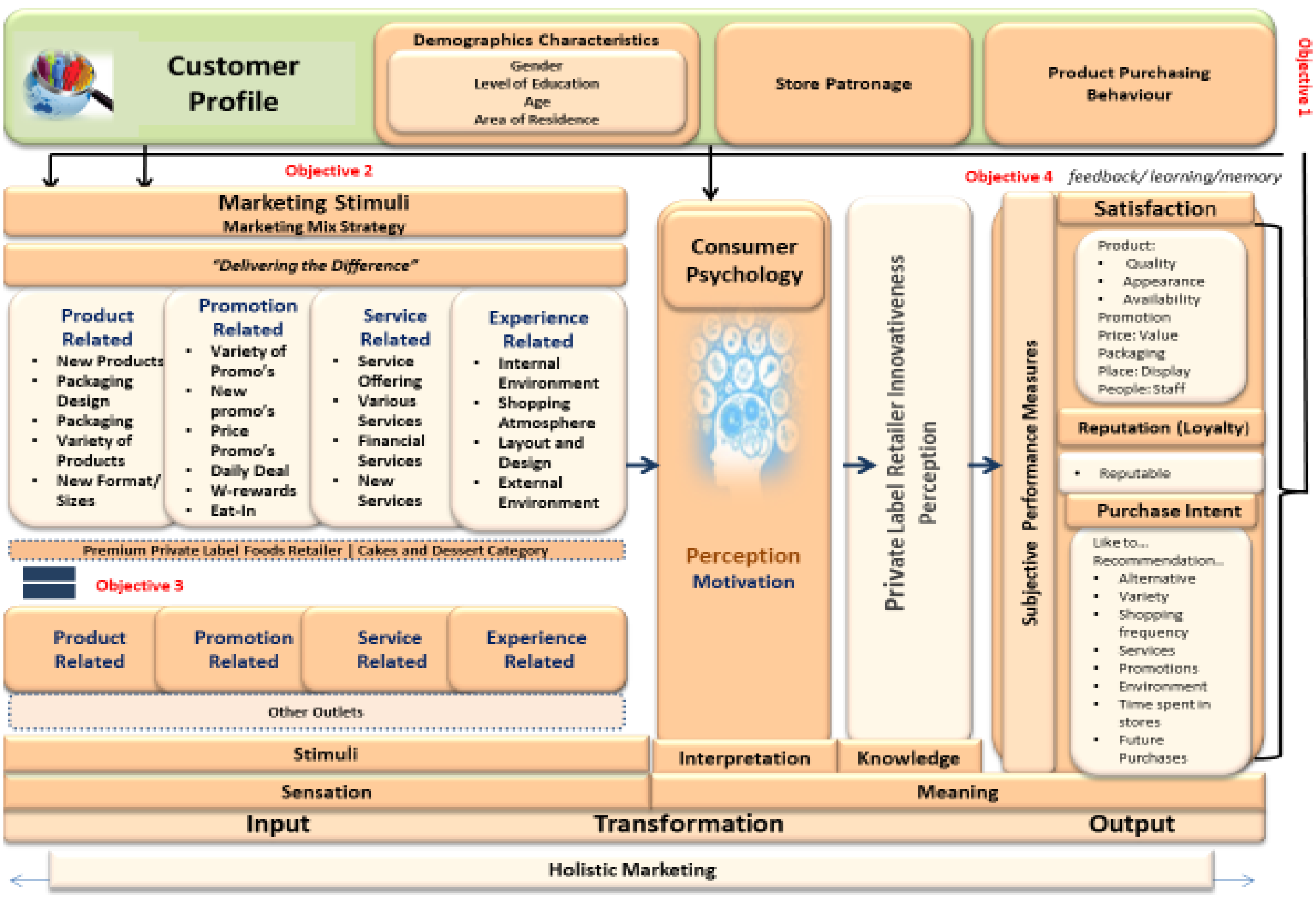


Figure 3.6: Conceptual framework

The conceptual framework indicates multiple influences (**inputs**) on consumers' perception **(transformation)** of the private label food retailers' innovativeness **(output)** as depicted through novel product offerings, innovative services, creative promotions, as well as pleasant shopping experiences. Favourable outcomes (although subjective), i.e. when stores are perceived to be innovative (pioneers in a particular field), enhance consumer satisfaction, boost the reputation of the retailer, and increase purchase intentions. A retailer's performance can therefore not be reduced to measurement of a single performance measure, such as increased sales and financial performance alone (Koschate-Fischer *et al.,* 2014; Hogan *et al.,* 2011; Lin *et al.,* 2009). In Figure 3.7, the conceptual framework is simplified, illustrating the main constructs for this study, which will also be used for the statistical analyses and results discussed in Chapter 5.

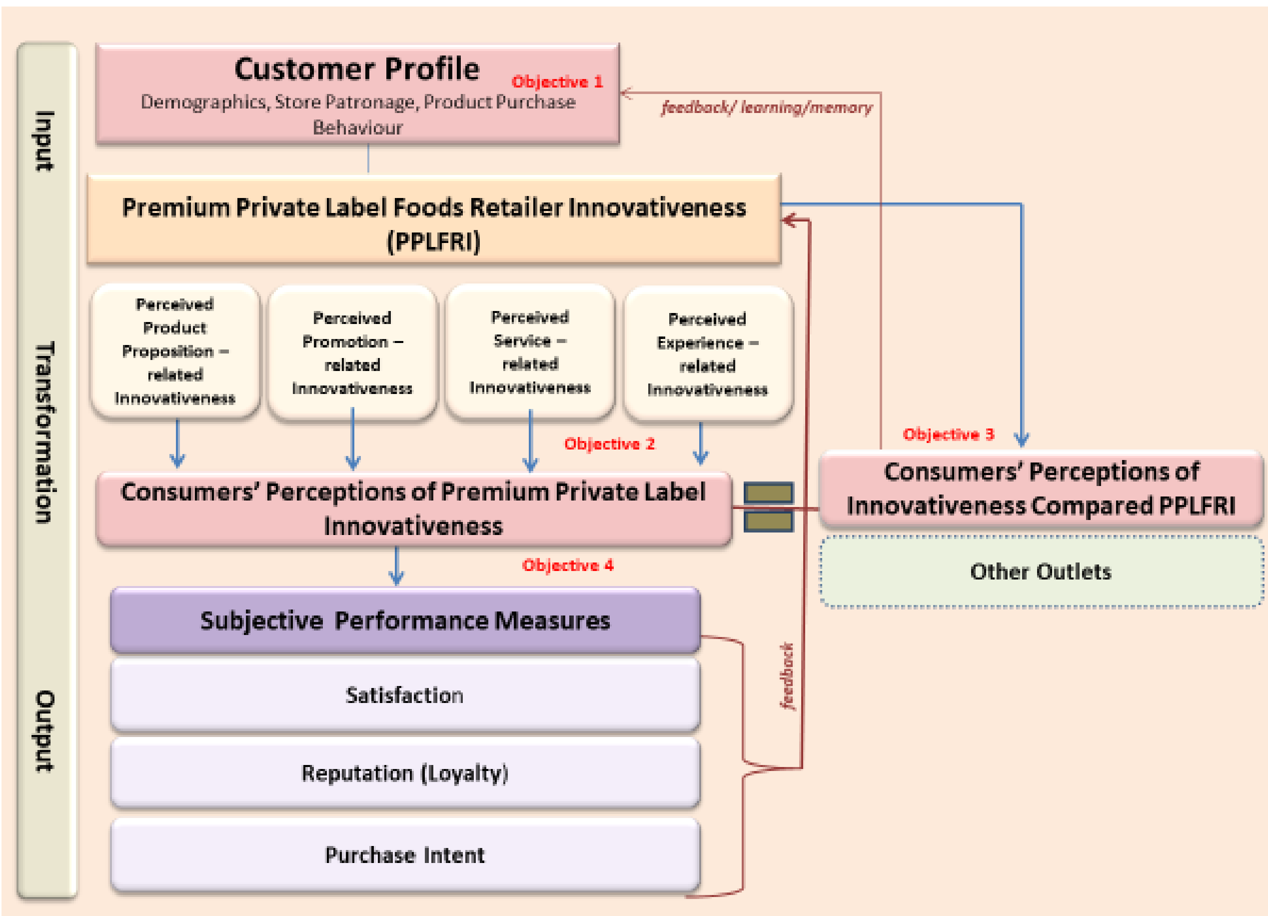


Figure 3.7: Simplified conceptual framework

The conceptual framework integrates all the important constructs according to the objectives for the study, and indicates how these objectives relate to one another in terms of the anticipated outcomes of the study (see Section 3.6). The conceptual framework presented in Figure 3.7 includes the dimensions proposed by Lin (2015) which was used as point of departure for the study. The final dimensions will however be confirmed through exploratory factor analysis (see Chapter 4) as the scale has to date never been used in South Africa. The final conceptual framework that indicates the final dimensions of retailer innovativeness will be included in Chapter 6.

3.6 RESEARCH AIM AND OBJECTIVES

The theoretical and conceptual frameworks discussed in Sections 3.2 to 3.6 directed the formulation of this study's research aims and objectives.

3.6.1 The aim of the study

Empirical evidence supports the positive association between a retailer's ability to innovate and its organisational performance (Grewal *et al.,* 2011; Goldsmith *et al.,* 2001; Brown & Dacin, 1997). The aim of this research study was thus to investigate and describe customers' overall perceptions of innovativeness of a specific division of a selected South African premium private label food retailer (PPLFR) namely Woolworths. The investigation aimed to determine how customers' overall perceptions of the retailer's innovativeness in the bakery division - specifically the cake and dessert section – in terms of product characteristics, promotions, service offering as well as in store-experience contribute to customers' overall perceptions of the retailer's innovativeness.

3.6.2 Research objectives

The following research objectives were developed to delineate the overall aim (see discussion in Section 3.5 and Figure 3.7):

Objective 1: To investigate, record and describe customers' of the selected PPLFR in selected product category in terms of their:

1.1 demographic characteristics

1.2 store patronage and

1.3 product purchase behaviour

Objective 2: To investigate and describe the selected PPLFR customers' overall perceptions of the innovativeness of the retailer in the selected product category and to discriminate differences in terms of the relevant dimensions of innovativeness.

Objective 3: To compare the PPLFR customers' perceptions of the innovativeness (overall as well as in terms of the relevant dimensions of innovativeness) of the selected bakery products with consumers' perceptions of the competitive product offering at other retailers or outlets.

Objective 4: To investigate the relationship between the PPLFR customers' perception of the innovativeness of products in the selected product category and the following performance measures:

4.1 customer satisfaction

4.2 perceived store reputation

4.3 customers' purchase intent

3.7 CONCLUSION

In this chapter, the theoretical frameworks and conceptual underpinnings of this study were described and discussed. Use of the systems theoretical perspective was explained along with relevant consumer behaviour and marketing theory, which directed the design of an initial conceptual framework that also considered the model used by Lin (2015). This model had to be reconceptualised to take the specific dimensions of this study into consideration in a South

African context, and the reconceptualised model incorporates the constructs that are contained in the research aims and objectives for the study.

In the next chapter, the research design and methodology will be presented and discussed.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

This chapter introduces the research design and the methodology that were used to attain and analyse the data for this study.

4.1 INTRODUCTION

The empirical research process consists of three main stages: research planning, research implementation and research reporting (De Vos *et al.,* 2011:134). This chapter provides detail about the research design and methodology, as well as the rationale behind using a quantitative research design (see Section 4.2). The data collection techniques, sampling procedures, selection of participants and data analysis are described in Section 4.3. A discussion follows in Section 4.4 on how the constructs and their associated variables were selected and adapted from the original study Lin (2015; as discussed in Chapter 3). The conceptual model (see Chapter 3.5) specifies all the relevant concepts incorporated in this study. The operationalisation of the constructs is described, measurement scales explicated and data analysis methods indicated. Lastly, measures taken to ensure objectivity, to eliminate error, and to ensure ethical conduct are specified in Sections 4.6 and 4.7 of this chapter.

4.2 RESEARCH STRATEGY AND DESIGN

The broad research aims and objectives were discussed in Chapter 3.7. More specifically, the objective of this study was to gain new insights, to clarify central concepts, as well as to undertake a preliminary investigation, which entails that this is in essence an exploratory study (Mouton, 2012:104; De Vos *et al.,* 2011:87). The research study was empirical in nature, and followed an exploratory, descriptive and correlational approach, using primary data (De Vos *et al.,* 2011:95; Walliman, 2011:13; De Vos *et al.,* 2011:156). Both primary and secondary data were used in this study. Primary data refer to original data that were collected and collated. The primary data were collected by means of an electronic survey in a single phase through a structured self-administered questionnaire (see Section 4.3.2 and Addendum A for the full questionnaire used as research instrument). A structured questionnaire is applicable to this kind of study, because it will result in data that aim to address the specific research objectives in a quantifiable manner. Some secondary data were also used, as available through the Woolworths Customer Insights (WCI) (as recorded from customer card data). Secondary data were integrated in the literature review from reliable sources.

A predominantly positivist approach was taken to obtain quantifiable data with a consequent statistical verification that included quantitative techniques (De Vos *et al.,* 2011:6). The quantitative approach is underpinned positivistically, and followed a deductive logic. A positivist approach is appropriate for this kind of research, because it assumes that observable facts can be studied independently, without undue influence by the research setting and researcher (De Vos *et al.,* 2011:185). The main facets of this study's empirical research design are summarised and illustrated in Figure 4.1.

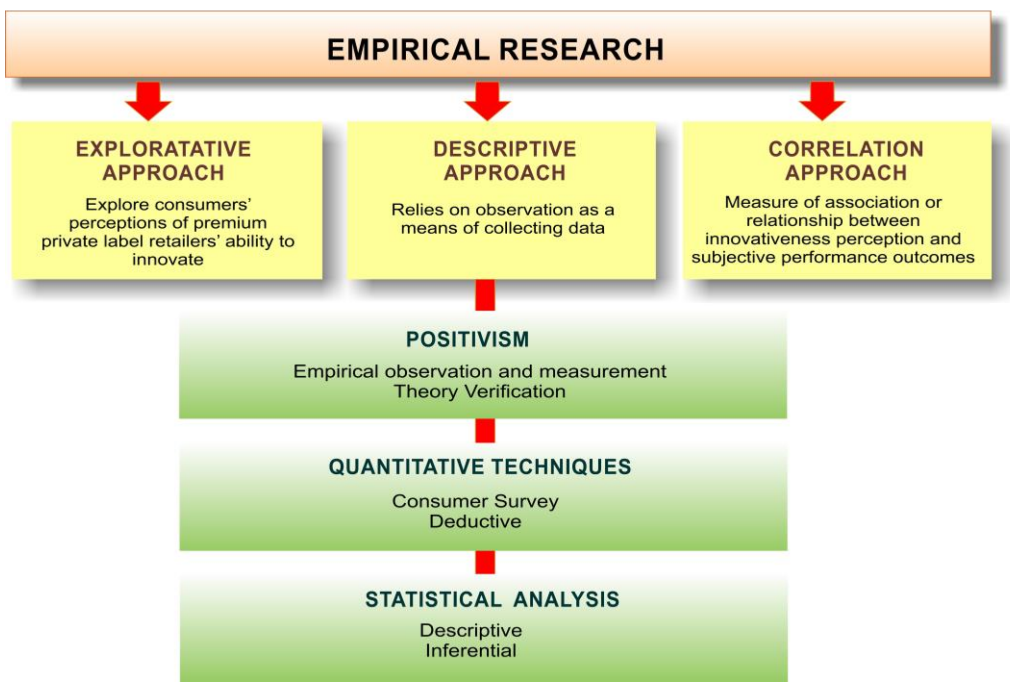


Figure 4.1: Schemata of research design

This study aimed to investigate a selected sample of South African consumers' perceptions of a Premium Private Label Foods Retailer's (PPLFR; Woolworths) ability to innovate, and the relation of the overall perception of innovativeness and subjective marketing performance outcomes. As stated, the research was empirical by nature, addressing a problem in the world we live in (Babbie & Mouton, 2002:75). Empirical research is carried out when investigating a previously uncharted field, such as consumers' perceptions of a selected South African PPLFR's innovativeness; a field that has to date received very little attention. As empirical research involves the collection of data based on authentic experiences or observations (Babbie & Mouton, 2002:27), in order to generate plausible explanations to prove theory, and it stands to reason that a field becomes less empirical the more the field is explored and mastered.

An exploratory approach was followed as limited evidence could be found on the phenomena or topic of research, especially in the context of the South African market (Leedy & Ormrod, 2013:184). This approach enables the researcher to gain sufficient insight and to address the selected phenomena. The purpose of using descriptive research is to understand and describe specific details, such as underlying relationships or a social setting, as it aims to observe the setting and then describe the observations made (De Vos *et al.,* 2011:156). In relation to this study, descriptive research enabled the researcher to describe consumers' understanding of innovation and their perceptions of retailers' ability to be innovative. Descriptive research can be conducted in a longitudinal or cross sectional manner. The research was cross-sectional, as it involved consumer perceptions and judgements, pertaining to a specific premium private food retailer within a definite context at a given time (Kumar, 2011:156; Cooper & Schindler, 2006:287). A correlation study measures the association of or the relationship between phenomena or variables (Leedy & Ormrod, 2013:185; Walliman, 2011:13). This study investigated the relationship between consumers' overall perception of retailer innovativeness with three subjective performance outcomes (see Chapter 3.5). The methodology followed in line with the objectives set for this study will now be discussed.

4.3 METHODOLOGY

This section provides a discussion of the sampling techniques used, measuring instrument distributed, data collected, and process of data analysis followed.

4.3.1 Sampling method and sampling size

A sample is a subsection of the population that the researcher wants to study, and sampling is a necessary process to follow to enable data collection in a way that ensures that the sample size and characteristics is representative of the research population (Salkind, 2012:95; De Vos *et al.,* 2011:223). The unit of analysis for this study was South African residents (i.e. respondents) with personal shopping experience with cakes and desserts at a specific premium private label foods retailer, Woolworths. The sample design development was done in line with recommendations made by Walliman (2011:185) and De Vos *et al*., (2011:223) to ensure that statistically significant results could be obtained; thus, a larger, representative sample size was selected (see discussion below). To ensure that sample selection was representative of a population and to guarantee optimal respondent accessibility, the researcher opted, with permission from the retailer, to work with an external research consultant, who has an existing and up-to-date database of the retailer's current customers.

For the purpose of this study respondents were selected by means of a systematic sampling procedure (Cresswell, 2014:157), utilising a list of a names from the consultant's database. The consultant was instructed to choose a random starting point on the list, and to select potential respondents at predetermined intervals. The intervals were determined by the number of potential respondents on the database at the time of the research and the number of respondents to be selected for the purpose of this research study (Cresswell, 2014:158; Salkind, 2012:105). A statistician was consulted to guide the eventual size of the sample, keeping in mind that the sample size had to be large enough to represent the research population, as well as the subgroups in the population to prevent bias. Subject to the recommendation of the statistician, the initial sample size was set at 350 in order to increase the reliability and limit any biased generalisation, allowing for a margin of error of 5%, confidence error of 90% (Cresswell, 2014:159). The initial sample size was increased by 40% to allow for non-responses (rate of return as advised by the external consultant). Suitable respondents were contacted per mail and invited to participate in the study. Participation was voluntary, and respondents received a link to follow up on acceptance of the invitation. As the survey was completed electronically, the respondents were prompted to complete compulsory questions in order to submit a fully completed questionnaire.

The unit of analysis (respondents as sample population) for this study can thus be characterised as follows: Woolworths customers, residing in South Africa, on the retailer's database, who were between the ages of 18 and 75 years, and who had personally purchased any refrigerated or non-refrigerated cake and desserts items in the bakery isle at any of the premium private retailer's stores during the last six months. As the questionnaire was a self-administered electronic survey, the respondents had to have a comprehensive understanding of English (the provided questionnaire was only in English to prevent ambiguous interpretations), and had to have access to the internet. Data collection was done in October 2016, and 627 useful questionnaires were retrieved. Respondents were clustered into three regions on completion of their survey. These regions reflected the PPLFR's operational regions and were used as an extra guide to ensure that the sample was a representative.

The findings in this survey were based on responses of customers of the selected retailer, specifically those with internet access across South Africa. While an online survey methodology allows for good scale and national reach, it provides a perspective only on the habits of an existing customer base, not the total SA population

4.3.2 Measuring instrument

A reliable measurement instrument should be a precise gauge of what the researcher anticipates to measure and should be easy and efficient to use (Leedy & Ormrod, 2013:215). A structured self-administered electronic questionnaire was constructed to serve as the main instrument to collect primary data (see Addendum A). The concepts that were measured by means of the measuring instrument were designed and tested in a recent study that was conducted in Taiwan

(Lin, 2015). Following a comprehensive study of existing research, the instrument was slightly adapted to reflect the topic of investigation and the context of the study. In contrast to the study conducted in Taiwan, the selected retailer is a "proudly private label" company and as such any new or innovative products in the selected category is marketed under the retailer's own brand. The indicators in Lin's study referring to "*new private brand, various PLB and innovative PLB products*" were replaced with indicators relating to innovative product packaging, design and format (Isacson, 2017). The dimension, Perceived promotion-related innovativeness consisted of three indicators; promotion mix, price promotions and variety of promotions. Instead of referring to "promotion mix" the wording was changed to "variety of promotions; "price promotions" were split to refer to the relevant price promotions i.e. Daily Deal, W-rewards and Eat-in promotions. "Variety of promotions" was retained.

The last construct; Perceived experience-related innovativeness, only consisted of two indicators namely new environment and shopping atmosphere. In consultation with the statistician and to limit statistical errors, the dimension "new environment" was separated to distinguish between "internal and external environment" (Levy, 2009), and an additional dimension namely "layout and design" were added (Freeman *et al.,* 2011). The questionnaire was created electronically using *Qualtrics*, an on-line survey software tool (Qualtrics, Provo, UT).

The purpose of the study was introduced in an e-mail to all willing respondents (see Addendum B). The introductory part of the questionnaire included a short explanation of the purpose of the study, confirming respondents' anonymity as well as instructions for completion. Likert-type scales were used, because they are popular in research, are easy to prepare, and simple for respondents to interpret and complete (Hair *et al.,* 2010:329; Kumar, 2011:206). Although existing scales were used, all scale items were scrutinised, to ensure that the measurement applied to the South African context, and reflected on the focus of this specific study namely consumers' perceptions and premium private retailer innovativeness.

As stated, the structured questionnaire used for the survey reflected the objectives of the study (see Chapters 1 and 3).The questionnaire comprised of four sections (see Addendum A):

Section A: *Customer demographics, store patronage- and product purchasing behaviour.* Questions pertaining to gender, level of education, age and household composition were included, as well questions about store patronage. A question requesting the respondent to rate the importance of factors that affected their store selection was also included. The cake and dessert sub-categories that consumers purchased, as well as the frequency of the purchase, had to be selected on a 4-point Likert-type scale between 1 (*Not at all) ,* 2 *(Occasionally),* 3 *(Frequently) and* 4 *(On promotion only*).

Section B: Consumers' perceptions of the innovativeness of the selected premium private label foods retailer

This section contained two questions that required respondents to rate the level of innovation related to product, promotion, store experience and service on a 5-point Likert-type scale between 1(*Not at all innovative)* and 5*(Extremely innovative*). Their responses were based on previous shopping experiences at the selected premium private label foods retailer. Respondents also had to indicate any other outlets from where they might purchase product equivalents. The scale used in the original study (Lin, 2015) contained 18 items. On consultation with the statistician and literature, four additional items were added. The original scale dimensions were retained, namely, product related innovativeness, promotion related innovativeness (including three additional items that specifically related to promotional activity), service related innovation, and experience related innovation (one item was added to differentiate between store exterior and interior).

Section C: Consumers' perception of the innovativeness of other outlets

In this section, the two questions asked in Section B were repeated, but respondents now had to indicate their perceptions of the level of innovation of the most frequented outlet – other than the premium private label retailer – where they purchased equivalent bakery products from time to time. The question also contained eight innovative product descriptors that had to be rated on an *agreement* scale to gain a better understanding of how the respondents (consumers) related to the term *innovative products*.

Section D: Subjective performance outcomes

Respondents were asked to indicate their level of satisfaction, as well as their thoughts on brand reputation and future intent to purchase food products using a 7-increment Likert-type *Agreement* scale. As indicated by Lin (2015; also see Chapter 3), a retailers' organisational performance cannot be assessed by a single performance measure, and should not only include financial performance, but broader performance (marketing) measures such as customer satisfaction, purchase behaviour and word-of-mouth (Grewal *et al.,* 2011; Homburg *et al.,* 2002). All constructs of organisational performance were measured using a 7-point Likert-type *Agreement* scale ranging from (1) *strongly disagree* to (7) *strongly agree*. In terms of *customers' satisfaction,* Lin's (2015) single measure was used, whereas *reputation* was measured through two statements. *Purchase intention* was measured in terms of nine items.

Table 4.1 provides a brief overview of the compilation of the questionnaire in terms of sections, questions and selected scales used.

Table 4.1: Questionnaire structure matrix

Section	Focus	Questions	Scale	Scale increments	Statistical analysis
Section 1	Customer demographics	1-6	Self-designed		Descriptive Statistics Frequency Percentages
	Store selection and patronage	7,8	All items self-designed based on literature Frequency scale (Brunner & Hensel, 2005)	4-point frequency scale 1=Daily 2=2-3 times weekly 3= Monthly 4=Special occasions only	
	Aspects affecting store selection	9	Self-designed based on literature	Importance rating 10 point sliding scale 0= not at all important 10= extremely important 3-point frequency scale 1=not at all 2=occasionally 3=frequently	
	Market store exposure	10	Self-designed	4-point frequency scale 1= not at all 2=occasionally 3=frequently	

Section	Focus	Questions	Scale	Scale increments	Statistical analysis
	Product selection	11	Self-designed Product categories grouped using images to identify and descriptors classifying the categories		
Section 2 (Continues)	Consumers' perceptions of the selected premium private foods retailer's innovativeness	12, 13	Items were adapted from Lin (2015), based on literature (Zolfgharian & Paswan, 2009)	5-point Likert-type scale 1=not at all innovative - 5=extremely innovative	Items were analysed in terms of: Cronbach Alpha, Exploratory factor analysis, t-tests, ANOVA and relevant post ad-hoc tests
Section 3	Defining other outlets & frequency of patronage Consumers' perceptions of innovativeness of other outlets frequented to purchase product equivalents Descriptions defining innovative products	14 15,16 17	Self-designed Items were adapted from Lin (2015), based on literature (Zolfgharian & Paswan, 2009) Self-designed based on literature	4-point frequency scale 1= Daily 2=2-3 times weekly 3= Monthly 4=Special occasions only As for section 2 10-point sliding scale 0=Completely disagree 10=Fully agree	Descriptive Statistics Expressed in terms of mean of significant differences ANOVA, t-test and subsequent post ad-hoc tests Descriptive statistics
Section 4	Subjective performance outcomes Customer satisfaction Purchase intent Reputation	 18 19	Items were adapted from Lin (2015) based on literature. (Grewal *et al.*, 2011) (Hogan *et al.*, 2011) (Brunner & Hensel, 2005)	7 point Likert-type scales 1= not at all satisfied 7=extremely satisfied 1= do not agree 7 = totally agree	Correlation to enable gap analysis of the various dimension expressed in terms of variables. Items analysed in terms of significant mean differences (ANOVA, T-test, relevant post ad-hoc tests

Section	Focus	Questions	Scale	Scale increments	Statistical analysis
			(Speed & Thompson, 2000) (Bagozzi & Lee, 1999)		

4.3.4 Pre-testing of the measuring instrument

Pre-testing is conducted as a measure to detect any defect, ambiguous wording, and any other technical problem that might be encountered when using an electronic data collection instrument, which could affect the quality of the data. Because the questionnaire in its final form had never been used in South Africa, it had to be pre-tested to enhance the quality of the data (De Vos *et al.,* 2011:195). The questionnaire was distributed to 27 respondents, which matched the sample criteria and included experts in the field of marketing and consumer studies. The pre-test also assisted to determine the time required to complete the questionnaire, which was needed to clarify the instructions shared in the final invitation to respondents (Cooper & Schindler, 2006:56). Upon return of respondents' comments, two questions that seemed very similar were combined. Slight adaptation to the wording of another question was made to ease completion on all mobile devices.

4.3.5 Data collection

As stated, Qualtrics was used to gather primary data and data collection was facilitated by an independent research consultant who used an existing customer database to identify individuals willing to participate in the study. The customer panel of the selected retailer currently consists of approximately 180 000 customers who voluntarily participate in online research from time to time. Respondents' participation is always voluntary, and in general the response rate is very good (80%). The panel is transitory, with about 12% joining each month and 12% withdrawing. No panel member receives more than four surveys per year. Panel members sign a pledge with the independent research consultant, and surveys are anonymous. Information relative to life-stage, shopping frequency, age group, LSM etc. are available to assist with the pre-selection of the sample. Although the potential respondents were pre-screened, Section A of the questionnaire included a screening question to confirm that a respondent was eligible to continue with the questionnaire. The potential respondents received an invitation to participate in the study, once they had accepted the invitation the survey link was send to them. Due the quick and sufficient number of responses, it was not necessary to send a reminder to the respondents to complete the questionnaire within the given timeframe (1 week). The data collection was solicited in October 2016 and 628 completed questionnaires accumulated for data analysis..

4.4 OPERATIONALISATION AND STATISTICAL ANALYSES

All the constructs included in the conceptual framework (see Chapter 3.5), and therefore in the investigation, are conceptual variables of research that were operationalised beforehand to guide the subsequent statistical analyses and interpretations. Conceptual definitions are transformed into empirical measures that ensure the validity and reliability of the research instrument (De Vos *et al.,* 2011:186; Walliman, 2011:96).

The operationalisation tables are presented in Tables 4.2 to 4.5. They clearly distinguish relevant objectives and the anticipated statistical procedures.

Table 4.2: Operationalisation Objective 1

Section A: Objective 1. To investigate record and describe patrons of the selected PPLFR in the selected product category in terms of their: 1.1 demographic characteristics, 1.2 store patronage and 1.3 product purchase behaviour.				
Construct	**Dimensions**	**Indicators**	**Items**	**Measure & Scales**
	Demographics	Gender Level of education Age Area of Residence Household Size (adults & dependents	Male/Female Highest level of education 18 years – 75 years Town, Suburb Adults Children	• Descriptive statistics • Frequency percentages
	Store Patronage and Product Purchasing Behaviour	Shopping Frequency	How often do you shop at a Woolworths Foods Store? How often do you purchase Woolworths sweet baked items (like muffins, cupcakes & cakes) and/ or desserts (excluding ice cream)?	• 4 point scale: 1(Daily), 2 (2-3 times per week), 3 (Monthly), 4 (Special occasions only) • Descriptive statistics, i.e. percentages, frequencies
		Shopping basket frequency	Mousse Desserts and or Custard Refrigerated Mousse or Cream Cakes Pies and Tarts Warm-eating puddings i.e. Malva Pudding/Toffee Pudding Individual Desserts Muffins or Cupcakes Cakes & Bar Cakes Refrigerated desserts Teatime items i.e. Custard Slices, Macarons, Koeksisters, Cake Slices Christmas Desserts	• 4 point Likert-type scale: 1 (not at all), 2 (occasionally, 3 (frequently), 4 (only when on promotion) • Descriptive statistics, i.e. percentages, frequencies
		Shop(Store) Selection	Convenience factor Store image Level of service experienced Store layout and design Display of the cake and dessert products in the fridge Fresh in-store counters i.e. bakery, fishmonger, and butchery Baked products available from the Woolworths Cafe Counter Product range available in the specific store (variety of the products available) Location of the store Display of the bakery and dessert products on the shelves (non-refrigerated)	• Rate the reasons for shopping at your preferred stores from 0 (not important at all) to 10 (most important)

Table 4.3: Operationalisation Objective 2

<table>
<tr><td colspan="5">Section B: Objective 2
To investigate and describe the selected PPLFR customers’ overall perceptions of the innovativeness of the retailer in the selected product category, and to discriminate differences in terms of the relevant dimensions of innovativeness.</td></tr>
<tr><th>Construct</th><th>Dimensions</th><th>Indicators</th><th>Items</th><th>Measure & Scales</th></tr>
<tr><td rowspan="4">Perceived Private Label Retailer Innovativeness</td><td>Perceived product related innovativeness</td><td>New products
Packaging design
Packaging
Variety of products
New format/ sizes</td><td>- They offer NEW cake and dessert products that are …
- The cakes and dessert PACKAGING DESIGN is …
- The PACKAGING of the cake and dessert items is …
- The VARIETY of refrigerated cake products is ...
- The VARIETY of dessert products is ...
- The VARIETY of non-refrigerated cake products is …
- They offer cake and dessert items in SIZES that are ...</td><td rowspan="4">• Descriptive statistics

• 5 point Likert-type scale between 1 (not at all innovative) and 5 (extremely innovative) Scale adapted from Lin (2015); and Zolfagharian & Paswan (2009)

• Exploratory Factor Analysis (EFA) to assess the factor structure of the scales to determine the validity and reliability of the scale.

○ Calculation of Cronbach Alpha
○ Means
○ Standard deviation (SD)
○ T-tests</td></tr>
<tr><td>Perceived promotion related innovativeness</td><td>Variety of promotions
New Promotions
Price Promotions
Daily Deal
W-rewards
Eat-In</td><td>- The VARIETY of promotions is ...
- They offer NEW promotions that are ...
- The cakes and desserts featured in the “DAILY DEAL” promotions are ...
- The “W-REWARDS” Card Promotions are ...
- The cake and desserts “EAT IN” Promotions are ...</td></tr>
<tr><td>Perceived service related innovativeness</td><td>Service Offering
Various Services
Financial Services
New Services</td><td>- Compared to other retailers their SERVICE OFFERING is ...
- They offer a VARIETY of services that are ...
- The FINANCIAL service- related products are ...
- They offer NEW in-store services that are ...</td></tr>
<tr><td>Perceived experience related innovativeness</td><td>Internal environment
Shopping atmosphere
Layout and design
External Environment</td><td>- The ENVIRONMENT INSIDE the store is ...
- The shopping ATMOSPHERE created in the bakery section is ...
- The LAYOUT of the different cake and desserts sections are ...
- The way the checkout counters are DESIGNED is ...
- The ENVIRONMENT before entering the store is ...</td></tr>
</table>

Table 4.4: Operationalisation Objective 3

Sections B and C: Objective 3.
To compare PPLFR customers' perceptions of the innovativeness (overall as well as in terms of the relevant dimensions of innovativeness) of the selected bakery products with customer's perceptions of the competitive product offering at other retailers or outlets.
Other Outlets: Other retailers, Speciality bakeries, Deli's, Private individuals, Home industries.

Construct	Dimensions	Indicators	Items	Measure & Scales
Perceived Private Label Retailer Innovativeness	**Perceived product related innovativeness**	New products Packaging Design Packaging Variety of products New format/sizes	- They offer NEW cake and dessert products that are … - The cakes and dessert PACKAGING DESIGN is … - The PACKAGING of the cake and dessert items is … - The VARIETY of refrigerated cake products is … - The VARIETY of dessert products is … - The VARIETY of non-refrigerated cake products is … - They offer cake and dessert items in SIZES that are …	• Descriptive statistics: frequencies, %, means • 5 point Likert-type scale between 1 (*not at all innovative*) and 5 (*extremely innovative*) • Expressed in terms of mean of significant differences • ANOVA, t-test and subsequent post ad-hoc tests
	Perceived promotion related innovativeness	Variety of promotions New Promotions Price Promotions Daily Deal W-rewards Eat-In	- The VARIETY of promotions is … - They offer NEW promotions that are … - The cakes and desserts featured in the "DAILY DEAL" promotions are … - The "W-REWARDS" Card Promotions are … - The cake and desserts "EAT IN" Promotions are …	
	Perceived Service Related Innovativeness	Service Offering Various Services Financial Services New Services	- Compared to other retailers their SERVICE OFFERING is … - They offer a VARIETY of services that are … - The FINANCIAL service- related products are … - They offer NEW in-store services that are …	
	Perceived experience related innovativeness	Internal environment Shopping atmosphere Layout and design External Environment	- The ENVIRONMENT INSIDE the store is … - The shopping ATMOSPHERE created in the bakery section is … - The LAYOUT of the different cake and desserts sections are … - The way the checkout counters are DESIGNED is … - The ENVIRONMENT before entering the store is …	

Table 4.5: Operationalisation Objective 4

<table>
<tr><td colspan="5">Section D: Objective 4
To investigate the relationship between PPLFR customers' perception of the innovativeness of products in the selected product category and the following performance measures:
4.1 customer satisfaction; 4.2 perceived store reputation; 4.3 purchase intent.</td></tr>
<tr><th>Construct</th><th>Dimensions</th><th>Indicators</th><th>Items</th><th>Measure & Scales</th></tr>
<tr><td rowspan="3">Subjective Performance measures</td><td>Satisfaction</td><td>Product: quality
Product: appearance
Product: availability
Promotion
Price: Value
Packaging
Place: Display
People: Staff</td><td>- I am satisfied with the QUALITY of the cake and dessert items
- I am satisfied with the visual APPEARANCE of the cake and dessert items
- I am satisfied with the AVAILABILITY of the cake and dessert items in store
- I am satisfied with the cake and dessert PROMOTIONAL offers
- I am satisfied with the VALUE of the products compared to the price paid
- I am satisfied with the PACKAGING of the cake and dessert items
- I am satisfied with the DISPLAY of the cake and dessert items in the bakery isle
- I am satisfied with the assistance from STAFF when required</td><td>• 7-point Likert-type scale, adapted from Grewal et al., (2011); and Hogan et al., (2011), between 1 (not at all satisfied) and 7 (extremely satisfied).
• Correlation to indicate the relation between consumers perceptions and the consumer behaviour/ outcome
Pearson's correlation coefficient
• Items analysed in terms of significant mean differences (ANOVA, T-test, relevant post ad-hoc tests)</td></tr>
<tr><td>Perceived Store Reputation</td><td>Reputable</td><td>- I think that Woolworths Foods has a good REPUTATION
- Generally speaking Woolworths Foods is a REPUTABLE retailer</td><td>The same as for purchase intent</td></tr>
<tr><td>Purchase Intent</td><td>Like to
Recommendation…

Alternative
Variety
Shopping frequency
Services
Promotions
Environment
Time spent in store
Future purchases</td><td>- I LIKE TO shop at Woolworths Foods
- I will RECOMMEND Woolworths Foods to my friends and colleagues
- I will not search for OTHER retailers to do my shopping at
- I would be more likely to purchase a BIGGER VARIETY of products from Woolworths Foods as a result of more innovative products
- I would be more likely to increase my shopping FREQUENCY as a result of more innovative services
- I would be more likely to increase my shopping FREQUENCY as a result of more innovative promotions
- I would be more likely to increase my shopping FREQUENCY as a result of a more innovative store environment
- I would like to spend MORE TIME buying products from Woolworths Foods
- I would like to buy products from Woolworths Foods in the FUTURE</td><td>• 7 point Likert-type scale (1 being do not agree and 7 totally agree), adapted from Lin (2015)(Brunner & Hensel, 2005); and (Speed & Thompson, 2000); and (Bagozzi & Lee, 1999)
• Correlation to indicate the relation between consumers perceptions and the consumer behaviour/ outcome
Pearson's correlation coefficient
• Items analysed in terms of significant mean differences (ANOVA, T-test, relevant post ad-hoc tests)</td></tr>
</table>

4.5 DATA ANALYSIS

Data analysis requires the application of thought to understand and interpret the sets of data that were collected to meet the purpose of the study. Suitable techniques for analysis are generally dictated by the nature of the data, the research design, and the researcher's information requirements (De Vos *et al.,* 2011:133; Zikmund & Babin, 2007:76). The data were captured and coded electronically into a manageable spreadsheet format, and exported using the *Statistical Package for the Social Sciences* (SPSS 13-22, IBM Corp, 2012). Next, the data were analysed with the assistance of a statistician, who helped to implement the appropriate statistical tests, and to reach formulated conclusions regarding the research problem and the relationships as set out in the conceptual framework (Leedy & Ormrod, 2013:184; Zikmund & Babin, 2007:93).

Descriptive methods are used to discuss findings that are applicable to the sample collected, whereas inferential methods enable one to test the findings as generalisable to the research population. In this study, both descriptive and inferential analyses were appropriate. As recommended by the literature (De Vos *et al.,* 2011:252), the data were analysed using descriptive and inferential statistics, which translate the qualitative data into necessary information to facilitate the objective interpretation thereof, as required to address the predefined objectives. The statistician furthermore determined the most suitable statistical methods for analysing and interpreting the data. The resulting information was presented visually using graphs and tables of numeric measurements, frequencies, percentages, means, and standard deviations, which provided the basis for the descriptive and inferential analyses. These results will be discussed in Chapter 5.

4.5.1 Statistical analysis

Descriptive statistics provide a method of quantifying the characteristics of the data; all these measures have their own characteristics and applications, and were chosen with regard to the data analysed after careful consultation with the statistician (Walliman, 2011:213). Descriptive statistics were used to present the primary data by means of frequencies, percentages, means, and standard deviations. First, descriptive statistics allows one to get an overview of the data, enable the creation of a demographic sample profile, and can be used to gain insight into drivers for store selection and current purchasing behaviour, as it relates to cake and desserts items purchased from the selected PPLFR.

As part of the exploratory-based statistics, exploratory factor analysis was used, which yielded additional descriptive statistics (Tashakkori & Teddlie, 2010:399). Exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) are two of the main factor analysis techniques, and EFA is one of the most widely used statistical techniques in the social sciences (Tredoux & Durrheim, 2006:289; Costello & Osborne, 2005). Used in a similar study by Du Plessis (2015:61), the difference between EFA and CFA can be summarised as follows (also see Yong & Pearce, 2013):

- Exploratory factor analysis attempts to uncover complex patterns by exploring the dataset and to test predictions, while CFA confirms hypotheses and makes use of path analysis diagrams to present variables and factors.

Lin (2015) made use of *CFA,* and even though Lin's model was used as a starting point for this study, the context and scope of the two studies differ. EFA was used in this study, utilising the technique to ensure that the relatable variables (items) within the matrix were grouped together to represent related, underlying factors, and thus reducing the number of variables needed to explain the matrix (Salkind, 2012:191). It enables the researcher to summarise the data, so that the relationships and patterns can be interpreted and understood. EFA thus attempts to uncover complex patterns by exploring the dataset and reducing the information to manageable information that relates to the test variable (Laerd Statistics, 2015).The resulting variables computed by EFA represent specific constructs or factors. The factor scores may then be utilised as dependent variables that are then provided a name by the researcher. This name represents a specific construct. Salkind (2012:191) explains this as follows:

- For example, rather than dealing with the variables eye contact, touching, and verbalising (all of which are somewhat related), you can deal with the one construct called Attachment.

By using EFA, underlying dimensions between measured variables and concealed constructs are established, allowing for the enhancement of theory (Williams *et al*., 2012). In this study, EFA (Principal Axis Factoring fitting model, and Oblimin rotation with Kaiser Normalisation) was specifically applied to test the underlying structure of the dimensions contained in Objectives 2 and 3 (see Tables 4-3 and 4-4), which determines the underlying factors associated with the PPLFR customers' perceptions of the innovativeness of the retailer's bakery products in the selected category. The results of the EFA generated two factor scores (i.e. two independent variables or predictors) based on the dimensions related to PPLFR customers' perceptions of the innovativeness of the retailer's bakery products in the selected category. These two variables were subsequently used in the inferential statistics. To test the reliability and validity of the proposed measures, Cronbach's alpha scores were calculated.

4.5.2 Inferential analysis

Inferential statistics goes beyond describing the characteristics of the data and the examination of correlations between variables (Walliman, 2011:123). Using inferential statistics the researcher can make inferences from the data about populations based on the sample population, to more general conditions. The main purpose of inferential statistical analysis is to enable the researcher to identify and quantify correlations between variables (Walliman, 2011:213), thereby enabling interpretation in order to study and test the relations of the research variables and ultimately draw conclusions. The inferential statistics used in this study are t-tests, ANOVAs, and linear regressions. These tests also generate alpha or p values, which are used to assess statistical significance ($p \leq 0.05$), and can be defined as "the probability under a specified statistical model that a statistical summary of the data (for example, the sample mean difference between two compared groups) would be equal to or more extreme than its observed value" (Wasserstein & Lazar, 2016:129).

4.5.2.1 Data analysis: T-tests and ANOVA

T-tests and ANOVAs are statistical tests used for hypothesis testing, which enables the researcher to choose between a null hypothesis and test hypothesis. Two types of hypothesis tests are used in this study, namely t-tests and ANOVAs.

T-tests examine whether the means of two groups are statistically significantly different from each other or whether the difference between them is due to chance. The type of t-test used depends on the types of sample groups. T-tests are used to determine the population difference from the sample data i.e. to determine whether the means of two samples are significantly different to conclude that they are in fact drawn from two distinct populations. It is appropriate when data comply with the assumptions of normality, homogeneity of variance and independence (Tredoux & Durrheim, 2006:143). In this study, independent samples t-test were used, which compare “the significance of the difference between two means based on two independent, unrelated groups. This refers to, two different groups, such as males and females” (Salkind, 2011:184). To detect possible significant differences between the demographic groups within the two comparative dimensions, t-tests were performed.

The basic difference between t-tests and ANOVAs is that ANOVA allows the researcher to test the difference between the variance of means of more than two groups of subjects and the influence of one or more than one dependable variable (one-way or two-way). In the case where more than two variables exist, the examination will not be to test for a difference but rather for a set of possible differences; in this case, instead of testing for a difference between two means, the test will be conducted to test for variance between the means. A significant effect is present in the data when at least one of the possible comparisons between group means is significant (Williams *et al.,* 2012:255). ANOVA means “Analysis of Variance”. Like t-tests, ANOVA tests do not indicate which groups differ significantly. Therefore, to determine which groups differ, further statistical analyses and Post Hoc tests must be done and can be added to the ANOVA procedure in SPSS (Modlin, 2012). In this study, one-way ANOVAs were used, which require one categorical variable as the independent variable that consists of two or more groups (such as

Region, with Western Cape, Gauteng and KwaZulu-Natal as groups). The dependent variable must be a continuous variable. The F score is also an important statistic computed in ANOVA, which measures "the between group variance divided by the within group variance" (also known as the model variance/error variance). If the F score equals 1, then the between and the within group variances are equal. Therefore, for the F score to be statistically significant, it must be larger than 1, which means that "the between group variance should be considerably larger than the within group variance". ANOVAs are also generated in the linear regression tests, and indicate how the regression equation accounts for variability in the response variable.

4.5.2.2 Linear regressions

Where t-tests and ANOVAs compare the *differences* between groups on one or more variables, regressions examine the *relationships* between two or more variables. For this study, step-wise multiple linear regressions were done in SPSS. To allow the researcher to interpret the correlation or strength of the linear relationship between two variables, correlation matrices (showing Pearson's r) were generated. For example, Pearson's correlations were used for the main operational variables of the study. Both regressions and correlation analyse linear relationships between quantitative variables, where the strength, direction, and significance of the linear relationship between the variables are measured (Modlin, 2012). According to Underhill and Bradfield (2000:275), correlations assist in examining whether there is a relationship between the variables, while regressions enable the researcher to "predict values for one variable, given particular values for the other variable(s)".

The Correlation Coefficient (Pearson's r) measures the strength of a correlation relationship, and the value ranges from -1 to 1. A weaker linear relation between two variables is expressed by a value closer to 0, while values closer to -1 or 1 show stronger linear associations (a positive value indicates a positive linear association between the variables, while a negative value indicates a negative linear association). A significance value is also generated, which indicates whether the correlation shows statistical significance for the linear relationship between the two variables. Correlations do not entail causation, because they only indicate strength of relationships.

Therefore, the beta coefficient results of the linear regression should also be considered, because regression allows the researcher to move from association towards prediction, where one variable can be a stronger predictor than others. The stepwise method indicates which variables were included in the model at each step, and shows the best predictor. To interpret the results, the R-squares (indicating the amount of variance), ANOVAs, and beta coefficients were used. Graphs and tables were used to present the results visually.

4.6 VALIDITY AND RELIABILITY OF THE DATA

Quality research, with outcomes and data that are reliable and valid, should be the aim of any researcher as it impacts the overall success of and publishability of the results. In order for the research to display precise and accurate data, the research study should be valid as well as reliable and the best approximation of the truth (Leedy & Ormrod, 2013:250; Mouton, 2012:110). A researcher therefore continuously has to consider all the elements of validity of the study. The following was done to limit errors that might impede the validity and reliability of data.

4.6.1 Validity

Validity refers to the ability of an instrument to measure exactly what it intends to measure (Leedy & Ormrod, 2013:101; Salkind, 2012:123). It can also be described as the accuracy of a measure or the extent to which a score will truthfully represent the concept (Zikmund & Babin, 2007:250). Two types of validity are relevant to this study, namely *theoretical validity* and *measurement validity* (Leedy & Ormrod, 2013: 101).

4.6.1.1 Theoretical validity (Conceptualisation)

Concepts are the primary building blocks of scientific knowledge and it is therefore important to clarify the key concepts of the study, as well as the relevance between the concepts (Mouton, 2012:109). Theoretical validity is ensured by means of a thorough literature review, which presents clear and objective definitions of relevant concepts. The researcher compiled a thorough literature review, as presented in Chapters 2 and 3. A conceptual framework was subsequently designed to define and direct the research process, and to indicate the relationships amongst various constructs based on the relevant literature, as well as the theoretical perspectives and the objectives for the study (see Chapter 3.5).

4.6.1.2 Measurement validity

Measurement validity can be divided into three sub categories, namely content-, construct- and face validity. Overall, measurement validity was guaranteed using conversational language to avoid complexity. This was ensured through a pre-testing of the questionnaire (as discussed in Section 4.3.4) (Leedy & Ormrod, 2013:89).

Content validity was established by checking that the scales logically reflect the concepts being measured (Mouton, 2012:112). All the main concepts, their dimensions, and indicators were therefore carefully identified and verified in accordance with literature to guarantee representation in the questionnaire.

Construct validity refers to the extent to which a scale index measures the relevant constructs (Mouton, 2012:127). Constructs were clearly defined and confirmed by means of a thorough literature study. Likert-type scales were used as a major means of measurement in the questionnaire, based on its success in similar studies in the past (Lin, 2015; Brunner & Hensel, 2005:320), and its ease of understanding (Salkind, 2012:125). Construct validity will be further assessed by calculating Cronbach's alpha coefficients.

Face validity is concerned with the degree to which the measuring instrument actually measures what it is supposed to. It refers to the link between objectives and the research instrument (Kumar, 2011:180). The questionnaire was also divided into sections to categorise and organise it. Finally, the questionnaire was submitted for evaluation by experts in the consumer science field, to ensure accuracy of measured constructs (De Vos *et al.,* 2011:128).

Criterion validity is accomplished by equating the results of an instrument with an established external criterion that measured the same construct (De Vos *et al.,* 2011:173). In order to attain a high degree of criterion validity, different items were used in each question of the questionnaire to measure the same concept, as well as adapting and testing the scales to accommodate the objectives and the scope of the study (Zikmund & Babin, 2007:250).

Nomological validity of the innovation capability scale was tested by examining the scale's ability to behave as theoretically expected with respect to other constructs (Hair *et al.,* 2010: 378). Extant research has supported the positive association between retailers' innovation capabilities and organisational performance (Lin, 2015; Lin *et al.,* 2013; Freeman *et al.,* 2011; Grewal *et al.,* 2011). Consequently, if the scales' dimension were positively and significantly correlated with the retailers' marketing performance measures, nomological validity would be demonstrated (Hogan *et al.,* 2011).

4.6.1.3 Inferential validity (Data analysis)

Inferential validity refers to the validity of logical inferences drawn during the completion of the study, especially during the writing of results and drawing conclusions. The assistance of a statistician ensured that the data was analysed correctly, and that appropriate analytical procedures were used to produce valid results.

4.6.2 Reliability

Reliability refers to the degree to which the measured variables will be free from errors of measurement, to the extent that when the same test is repeated, the same results should be obtained (Salkind, 2012:116). The effectiveness of a study can be judged by evaluating its reliability; if the research tool is consistent, stable, predictable, and accurate (Kumar, 2011:181). To reduce possible sources of error during data collection, the following precautions were taken:

- The statistician as well as the study leader checked the questionnaire to ensure relevancy of questions and ease of completion.
- The questionnaire was pre-tested by means of a pilot study; to ensure that any ambiguous or unclear items were removed before primary data was collected (Mouton, 2012:103; De Vos *et al.,* 2011:117).

- Pilot-test respondents were asked to provide feedback regarding the complexity of the questions as well as any problems encountered.
- Minor changes were made to the questionnaire to assist with the correct completion during the final data collection process.
- The statistician was consulted as to an appropriate sample size in order to ensure that the sample is indeed representative of the population (Salkind, 2012:118).
- Lastly, correlation coefficients and Cronbach's alphas were calculated to measure the extent to which various items in the scale correlated with the total measure of the scale (Salkind, 2012:118).

4.7 ETHICAL ISSUES

The ethics of science aim to provide guidelines on what constitutes appropriate moral behaviour in the sphere of research (Mouton, 2012:10; De Vos *et al.,* 2011:120). Ethical behaviour is of the utmost importance prior, during and after conducting the study. Approval to commence with this study was sought and received from the Ethics Committee of the Faculty of Natural and Agricultural Sciences at the University of Pretoria (Reference number, EC170803-141 as reflected in Addendum B). The following ethical issues were taken into account:

Anonymity and confidentiality: A cover letter was attached to the questionnaire to explain the purpose of the study, the researcher's affiliation, and to ensure confidentiality and anonymity (Salkind, 2012:118). By using the external consultant's database, the researcher had no access to, and could not disclose, any personal information, thus guaranteeing the respondents' anonymity and confidentiality (Mouton, 2012:115; Salkind, 2012:85).

Voluntary participation and informed consent: Respondents were thoroughly informed of the potential impact of the investigation. Respondents' involvement was voluntary and they were allowed to withdraw from the process at any given stage by not completing the questionnaire (Mouton, 2012: 115).

Plagiarism: The researcher guarded against plagiarism, and ensured that all ideas and thoughts from other sources were well referenced. A "Turnitin" report was run and generated for this study, as required by the University of Pretoria. See Addendum C for the signed plagiarism declaration of the University of Pretoria.

Data and interpretation: The researcher also guarded against fraud using statisticians and relevant statistical programs to ensure that data gained were true and valid. No attempt was made to manipulate the data. The study was conducted under the guidance of the study leaders and the statistician reviewed the interpretation of the data to ensure that the reporting was done accurately. The results and discussion of the research study was compiled objectively in the form of a written report, which had to comply with the requirements of the University of Pretoria and the Department of Consumer Science, and with the agreement made with the researcher's employer, namely Woolworths South Africa. The study was conducted under the guidance of study leaders, who reviewed the research to ensure the ethical correctness of the study.

4.8 CONCLUSION

This chapter provided details about the research design and methodology, as well as the rationale behind using a quantitative research design. The data collection techniques, sampling procedures, selection of participants and data analysis were described. The constructs and their selection of the associated variables as adapted from the original study Lin (2015) were discussed. The conceptual model specified all the relevant concepts incorporated in this study. The operationalisation of the constructs was described, measurement scales explicated and data analysis methods indicated. Lastly, measures taken to ensure objectivity, to eliminate error, and to ensure ethical conduct were specified and discussed briefly. The following chapter will represent the findings from the research; first, the demographic characteristics, purchasing behaviour and store patronage of the sample will be introduced and discussed, followed by the data analysis and discussion of the results in concurrence with the research objectives.

CHAPTER 5

RESULTS AND DISCUSSION

This chapter presents the findings from the research: first, an introduction to the demographic characteristics of the sample, followed by the data analysis and discussion of the results in concurrence with the research objectives.

5.1 INTRODUCTION

Empirical data that were collected electronically through a structured questionnaire were submitted to quantitative analyses using descriptive and inferential statistics. In this chapter the data analysis and the results as well as the relevance of the findings in terms of consumers' perceptions of premium private label foods retailer's (PPLFR) innovativeness are discussed. Descriptive statistical analyses are presented in terms of frequencies, percentages, means and standard deviations in tables, and graphs to obtain a visual overview of the findings. Inferential statistics were used to further analyse the data in terms of the specific objectives (Babbie & Mouton, 2002:481), aiming to address the research problem of this study that is summarised in the conceptual framework (see Chapter 3.5).

The chapter proceeds as follows: Section 5.2 presents the relevant demographic profile and customer specific store and product patronage characteristics, followed by Sections 5.3-5.5, where the findings pertaining to the objectives formulated for the study are presented and discussed. Section 5.6 concludes the chapter and provides a consideration of the limitations of the study and recommendations for future research.

5.2 THE CONSUMER: DEMOGRAPHIC PROFILE, STORE PATRONAGE, PRODUCT PURCHASE BEHAVIOUR AND CONSUMERS' UNDERSTANDING OF INNOVATIVE PRODUCTS

As explained in Chapter 4.3, certain criteria were specified for the selection of respondents, i.e. respondents had to reside in South Africa, be 18 years or older, irrespective of gender and race. Individuals had to have had personal buying experience in the bakery department, purchasing sweet bakery items and/or desserts, in the selected premium private retailer food stores in the preceding six months. An existing database of current retailer specific-foods customers, administered by an independent research consultant was used to pre-screen respondents to ensure that they met the selection criteria.

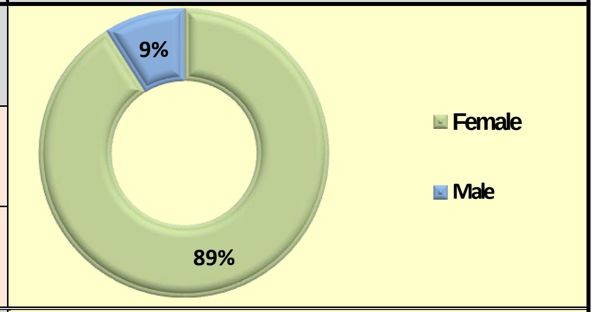
Selected demographic characteristics were considered for the investigation and were included in the first section of the research tool (i.e. Section A of the structured questionnaire). This allowed the researcher to construct a sample profile, including the following sampling criteria: gender, level of education, age, ethnicity and residential region. These criteria were used as independent variables to examine group differences according to subjective performance outcomes (see Section 5.5). Section B of the questionnaire included questions pertaining to store patronage and product purchase frequency and selection. The results for Sections A and B in the questionnaire are now presented and discussed, followed by a discussion of the respondents' understanding of innovative products.

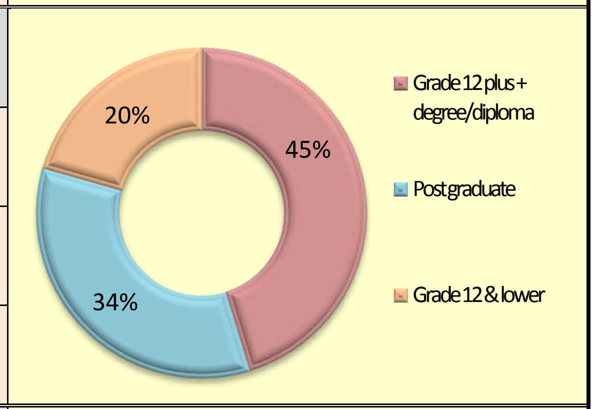
5.2.1 Demographic profile of the sample

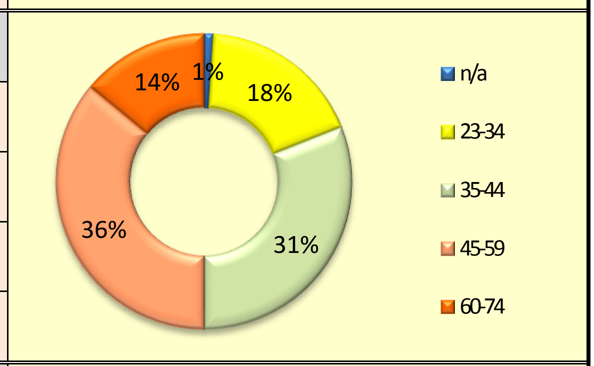
The information in Table 5.1 and the subsequent discussion forms part of the descriptive analysis to complete the sample's profile.

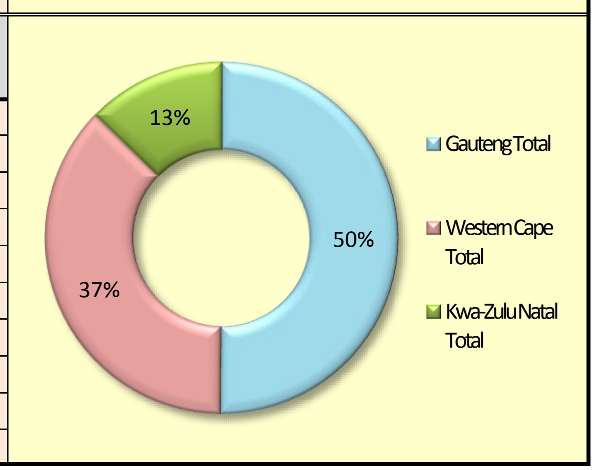
Table 5.1: Profile of the sample (N=628)

Variable	Premium Private Label Foods Retailer *n* = 628		
	Number	%	Chart
Gender	**617** (11 missing)	(1,5)	
Female	562	89.4	
Male	58	9.1	
Level of Education	**622** (6 missing)	(0.9)	
Grade 12 plus a degree or diploma	282	44.9	
Postgraduate qualification	212	33.8	
Grade 12 and lower	128	20.4	
Age (years)	**624** (4 missing)	(0.6)	
23-34	114	18.1	
35-44	193	30.8	
45-59	232	36.9	
60-74	85	13.6	
Residential Region (consolidated regions in colour)	**628**		
Gauteng Total	**320**	**50.1**	
Gauteng	308	48.2	
Free State	4	0.6	
Mpumalanga	4	0.6	
North-West	3	0.5	
Northern Cape	1	0.2	
Western Cape Total	**233**	**37.2**	
KwaZulu-Natal Total	**80**	**12.7**	
KwaZulu-Natal	58	9.2	
Eastern Cape	22	3.5	









5.2.1.1 Gender of respondents

Respondents were not selected based on specific gender groups. Eventually, 562 (89.5 %) females and 55 (8.8 %) males completed the survey (missing n=11). The gender distribution also reflects that of the shoppers' data available through the Retailers' Customer Insights Data (WCI; see Chapter 2), for the bakery department which indicates that 86% - which is similar to the gender representation in this study - are female.

5.2.1.2 Level of education

Level of education was also not a qualifying measure for this study. Respondents were asked to indicate their highest level of education. Four categories were used in the questionnaire, but they were subsequently re-grouped to combine "lower than Grade 12" and "Grade 12" as "Grade 12 and lower" for further statistical analysis. The majority (78.7 %) of the respondents had some form of tertiary education (see Table 5.1).

5.2.1.3 Age

In order to participate in the study, respondents had to be between 18 years and older. Respondents indicated their exact age on a sliding scale in the questionnaire. The average age of the respondents was 45.71 years (see Table 5.1).

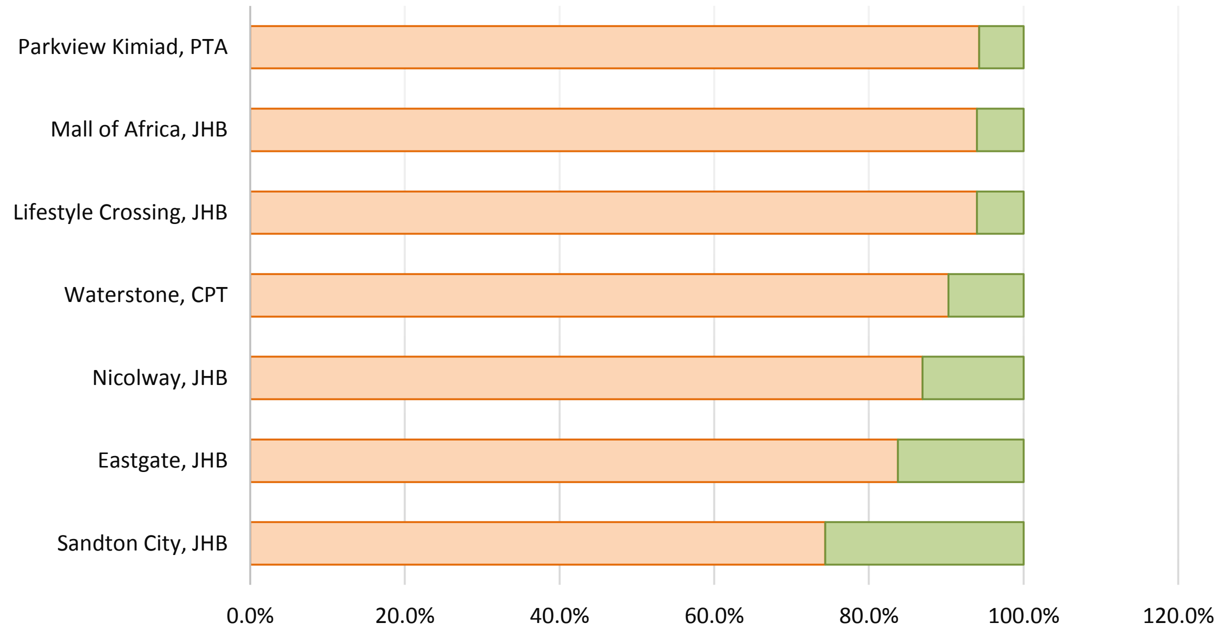
The age of the respondents were not used in the statistical analysis for this study, but would be of interest for future studies to gain a better understanding of the relationship between age and/or a generational cohort and respondents' perceptions of innovativeness; for instance, a Millennial might have different expectations compared to a more experienced Generation X customer.[1] For example, it has been found that younger consumers are more willing to pay more for healthy products, and might rather see healthier options in the bakery department as innovative (ACNielsen, 2015).

5.2.1.4 Residential region and market store exposure

An open question was posed to the consumer to specify the town and province in which they resided to confirm that the respondent resided in South Africa.

For operational purposes, South Africa is clustered into three regions by the selected retailer and the researcher clustered the respondents accordingly. The regions are Gauteng (Gau); Western Cape (WC), and KwaZulu-Natal (KZN). The majority of the respondents resided in Gauteng (50%), followed by the Western Cape (37%) and 12% in KwaZulu-Natal (see Table 5-1). These details are relevant to the study, because the selected retailer had six flagship stores, referred to as Market Stores (or New-Format Stores), at the time of the study. One of these Market Stores received an international award as the most innovative retail store format in 2015 (Woolworths Holdings Ltd., 2016). Most notably, this Market Store is located in the Western Cape region, and subsequent changes were made to the Market Stores located in the other regions to replicate the winning design format where possible. Respondents were then asked to indicate if they had visited one of the Market Stores before. Responses are shown in in Figure 5.1.

[1] The Millennial Generation is also known as “Generation Y” or the “Net Generation”. This generally refers to the demographic cohort born between 1982 and 2004. For Generation X, researchers usually define the cohort as individuals born from the early to mid-1960s, up to the late 1970s to early 1980s.



	Sandton City, JHB	Eastgate, JHB	Nicolway, JHB	Waterstone, CPT	Lifestyle Crossing, JHB	Mall of Africa, JHB	Parkview Kimiad, PTA
NO	74.4%	83.8%	86.9%	90.3%	94.0%	94.0%	94.3%
YES	25.6%	16.2%	13.1%	9.7%	6.1%	6.1%	5.7%

Figure 5.1: Respondents' Market Store Exposure

Currently, six of the Market Stores are based in Gauteng; five stores are in the Johannesburg area and one store is in Pretoria. One Market Store is situated in the Western Cape (in Somerset West). It is thus not surprising that the Market Stores in Gauteng are frequented more often than the other Market Stores. This might be attributed to the fact that they were upgraded, re-designed and first and thus in operation for longer. There is only one market store each in Pretoria and Cape Town, with less than 10% of the respondents having visited either of these stores. Approximately 25% of the respondents had frequented a new-format store in the previous six months. Existing research indicates a positive association between the perceptions of the capability of retailers to innovate and brand awareness (Grewal *et al*., 2011). It is assumed that Market Stores would be perceived as the retailer's more innovative store formats.

5.2.2 Store patronage and product purchasing behaviour

The question regarding respondents' patronage of the PPLFR stores is used to indicate how often customers visit and purchase products from the selected retailer. A comparison between general premium private label food purchases and purchases of sweet baked items and desserts from the bakery department, factors affecting store selection, as well as respondents' exposure to the PPLFR's new format stores/Market Stores will be indicated. This was investigated by means of five questions in the questionnaire (see Section B in the questionnaire, Addendum A).

5.2.2.1 Factors affecting store selection

A specific question enquired about the importance of 10 predetermined aspects that might affect customers' store selection. Respondents could use a sliding scale from 0 (*Not important at al*l) to 10 (*Very important*) to rate each of the factors. Results are listed in descending order of the mean (M) value in Table 5.2 for ease of interpretation.

Table 5.2: Aspects affecting store selection

Aspects affecting store selection	n	Min	Max	Mean (M)	SD
Convenience factor	626	1.1	10	8.65	1.64
Location of the store	626	0.6	10	8.57	1.86
Product range available in the specific store variety of the products available in store)	625	0.5	10	8.54	1.57
Level of service experienced	625	0.3	10	8.23	1.96
Fresh in-store counters i.e. bakery, fishmonger, butchery	621	0.1	10	7.68	2.43
Display of the products in-store	624	0.1	10	7.39	2.25
Store layout and design	621	0.1	10	7.27	2.21
In-store Atmosphere/ambiance	623	0.1	10	7.24	2.34
Store image	623	0.1	10	7.09	2.46
Baked products available from the Woolworths Cafe Counter	612	0.1	10	6.20	2.82

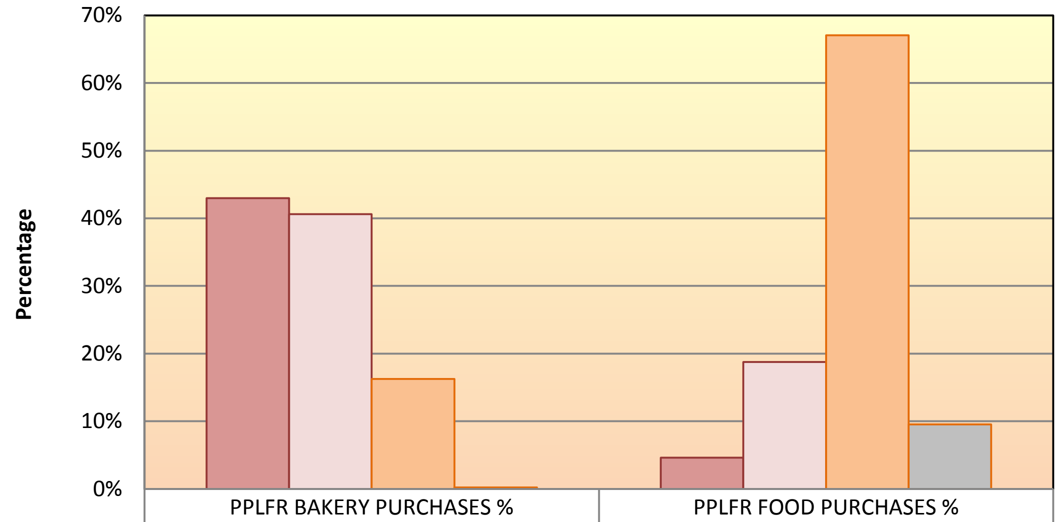
The mean values varied between 8.65 and 6.20 (Max=10) for the 100 items and standard deviations ranged between 1.64 and 2.82, indicating considerable differences in responses. For the purpose of the interpretation of the mean (M), the following applied:

M = ≥8: *Very important*
M= >5.5<8: *Somewhat important*
M= ≥4.0≤5.5: *Neutral/Neither important* or *Not important*
M = <4.0 *Not important*

Based on the means, respondents considered Convenience (M=8.65); Location of the store (M=8.57); the product range available in the store (M=8.54); and the levels of service experienced (M= 8.23) as very important for their store selection, and therefore these aspects are highly regarded by consumers when deciding where to shop. The means of all 10 characteristics varied between 6.2 and 8.65, indicating a relatively small range, but specifically indicating the relevance and importance of all the listed factors to customers. Theoretically, standard deviations were considered acceptable (Tredoux & Durheim, 2002:60), but in reality, a standard deviation of >2 as indicated in for six items indicates that consumers' expectations differ considerably. Some consumers would be much more tolerant while others would be more critical. Cluster analysis would provide more detail about who the customers are who have higher expectations.

5.2.2.2 Respondents' product purchase behaviour

Figure 5.2 depicts the comparative frequency of shopping for shopping for premium private label products (sweet baked items or desserts) from the bakery department premium versus private label food products by respondents in general.



	PPLFR BAKERY PURCHASES %	PPLFR FOOD PURCHASES %
Special Occasions only	43.0%	4.6%
Monthly	40.6%	18.8%
2-3 times a week	16.2%	67.0%
Daily	0.2%	9.6%

Figure 5.2: Comparative purchase frequency (N=628)

This question was compulsory and a respondent could not proceed with the questionnaire unless the question was completed. Nearly 10% of respondents indicated that they shopped daily at the PPLFR, although less than 1% purchased sweet baked goods or desserts on a daily basis. Approximately forty percent of respondents purchased cakes and desserts on a monthly basis (40.6%), and 43% for special occasions. This behaviour fits the expectation, as sweet baked items are generally regarded as a treat and do not form part of the average person's daily diet. The products or package sizes are normally aimed at a family of four, and would probably last longer than a day once purchased. However, for the retailer, this indicates an opportunity to increase weekly and biweekly sales by having the correct product mix and packaging sizes to meet customers' needs.

5.2.2.3 Shopping basket composition

In order to complete the customer profile, respondents had to indicate how often they purchased certain sub-classes of products in the cake and dessert sections in the bakery department. Ten product sub-classes were specified and images were provided (see Figure 5.3) to ensure that respondents understood the sub-classes correctly.

1. Cakes, bar cakes, party cakes
2. Teatime items
3. Refrigerated desserts
4. Mousse and custard desserts
5. Muffins and cupcakes
6. Warm eating puddings
7. Individual desserts (refrigerated)
8. Refrigerated cakes
9. Pies and tarts
10. Christmas cakes and desserts

Figure 5.3: Images depicting the selected product sub-classes

Options indicated in the questionnaire in terms of purchase frequency, were 1. *Not at all*; 2. *Occasionally*; 3. *Frequently*; 4. *On promotion only*. Results are depicted in Figure 5.4.

Figure 5.4: Frequency of product purchases (N=628)

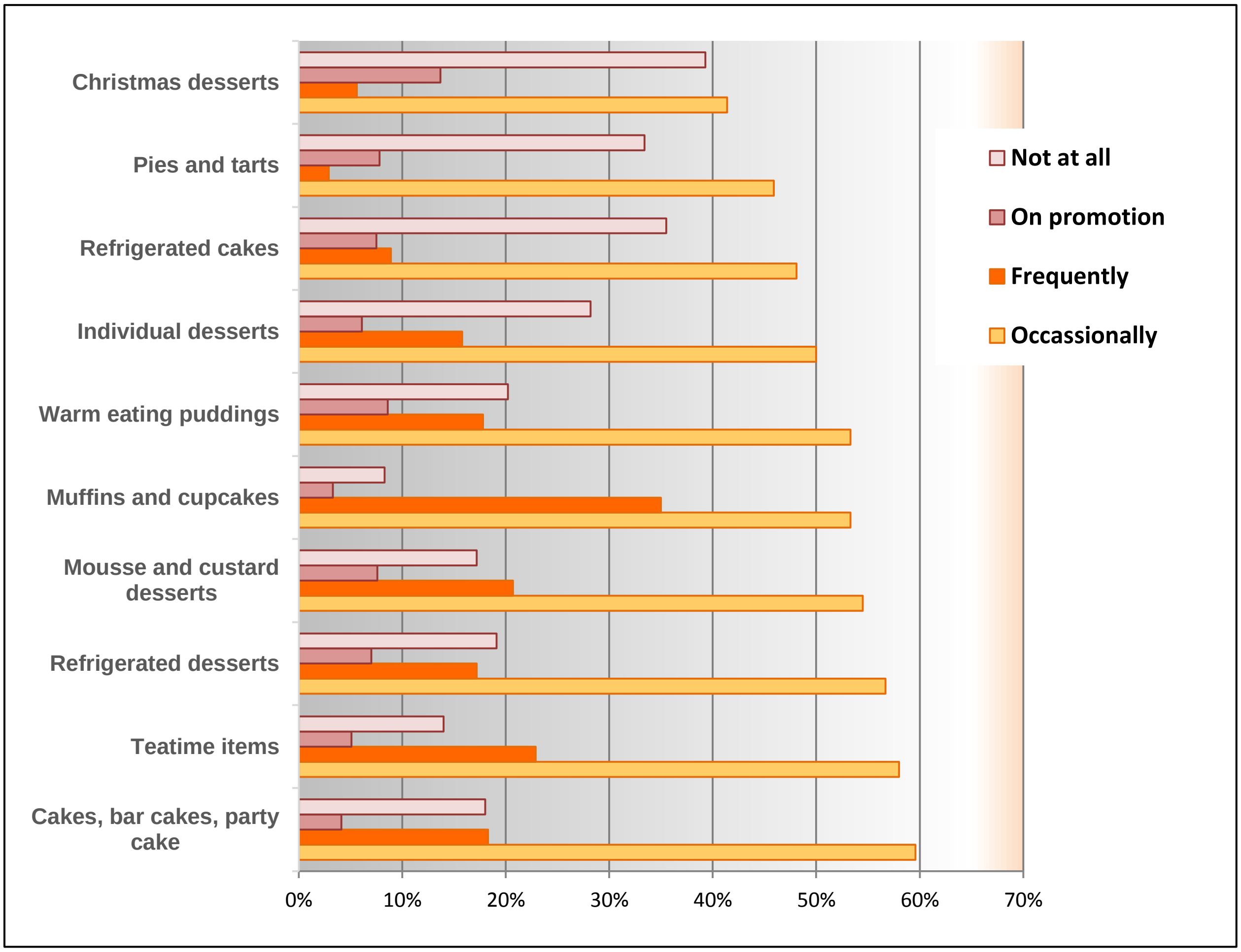


Figure 5.5: Frequency of product purchases (N=628)

A particular popular product category purchased by 35% of respondents was muffins or cupcakes. Concerning is that 39.3% of the respondents indicated that they never purchased Christmas-specific cakes or desserts, which the retailer's development team should take note of, as Christmas-specific development is prioritised, especially in terms of the development of innovative products that require a very specific skill and/or equipment that the average customer might not possess (see Section 5.2.3). The downside is that these products are normally only available for a two-week period just before Christmas day and at selected stores. Therefore, customers' exposure to these products may be limited.

5.2.3 Respondents' understanding of innovative products

When looking at innovation through the eyes of the customer, it is important to have a better understanding of how they would describe innovation. Table 5.3 reflects respondents' level of agreement with the listed descriptors as indicated on a sliding scale from 1 (*completely disagree*) to 10 (*fully agree*). Results (means) are listed in descending order for ease of interpretation.

Table 5.3: Respondents' understanding of innovative products

Innovative product descriptors	n	Min	Max	Mean (M)	SD
1. An innovative product is any product that offers a new benefit to me.	628	1	10	7.34	1.93
2. An innovative product uses technology in the production thereof, which is hard to replicate at home.	625	1	10	7.03	2.51
3. An innovative product is any product that is new to me personally.	616	1	10	6.55	2.28
4. An innovative product is one that I do not have the skill to replicate at home.	603	1	10	6.41	2.74
5. An innovative product can be a product that has been on the shelf before, but is new to me.	606	1	10	5.88	2.42
6. An innovative product is a revised version of a product that I am familiar with.	597	1	10	4.97	2.48
7. An innovative product is expensive.	586	1	10	4.28	2.47
8. All new products are innovative.	575	1	10	4.21	2.60

Means ranged from M=7.34 to M=4.21. Interestingly, the descriptor with the lowest mean also had the highest fluctuation in responses (SD); thus a considerable discrepancy in consumers' responses (i.e. varying from M=6.85 [Agree] to M=1.57 [Disagree]).

For the purpose of the interpretation of the mean (M), the following applied:

M = ≥7: *Fully Agree*
M= >5.5<7: *Agree*
M= ≥4.5≤5.5: *Neither agree nor disagree*
M = <4.0 *Disagree*

Two descriptors of an innovative product that respondents concurred more strongly about (M>7), are discussed in more detail.

- An innovative product is any product that offers a new benefit to me (M=7.34)

For this descriptor, the standard deviation (SD=1.93) indicates responses varying from near 10 to near 5 that suggests uncertainty. A retailer needs to understand that a consumer perceives an innovative product to provide a "new benefit" and these benefits need to be explored further. It could, for example, entail health benefits (products free from allergens such as lactose, wheat, eggs, etc., as discussed in Section 5.2.1 with regard to age cohorts and perceptions of health), or expectation of rare/unique products. A better understanding of customers' needs/ expectations would be useful to guide the development of products.

- An innovative product uses technology in its production, which is hard to replicate at home (M=7.03)

Almost all the respondents responded to this descriptor (98%). Interestingly, descriptors with lower means were responded to by fewer respondents. Means of all descriptors were within 3 deviation points, indicating the challenge that retailers have to deal with in terms of customers' understanding of what innovation entails.

A relatively strong perception of innovative products is that products are new to customers personally (M=6.55), which emphasises the need for product variation. In addition, customers agreed that innovative products were those that they find difficult to make themselves. Retailers are therefore on the right track if they offer Christmas products that require specific skills that people not necessarily possess.

It should also be noted that customers did not regard innovative products as a revision of existing products (M=4.97). Customers' high expectations of innovative products were clear, in the sense that they did not really perceive all new products as innovative (M=4.21). Fortunately for the retailer, customers also did not strongly believe innovative products to be expensive (M=4.28).

The following section focuses on the respondent's perceptions of the ability of the PPLFR to innovate and the association these perceptions have with the three selected subjective performance outcomes, namely satisfaction, purchase intent and reputation.

5.3 CONSUMERS' PERCEPTION OF THE RETAILER'S CAPABILITY TO INNOVATE

Consumers' perception of the retailer's capability to innovate was investigated using an adapted 19-item scale developed by Lin (2015) for the use in retail contexts (see Chapter 3). The scale measures consumers' overall perception based on an image of a specific private label retailer, and not just the summation of performance during individual shopping experiences. The original scale examined four dimensions of retailer innovativeness through 18 items, utilising a 5-point Likert-type scale, ranging from 1 (*Not at all innovative*) to 5 (*Very innovative*). As this study focuses on Premium Private Label innovativeness for a specific foods department, items were slightly adjusted to specify and differentiate between specific product- and store characteristics. For instance, the wording in the survey was rephrased to appeal to the South African market and to be relevant to the specific scope of the study.

5.3.1 Exploratory factor analysis to confirm the dimensions of the measurement scale

The proposed scale has not been used in a South African context before and the data relating to this investigation were therefore subjected to Exploratory Factor Analysis (EFA) to differentiate coherent underlying factors and to confirm the items/components of each factor. The *Statistical Package for Social Science* (SPSS) was used to perform Exploratory Factor Analysis, specifically using a Principal Axis Factoring with Oblimin rotation and Kaizer Normalisation. EFA was thus used to validate the PPLFRI scale and its structure (De Winter & Dodou, 2012) to adapt the conceptual framework accordingly. Data were screened for outliers (Hogan *et al*., 2011). Factor loadings equal or greater than 0.50 were considered practically significant (Williams *et al*., 2012).

Firstly, the results of the EFA are presented and discussed. Subsequent changes to the dimensions of the PPLFRI will be incorporated in the discussion of the results and interpretation of the data. The EFA procedure reduced the data to two factors instead of the original four dimensions for the PPLFRI scale. The original four dimensions were Product-related dimensions, Promotion-related dimensions, Service-related dimensions and Experience-related dimensions.

EFA results revealing the two factors are presented in Table 5-4. The items within the two factors were coherent according to the literature, and their respective Cronbach Alpha Values (0.929 and 0.925), indicated internal consistency within the factors (Field & Miles, 2010:2-19). This then allowed for further analysis (see Section 5.3). Although the factors differed from the original PPLFRI scale, all the items of the original scale were retained (Table 5.5). The two factors were labelled according to their content (items within each factor):

Factor 1: Perceived Product Proposition-related Innovation (12 items, which integrated product related- and promotion related dimensions).

Factor 2: Perceived Store Experience-related Innovation (9 items, which integrated service-related and experience-related dimensions).

Table 5.4: Structure matrix of perceived premium private label foods retailer Innovativeness (PPPLFRI)

Pattern Matrix (rotation converged in 6 iterations)		
	Factor	
	1	2
They offer NEW cake and dessert products that are ...	0.886	
The VARIETY of refrigerated cake products is ...	0.885	
The VARIETY of dessert products is ...	0.884	
The VARIETY of promotions I s...	0.843	
They offer NEW promotions that are ...	0.841	
The desserts featured on the "Daily Deal" promotions are ...	0.822	
The cake and dessert items featured in the "Eat In" promotion are ...	0.822	
The W-Rewards Card Promotions are ...	0.822	
They offer cake and dessert items in SIZES that are ...	0.787	
The VARIETY of non-refrigerated cake products is ...	0.774	
The PACKAGING of the cake and dessert items is...	0.706	
The cake and dessert PACKAGING DESIGN is ...	0.688	
The environment inside the store is ...		0.881
The environment before entering the store is...		0.880
The way the checkout counters are designed is ...		0.845
The shopping atmosphere created in the bakery section is …		0.843
Compared to other retailers their service offering is ...		0.796
They offer new in-store services that are ...		0.765
The layout of the different cake and desserts sections are ...		0.728
They offer a variety of services that are ...		0.720
The financial service-related products are ...		0.643
Standard Deviation (SD)	**0.70**	**0.82**
Mean (M)	**3.21**	**3.07**
Variance Explained	**0.59**	**0.10**
Cronbach Alpha	**0.92**	**0.92**

Extraction Method: Principal Axis Factoring

Rotation Method: Oblimin with Kaiser Normalization

The two factors are explained in Table 5.5 and are subsequently discussed. The two original dimensions from the PRI scale of Lin (2015), *Perceived Product-related Innovation* and *Perceived Promotion-related Innovation*, were integrated, retaining all the items.

Table 5.5: Scale dimensions and items prior and subsequent to EFA

Dimensions before EFA	Indicators (No changes)	Items (No changes)	Dimensions *(Factor 1 & 2)* after EFA
Perceived product related innovation	New products Packaging design Packaging Variety of products New format/sizes	They offer NEW cake and dessert products that are … The cakes and dessert PACKAGING DESIGN is … The PACKAGING of the cake and dessert items is … The VARIETY of refrigerated cake products is … The VARIETY of dessert products is … The VARIETY of non-refrigerated cake products is … They offer cake and dessert items in SIZES that are …	*Factor 1:* **Perceived Product Positioning-related Innovation**
Perceived promotion related innovation	Variety of promotions New Promotions Price Promotions Daily Deal W-rewards Eat-In	The VARIETY of promotions is … They offer NEW promotions that are … The cakes and desserts featured in the "DAILY DEAL" promotions are … The "W-REWARDS" Card Promotions are … The cake and desserts "EAT IN" Promotions are …	
Perceived service related innovation	Service Offering Various Services Financial Services New Services	Compared to other retailers their SERVICE OFFERING is … They offer a VARIETY of services that are … The FINANCIAL service- related products are … They offer NEW in-store services that are …	*Factor 2:* **Perceived Store Experience-related Innovation**
Perceived experience related innovation	Internal environment Shopping atmosphere Layout and design External Environment	The ENVIRONMENT INSIDE the store is … The shopping ATMOSPHERE created in the bakery section is … The LAYOUT of the different cake and desserts sections are… The way the checkout counters are DESIGNED is … The ENVIRONMENT before entering the store is …	

Factor 1: Perceived Product Proposition-related Innovation (PPPI)

The first dimension, "Perceived Product Proposition-related Innovation capability" links the offering of new private label products and the organisation's marketing strategy to entice consumers, communicating tangible and intangible benefits through various means such as price and value proposition, novel promotional strategic tactics, premium product and packaging strategies. Retailers are able to offer new products quicker and more often because of technological developments and supply-chain consolidation. Existent research suggests that the ability of a retailer to offer innovative premium private label products that are unique and of a high quality as a key factor to differentiate themselves (Freeman *et al*., 2011; Huddleston, 2009).

It also regards the ability of a retailer to offer innovative private label products as an important requisite for retailer innovativeness (Chimhundu *et al.,* 2010; Anselmsson & Johansson, 2009).

Factor 2: **Perceived Store Experience-related Innovation (PSEI)**

This factor merged items from two factors of the original scale, namely *Perceived Service-related* and *Perceived Experience-related Innovation*. All nine original items assimilated through EFA as Factor 2. Therefore, in this study *Perceived Store Experience-related Innovations* distinguished itself as an entity, including attributes referring to service and staff, layout, environment and atmosphere. This potentially indicates that the respondents did not differentiate between tangible and intangible service innovations with regard to store experience. Although quite a few services are offered electronically, no specific reference was made to these services in the survey. This dimension is related to tangible aspects such as space, design, layout, and shelving, as well as intangible aspects such as ambient and chilled condition, noise, music and aromas. Previous research indicates that consumer perceptions of store environment, atmosphere and design are important elements in determining shopping experience of consumers (Lin, 2015; Goldsmith *et al.*, 2011). Services are related to the intangible aspect of premium private label retailer innovativeness. The innovation is often a new idea of organizing a solution to a problem or a need of customers (Den Hertog *et al.,* 2010; Berry *et al.,* 2010). Figure 5.6 presents the results of the perception investigation as it relates to the second factor of the PPLFRI. Means and standard deviations were calculated for each factor as an indication of customers' perceptions of store experience innovations. Figure 5.5 presents consumers' perceptions of the first factor and its dimensions of the PPLFRI scale.

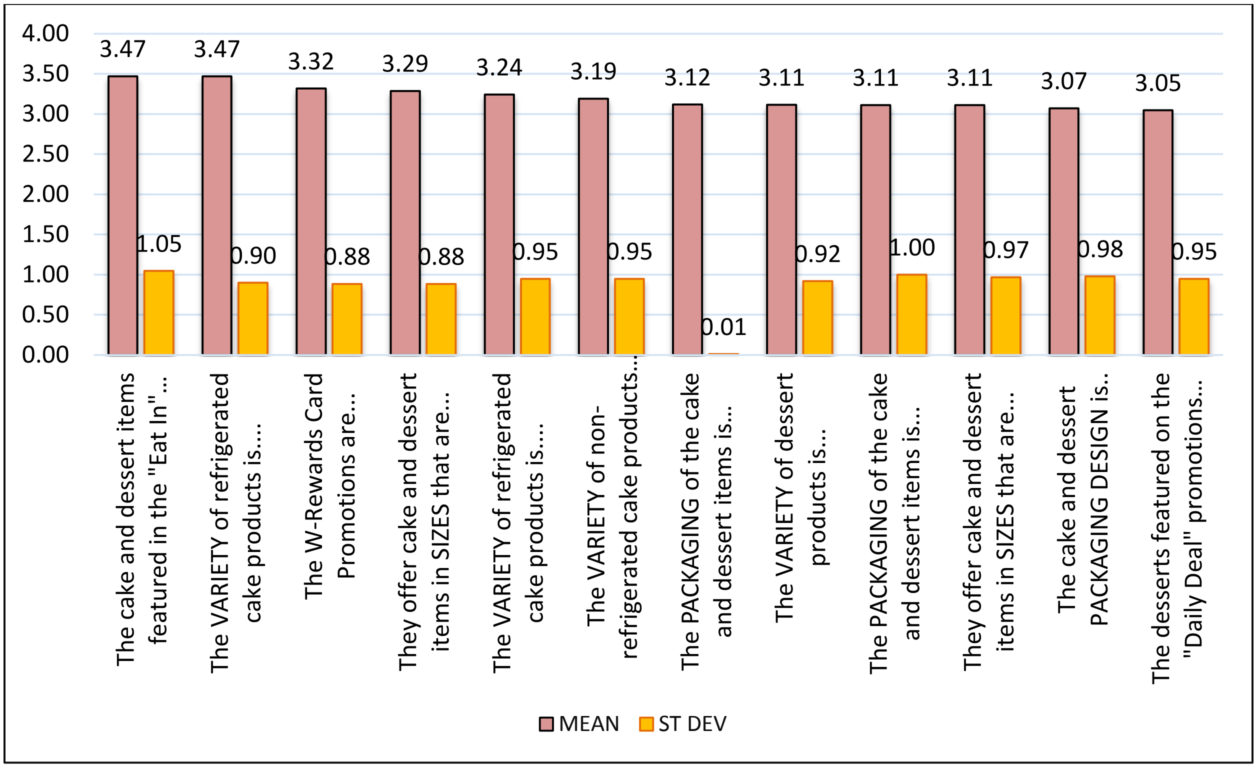


Figure 5.6: Consumers' perceptions of Product Proposition-related Innovations (Item means and SD)

The item means within the factor (see Figure 5.5) varied between 3.47 and 3.05 (Max=5). Standard deviations were relatively small, indicating coherent responses (SD=1.05-0.01).

For the purpose of the interpretation of the means (M), the following applied:

M= ≥ 4:	*Very high (positive) perception/Extremely Innovative*
M= ≥3<4:	*Above average perception/Very Innovative*
M= ≥2.5<3:	*Average yet slightly innovative*
M= <2.5:	*Below average (negative) perception/Not innovative*

Customers' overall perception of product proposition related innovation capability was above average (M=3.21). These characteristics are therefore perceived as favourably and as innovative, which need to be considered when new product proposition strategies are implemented by the premium private label retailer. Results suggest that consumers have a favourable perception of the capability of the premium private label retailers to be innovative in the bakery department. Positioning of good value for money, relative high quality, offering new and novel products, promotions and packaging represent a potentially powerful competitive force. Premium private label price promotions make consumers more prone to buy these products (Dawes & Nenycz-Thiel, 2013). Figure 5.6 presents consumers' perceptions of the second factor and its dimensions of the PPLFRI scale.

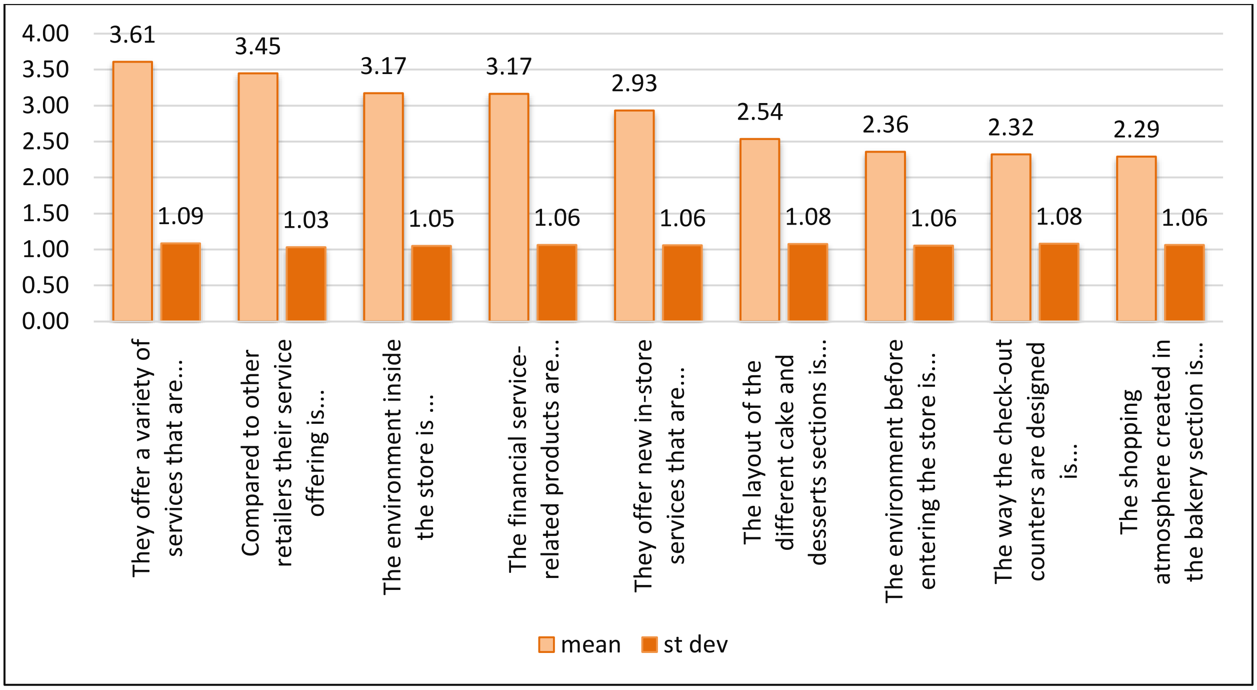


Figure 5.7: Consumers' perceptions of store experience-related innovations (Item means and SD)

The item means varied between M=3.61 and M=2.29; SD were acceptable (SD=1.03 - 1.09). For the purpose of the interpretation of the means (M), the following applied:

M= ≥4:	Very high (positive) perception/Extremely Innovative
M= ≥3<4:	Above average perception/Very Innovative
M= ≥2.5<3:	Average yet slightly innovative
M= <2.5:	Below average (negative) perception/Not innovative

Consumers' perceptions of certain items were above average (M≥3<4):

> *"They offer a variety of services that are …";*
> *"Compared to other retailers their service offering is ..." ;*
> *"The environment inside the store is …";*
> *"The financial service related products are …"*

Augmenting products and promotions with services is a major way for retailers to differentiate themselves from their competitors (Homburg *et al*., 2002). Previous studies have also indicated a strong relationship between service innovation and creating customer value as well as a brand portraying an overall commitment to customers (Den Hertog *et al.,* 2010; Homburg *et a*l., 2002). A highly service innovation oriented retailer would not only emphasize the number of services offered, but also attend to the quality and relevance of the services to all customers (not just to a limited set of customers) (Reynolds, 2014; Berry & Parasuraman, 1997).

Consumers' perceptions of the following items of the store- experience innovations were below average (M<2.5), namely:

> *"The environment before entering the store is ...";*
> *"The way the check-out counters are designed is ...";*
> *"The shopping atmosphere created in the bakery section is …"*

The first contact with the retailer (*environment before entering the store*) as well as the last contact (*the way the check-out counters are designed*) are perceived as not being innovative, which should be interpreted cautiously. On the one hand, if these aspects are attended to, it could contribute to a retailer's image and some sense of familiarity. Nevertheless, it also poses a potential risk. Expeditiousness of payment, short waiting lines and proper layout of check-out counters are all factors that could enhance service quality and customer satisfaction (Oyewole, 2013; Erasmus & Kakava, 2012; Berry *et al.,* 2010;). An internal study conducted by the premium private label retailer also concluded that customers find the bakery section to be very cold, and lacking the aromas associated with freshly baked products. Innovativeness in these areas could potentially have a positive effect on how customers perceive the areas currently scoring a below average mean.

5.3.2 Demographic differences in consumers' perceptions and how these relate to the subjective performance measures

Existing literature suggests that demographic characteristics may influence consumers' perceptions and consequently their behaviour in the marketplace (Jaafar & Lalp, 2014; Beneke, 2010; Goldsmith *et al*., 2001). The study therefor investigated the possible relationship between gender, residential region and level of education and consumers' perceptions of the selected retailer's innovativeness and the subjective performance outcomes. The following section presents the results of the demographic differences of the two dimensions of perceived premium private retailer innovation (as were determined through the conceptualisation of innovativeness for this study) for the selected retailer and for competitors in integrated tables.

For the purpose of the discussion the labels are:

Factor 1: Perceived Product Proposition-related Innovativeness (PPPI);

Factor 2: Perceived Store Experience-related Innovativeness (PSEI);

Factor 1_{Other}: Perceived Product Proposition-related Innovativeness (PPPI) for other outlets; and

Factor 2_{Other}: Perceived Store Experience-related Innovativeness (PSEI) for other outlets.

5.3.2.1 Gender differences

Table 5.6 presents the gender differences for respondents' perceptions.

Table 5.6: Gender differences on consumer perceptions of retailer innovativeness

	Gender	*n*	Mean	SD	Sig.
Factor 1: PRPPI	Male	55	3.21	0.68	0.93
	Female	562	3.21	0.70	
	Total	**617**			
Factor 2: PRSEI	Male	55	3.12	0.79	0.62
	Female	562	3.07	0.82	
	Total	**617**			
Factor 1: $PRPPI_{Other}$	Male	55	2.43	0.83	0.68
	Female	562	2.38	0.88	
	Total	**617**			
Factor 2: $PRSEI_{Other}$	Male	55	2.21	0.79	0.99
	Female	562	2.21	0.88	
	Total	**617**			
Purchase intent	Male	55	5.27	0.65	0.18
	Female	561	5.40	0.70	
	Total	**616**			
Reputation	Male	55	6.30	0.69	0.18
	Female	561	6.43	0.74	
	Total	**616**			
Satisfaction	Male	55	5.30	0.87	0.36
	Female	562	5.42	0.96	
	Total	**617**			

$p < 0.05$ *

T-tests were performed to detect possible significant differences between the males and females within the specified variables of the study. Results indicated that differences were not statistically significant between males and females for any of the variables in discussion ($p>0.05$). Therefore, gender is not a significant predictor of consumers' perceptions.

Residential region differences were also investigated to explore possible significant differences as stores differ in terms of size and offering across the country.

5.3.2.2 Regional differences in consumers' perceptions of retailer innovativeness

Table 5.7 tabulates regional differences relating to consumers' perceptions of the premium private retailers' innovativeness.

Table 5.7: Regional differences in consumers' perceptions of retailer innovativeness

Variables	Residential regions	n	Mean	SD	Sig.
Purchase intent	WC	22	5.70	0.62	**0.04***
	GAU	303	5.42	0.69	
	KZN	57	5.27	0.64	
	Total	**382**	**5.42**	**0.68**	
Reputation	WC	22	6.70	0.47	**0.04***
	GAU	303	6.43	0.75	
	KZN	57	6.25	0.81	
	Total	382	6.42	0.75	
Satisfaction	WC	22	5.73	0.90	0.08
	GAU	303	5.39	1.00	
	KZN	58	5.18	1.05	
	Total	**383**	**5.38**	**1.01**	
Factor 1: PPPI	WC	22	3.45	0.62	0.22
	GAU	303	3.20	0.71	
	KZN	58	3.15	0.69	
	Total	383	3.21	0.71	
Factor 2: PSEI	WC	22	3.26	0.72	**0.01***
	GAU	303	3.09	0.83	
	KZN	58	2.77	0.81	
	Total	**383**	**3.05**	**0.83**	
Factor 1: $PPPI_{Other}$	WC	22	2.42	0.86	0.94
	GAU	303	2.39	0.89	
	KZN	58	2.43	0.85	
	Total	383	2.40	0.88	
Factor 2: $PSEI_{Other}$	WC	22	2.30	0.77	0.52
	GAU	303	2.21	0.88	
	KZN	58	2.09	0.69	
	Factor 2: $PSEI_{Other}$	**383**	**2.20**	**0.85**	

*** $p< 0.05$**

ANOVA was performed to detect possible significant differences among respondents residing in the different regions (as clustered by the selected premium private retailer, explained in 5.2.1) for the two dimensions of innovation as well as for the three indicators of subjective performance.

Results indicated significant differences among different regions for purchase intent (p=0.04); reputation (p=0.04) and F2PSEI (p=0.01), requiring a post-hoc Scheffe test to specify the differences.

Table 5.8: Post-hoc Scheffe outcomes for regional differences in consumers' perceptions of retailer innovativeness

Dependent Variable	(I) Regions grouped	(J) Regions grouped	Mean	Mean Difference (I-J)	Std. Error	Sig.
Purchase intent	WC	GAU	5.70	0.28	0.15	0.18
		KZN	5.27	0.43	0.17	0.04
	GAU	WC	5.42	-0.28	0.15	0.18
		KZN	5.27	0.16	0.10	0.28
	KZN	WC	5.42	0.43	0.17	0.04
		GAU	5.70	-0.16	0.10	0.28
Reputation	WC	GAU	6.43	0.27	0.17	0.28
		KZN	6.25	0.45	0.19	0.06
	GAU	WC	6.70	-0.27	0.17	0.28
		KZN	6.25	0.18	0.11	0.24
	KZN	WC	6.70	-0.45	0.19	0.06
		GAU	6.43	-0.18	0.11	0.24
Factor 2: PSEI	WC	GAU	3.09	0.17	0.18	0.65
		KZN	2.77	0.50	0.21	0.06
	GAU	WC	3.26	-0.17	0.18	0.65
		KZN	2.77	0.32*	0.12	0.02
	KZN	WC	3.26	-0.50	0.21	0.06
		GAU	3.09	-0.32	0.12	0.02

- The mean difference is significant at the 0.05 level

Purchase intent: The post-hoc tests indicated a significant difference between Western Cape (WC) and KZN (p= 0.04), WC (M=5.70) being significantly higher than KZN (M=5.27). Therefore, residential region can be a predictor of purchase intent at the selected retailer. The purchase intent of respondents residing in Gauteng (M=5.42) and the Western Cape (M=5.70) (M_{Max}=7), was higher compared to those residing in KZN (M=5.27). At the time of the study there were no

Market stores in the KZN region. One argument to explain this result could be that the exposure to the more innovative Market stores in Gauteng and the WC have a positive influence on their intention to purchase. WW data also indicates that highest concentration of home bakers that are also WW customers resides in KZN- This factor can potentially have a negative impact on the purchase intent of the customer as their needs to acquire baked goods may differ from customers in other areas.

Reputation: The perceived reputation of respondents residing nationally were high (M<6) (M_{Max}=7), with the WC (M=6.7) the highest but did not differ significantly for any of the variables in discussion (p>0.05). This confirms that consumers trust not only the brand, but will recommend the store and by default the bakery to people they know by "word of mouth". This is in line with national survey results (Bizcommunity, 2017).

F2: Store-experience related innovation: Respondents residing in KZN (M=2.7) had a significantly less favourable perception (p=0.01) of the selected retailer compared to those residing in Gauteng (M=3.09). Considering the maximum mean M=5, perceptions in both WC (M= 3.26) and Gauteng regions were above average for store-related experience innovation (M>3). Residents of Gauteng are more exposed to the market store concept in which all innovations are rolled out and tested first. This is a clear indication of how respondents responded to premium private label retailer-store innovations, which relates to the internal environment, atmosphere, layout, design and external environ as you enter the store. Although the WC only has one market store, the region has the most small format/mini stores, which indicates a viable opportunity for the retailer to invest time and resources to ensure that the tangible innovations – especially related to layout and design, and staff services, gets more attention.

Geographical/Residential region seems to be a notable predictor of consumers' perceptions of store experience related innovations for the premium private label retailer as the types of stores and number of stores in different regions differ.

5.3.2.3 Level of education differences

Consumers' perceptions for the two dimensions of premium private label innovativeness, as well as their level of agreement and satisfaction in terms of the performance outcome variables are presented in Table 5.9. ANOVA was also performed to determine possible significant differences in consumers' perceptions ($p<0.05$) within the different level of education categories. Results are shown in the table below.

Table 5.9: Level of education differences

	Level of Education	n	Mean	SD	Sig.
Satisfaction ($Mean_{max}$=7)	Grade 12	120	5.56	1.04	0.03*
	Grade 12 plus a degree or diploma	282	5.45	0.96	
	Postgraduate qualification	212	5.29	0.86	
	Total	**614**	**5.41**	**0.95**	
Factor 1 PPPI ($Mean_{max}$=5)	Grade 12	120	3.34	0.72	0.00*
	Grade 12 plus a degree or diploma	282	3.26	0.68	
	Postgraduate qualification	212	3.06	0.67	
	Total	**614**	**3.21**	**0.69**	
Factor 2 PSEI ($Mean_{max}$=5)	Grade 12	120	3.17	0.89	0.01*
	Grade 12 plus a degree or diploma	282	3.16	0.80	
	Postgraduate qualification	212	2.90	0.76	
	Total	**614**	**3.07**	**0.81**	

*$p<0.05$

Anova revealed significant differences among level of education groups, in terms of customers' satisfaction ($p=0.034$); Factor 1 PPPI ($p= 0.00$) as well as for Factor 2 PSEI ($p= 0.01$). In order to specify the differences, post-hoc Scheffe tests were performed. The results are presented in Table 5.10.

Table 5.10: Post-hoc Scheffe outcomes for level of education differences

Dependent Variable	(I)Education level grouped	(J)Education level grouped	Mean Diff (I-J)	Std. Error	Sig
Reputation	Grade 12	Grade 12 plus a degree or diploma	-0.14	0.08	0.20
		Postgraduate qualification	-0.10	0.08	0.45
	Grade 12 plus a degree or diploma	Grade 12	0.14	0.08	0.20
		Postgraduate qualification	0.03	0.06	0.85
Satisfaction	Grade 12	Grade 12 plus a degree or diploma	0.10	0.10	0.58
		Postgraduate qualification	0.26*	0.10	0.04
	Grade 12 plus a degree or diploma	Grade 12	-0.10	0.10	0.58
		Postgraduate qualification	0.16	0.08	0.17
Factor 1 PPPI	Grade 12	Grade 12 plus a degree or diploma	0.08	0.07	0.55
		Postgraduate qualification	0.28*	0.07	0.00
	Grade 12 plus a degree or diploma	Grade 12	-0.08	0.07	0.55
		Postgraduate qualification	0.19*	0.06	0.00
Factor 2 PSEI	Grade 12	Grade 12 plus a degree or diploma	0.00	0.08	0.99
		Postgraduate qualification	0.27*	0.09	0.01
	Grade 12 plus a degree or diploma	Grade 12	-0.00	0.08	0.99
		Postgraduate qualification	0.26*	0.07	0.01
Factor 1 PPPI $_{Other}$	Grade 12	Grade 12 plus a degree or diploma	0.09	0.09	0.63
		Postgraduate qualification	0.12	0.10	0.48
	Grade 12 plus a degree or diploma	Grade 12	-0.09	0.09	0.63
		Postgraduate qualification	0.02	0.08	0.93
	Post graduate qualification	Grade 12	-0.12	0.10	0.48
		Grade 12 plus a degree or diploma	-0.02	0.08	0.93
Factor 2 PSEI $_{Other}$	Grade 12	Grade 12 plus a degree or diploma	0.08	0.09	0.69
		Postgraduate qualification	0.08	0.09	0.68
	Grade 12 plus a degree or diploma	Grade 12	-0.08	0.09	0.69
		Postgraduate qualification	0.00	0.07	0.99

***. The mean difference is significant at $p < 0.05$**

Results indicated that lower educated consumers (Maximum Grade 12) are significantly more satisfied compared to customers with postgraduate qualifications. The same was true for factor 2 PSEI, where the perceptions of customers with grade 12 as well as those with a degree or a diploma regarding innovativeness was significantly higher than those with a post graduate qualification. Therefore, higher educated customers have higher expectations and are more difficult to please, which indicates that the retailer has to attend to the customer base in the different geographic or regional areas. A generic approach and a "one-size-fit-all approach" would therefore not be received equally well by all customers.

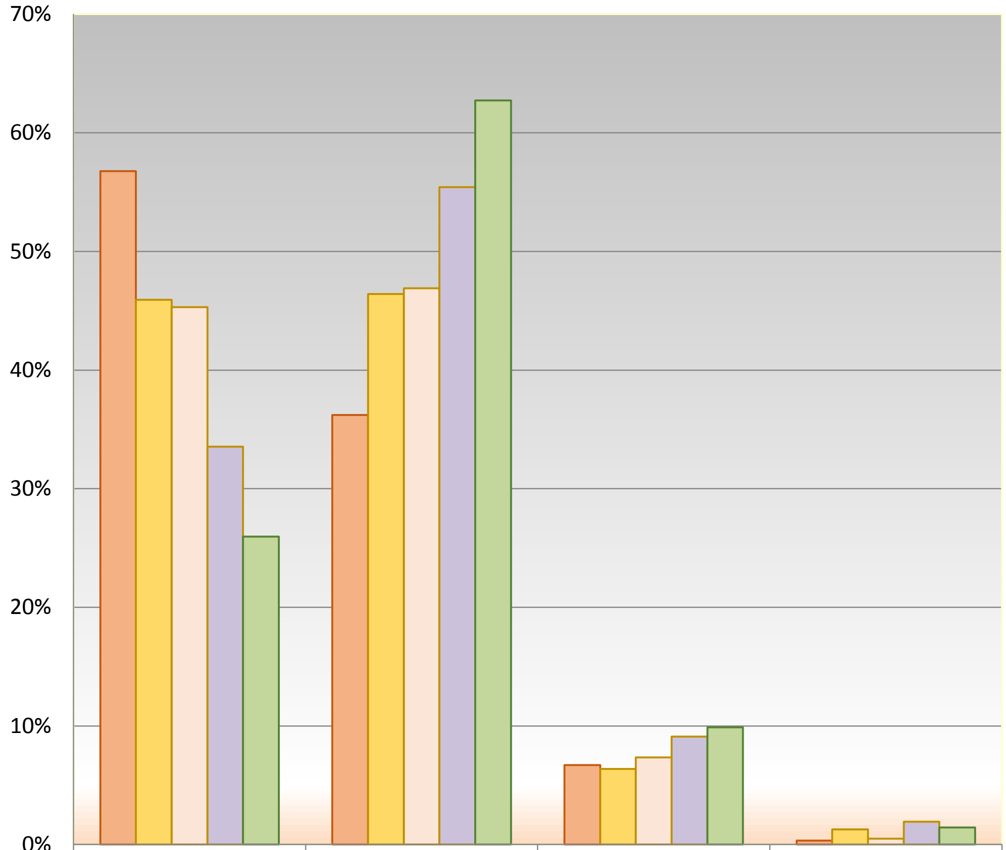
5.4 CONSUMERS' PERCEPTION OF THE INNOVATIVENESS OF PPFLR COMPARED TO OTHER RETAIL OUTLETS

The findings in this survey are based on responses of customers of the selected retailer, specifically those with internet access across South Africa. While an online survey methodology allows for good scale and national reach, it provides a perspective only on the habits of an existing customer base, not the total SA population. The researcher therefore felt that it was important to add a question to the survey that would allow comparisons to be made between customers' perceptions of innovation of the selected bakery section in the PPFLR with the equivalent at alternative retailers or outlets in terms of the dimension of innovativeness as explained in Section 5.3.

Figure 5.7 demonstrates visually how often customers purchase product equivalents at other retail outlets such as bakeries, delis, private individuals and home industries. Responses were indicated as *1. Not at all; 2. Occasionally; 3. Frequently; 4. Only when on promotion.*

Results indicated that 63% of customers *occasionally* purchase product equivalents at specialty bakeries; 55% did at other retailers, while 47% of the customers frequented home industries for similar products. Therefore, customers are not necessarily loyal to the retailer for sweet baked items and desserts, and occasionally find alternatives at other outlets and retailers.

It is of further interest to compare the perceptions of customers in terms of the organisations' ability to innovate. Figure 5.7 presents the store or outlet differences for respondents' perceptions (expressed in terms of mean values) for the two dimensions of retailer innovativeness, according to two main factors, namely Perceived Product Proposition-related Innovation (F1:PPPI) and Perceived Store Experience-related Innovation (F2:PSEI).



	1. Not at all	2. Occasionally	3. Frequently	4. Only when on promotion
Private Individuals	57%	36%	7%	0%
Deli's	46%	46%	6%	1%
Home Industries	45%	47%	7%	0%
Other Retailers	34%	55%	9%	2%
Speciality Bakeries	26%	63%	10%	1%

Figure 5.8: Customers' purchasing of product equivalents at other retail outlets

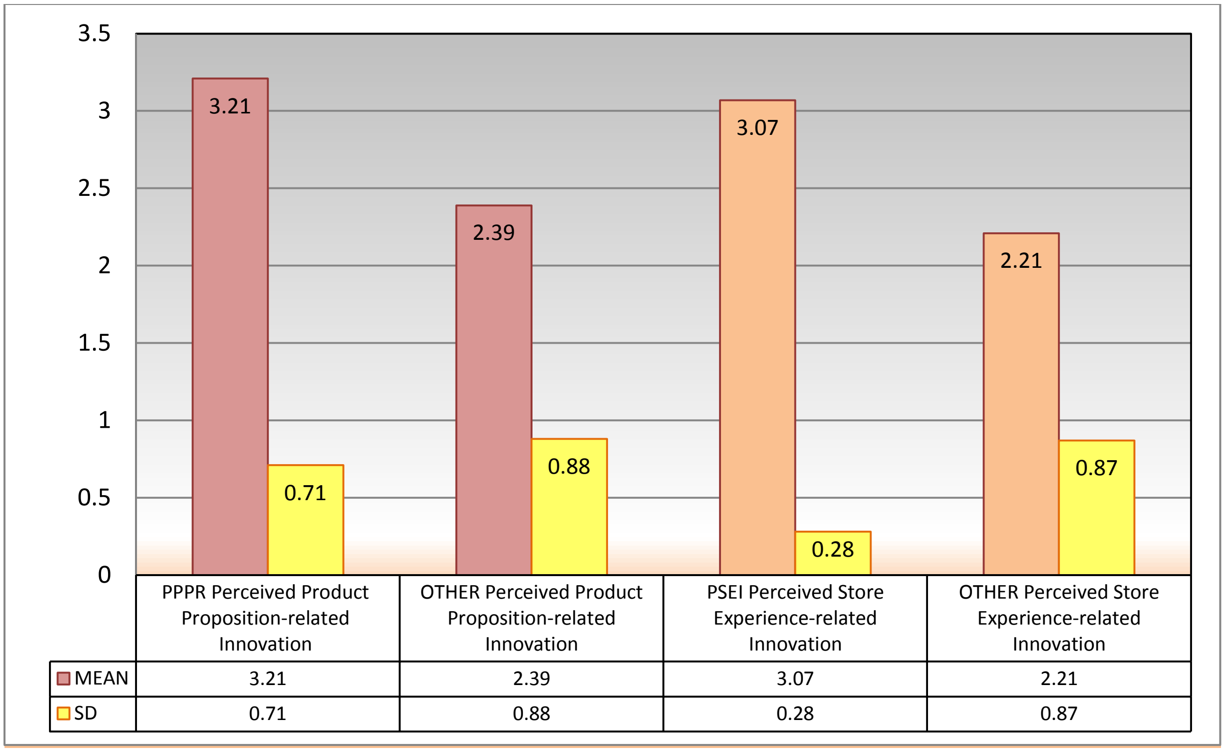


Figure 5.9: Consumer perceptions of the innovativeness (Factors 1 & 2) of the selected PPLFR versus other retailers/outlets

Means for the two dimensions of innovativeness are portrayed visually in Figure 5.8. Relatively small standard deviations (0.71, 0.88, 0.28, 0.87), indicate that there was strong consensus among respondents. For the purpose of the interpretation of the means (M), the following applied:

M= ≥4:	*Very positive perception/Extremely innovative*
M= ≥3 <4:	*Above-average perception/Very innovative*
M= ≥2.5< 3:	*Neutral perception, yet slightly innovative*
M=<2.5:	*Negative perception*

Product Proposition-related perceptions *(M=3.21)* as well as Store Experience-related perceptions (M=3.07) indicate an above average perception (M>3) of innovativeness for the selected Premium Private Label Retailer. Comparatively, consumer perceptions of innovativeness for both factors (PPPI & PSEI) for 'other outlets' are below average (M<2), indicating a negative perception.

To detect possible significant differences between the perceptions of customers for both dimensions, an independent-sample t-test was conducted to compare the Product proposition-related dimension in PPLFR and Other outlets conditions. An independent-sample t-test was also conducted to compare the In-store-experience-related dimension in PPLFR and Other outlets conditions. The results are shown in Table 5.11.

Table 5.11: Comparison of consumers' perceptions of Store Experience Innovativeness (F2) (N=628)

Stores/Outlets		Mean (M)	SD	Sig.
F1 PPPI				0.00*
	PPLFR	3.21	0.71	
	Other outlets	2.39	0.88	
F2 PSEI				0.00*
	PPLFR	3.07	0.82	
	Other outlets	2.21	0.87	

*p<0.05

Following a t-test, it became clear that for F1, Product proposition, there was a significant difference in the consumers' perceptions of PPLFR (M=3.21, SD=0.71) and other outlets (M=2.39, SD=0.88); t (1254) =18.12, p<0.05. Respondents' perception of *retailer product-proposition innovativeness* was significantly more positive for the selected premium private retailer compared to those of other stores/outlets. Furthermore, for *retailer In-store-experience innovativeness*, there was a significant difference in the scores for PPLFR (M=3.07, SD=0.82) and other outlets (M=2.21, SD=0.87); t (1254) =17.88, p<0.05, again indicating a significantly more positive perception of innovativeness for the selected premium private retailer compared to that of other stores/outlets. Therefore, the results indicated that there are statistically significant differences between consumers' perceptions of the PPLFR and other outlets and that for both dimensions of retailer innovativeness, perceptions were significantly more positive for the PPLFR. However, consumers' perceptions of innovativeness of the PPLFR (M<3.3; M_{Max}=5) indicate that there is still much room for improvement.

5.5 THE RELATIONSHIP BETWEEN CUSTOMERS' PERCEPTIONS OF THE PPLFRI AND SUBJECTIVE PERFORMANCE OUTCOMES

Existing literature suggests that a retailer's marketing performance should not be assessed by a single performance measure, such as financial performance only (Jaafar & Lalp, 2014). According to Lin (2015), assessment should include broader non-financial retailer performance, related to its marketing activities, and should include variables such as customer satisfaction, customer loyalty, purchase behaviour, and reputation (Lin, 2015; Grewal *et al*., 2011; Loveman, 1998). In this research, three subjective performance measures were used, namely, *satisfaction* (a single measurement), *reputation*, and *purchase intentions* (i.e. Section D of the structured questionnaire). Previous studies have found that these subjective measures can be used in predicting objective performance measures (Lin *et al*., 2013; Hogan *et al*., 2011; Lin *et al*., 2009; Burt, 2000), which explains inclusion of these subjective measures in the current research context. This section presents the three subjective performance measures by firstly providing simple descriptive statistics and then discussing the analysis of the relationship between PPLFR dimensions and the subjective outcomes. Possible demographic differences are then explored and discussed.

5.5.1 Subjective performance outcomes

All constructs of the marketing performance were measured on a 7-point Likert-type scale with end-points 1 (*Strongly disagree/Not satisfied at all*) and 7 (*Highly agree/Highly satisfied*). Table 5.12 presents the descriptive statistics for the three subjective performance outcome measurements.

Table 5.12: Descriptive statistics for the subjective performance outcomes

Performance Outcome Variables	*N*	Minimum	Maximum	Mean (M)	(SD)
Purchase intent	627	1.67	6.78	5.39	0.70
Reputation	627	1	7	6.41	0.74
Satisfaction	628	1	7	5.40	0.96
Valid *n* (list-wise)	627				

The means for the three variables ranged from 5.39 to 6.41 (Max=7). Standard deviations were acceptable (0.70 to 0.96), and within one deviation point of the means. For the purpose of the interpretation of the means (M), the following applied:

M=≥ 5-7:	*Highly agree/Highly satisfied*
M=≥3.8<5:	*Above average level of agreement/Above average level of satisfaction*
M=≥3.3<3.8:	*Average level of agreement / satisfaction*
M=<3.3:	*Not in agreement/not satisfied/Below-average level of satisfaction*

The means for all three variables were high (M>5), indicating that the respondents were highly satisfied with the PPLFR. Each of the subjective performance variables will now be discussed in more detail.

5.5.1.1 Purchase intent

Purchase intention is interrelated with consumers' behaviour, perception and their attitude (Goldsmith *et al*., 2011). Grewal *et al.* (2011) argue that consumers' decision to purchase a product in a certain store is driven by their intentions. Purchase intention might however be transformed by the influence of price, quality- and value perception (Grewal *et al*., 2011; Zeithaml, 1988). The mean for Purchase Intent was the lowest of the three subjective performance scores, although still relatively high (M=5.39), indicating consumer's level of agreement with the statements made in the survey relating to purchase intent, such as:

"I like to shop at …";

"I will recommend …";

"I would likely increase my shopping frequency as a result of more innovative products"; and

"I would like to buy products from the PPLFR in the future".

Purchase intent can also be influenced by the current reputation of the store and the economic climate. The results discussed here are probably an indication of the current reputation of the PPLFR. A recent survey indicated that the PPLFR are highly regarded by the South African population (Bizcommunity, 2017). The mean score nevertheless indicates that there is room for improvement.

5.5.1.2 Reputation

Previous research identified four main critical factors of a private label retailer's reputation, namely: 1. Store brand image; 2. Trust in retailer's store brand; 3. Private label's quality perception; and 4. Private label's price (Koschate-Fischer *et al*., 2014; Steiner, 2004). The mean score for Reputation (M=6.42 as indicated in Table 5-10) indicates that consumers' perceptions of the reputation for the PPLR are highly favourable.

5.5.1.3 Consumers' Satisfaction

As previous research has shown, a positive perception of a retailer has a significant impact on consumers' evaluation of the retailer (Walsh & Beatty, 2007; Brown & Dacin, 1997). Consumer satisfaction is a construct that is widely accepted as a critical determinant for long-term business success (Bizcommunity, 2017; Oliver, 1997:23). The 2017 *South African Consumer Satisfaction Index* (SAcsi) for retailers shows that South African consumers are most satisfied with the selected premium private label retailer, driven by the ability to offer high quality products, convenience and fast service (Omarjee, 2017). This result seems to be consistent with the results for satisfaction in this study.

The calculated mean (M=6.41; see Table 5-10) for this variable indicates that customers are highly satisfied with the PPLFR. The indicators of the variable are referred to as 5 Ps, and are used in marketing strategy. These are Product, Promotion, Price, Place and People. Applying the 5 P's more specifically to sweet baked cakes and desserts, these can be expanded as follows:

- Product: quality
- Product: appearance
- Product: availability
- Promotional activity

- Price: value
- Packaging
- Place: display
- People: staff

The 5 P's represent recognised dimensions of a store's marketing strategy, and are used creatively to entice and satisfy customers.

The following section explains the relationship between the two dimensions of customers' perceptions of the premium private label innovativeness (discussed in Section 5.3) and the three subjective performance variables (i.e. Purchase Intent, Reputation and Satisfaction), in order to explore whether there is empirical evidence that these subjective outcomes can be used to predict objective performance measures.

5.5.2 Relationship between PPLFRI dimensions and the subjective outcomes

Au fait theoretical and qualitative research maintain that there is a positive association between a retailer's innovation ability and its organisational performance (Lin, 2015; Grewal *et al.,* 2011; Freeman *et al.*, 2011; Lin *et al.*, 2009). As discussed in Chapter 4.5, step-wise multiple linear regressions were done in SPSS to test the relationships between the variables defined in Sections 5.3 and 5.5 (Perceived perception of product proposition and Perceived perception of in-store experience). To allow the researcher to interpret the correlation or strength of the linear relationship between two variables, correlation matrices (showing Pearson's *r*) were generated. Correlation statistics measure the degree of linear association between two or more variables. A common correlation statistic for continuous variables is the Pearson's correlation coefficient (or Pearson's *r*). Generally, values of the coefficient range between -1 and 1 and a coefficient value closer to either extreme signifies a high degree of linear association between the two variables. A coefficient value greater than zero will signify a positive linear association and subsequently a value less than 0 signifies a negative linear association (Modlin, 2012:115). Pearson's correlations were part of the descriptive statistics generated when multiple linear regressions were done in SPSS. The two independent or predictor variables were Perceived Product Proposition-related

Innovativeness (PPPI; Factor 1 from the EFA); and Perceived Store Experience-related Innovativeness (PSEI; Factor 2 from the EFA). These were correlated with each of the subjective performance outcome variables (Reputation, Satisfaction and Purchase intent) (as response or dependent variables). The results for each response variable are discussed separately.

Table 5.13 tabulates the results of the Pearson's product-moment correlation that was run to assess the relationships between the subjective performance-measure study variables, namely Purchase intent, Reputation and Satisfaction, and the two dimensions of Perceived Retailer Innovativeness (Perceived Retailer Product Proposition-related Innovativeness and Perceived Retailer In-Store Experience - related Innovativeness).

Table 5.13: Pearson's correlations for the main study variables (N=627)

	Pearson's *r*	F1	F2
Purchase Intent			
F1: Perceived Product Proposition-related Innovativeness (PPPI)	0.30 *	1.000	0.730
F2: Perceived Store Experience-related Innovativeness (PSEI)	0.31*	0.730	1.000
Reputation			
F1: Perceived Product Proposition-related Innovativeness (PPPI)	0.24 *	1.000	0.730
F2: Perceived Store Experience-related Innovativeness (PSEI)	0.30 *	0.730	1.000
Satisfaction			
F1: Perceived Product Proposition-related Innovativeness (PPPI)	0.60 *	1.000	0.731
F2: Perceived Store Experience-related Innovativeness (PSEI)	0.55 *	0.731	1.000

* $p < 0.05$

Kline (2004), used the informal interpretation of Guilford (1956:145), for statistical significant Pearson's correlations, as a method of interpretation in behavioural research and was thus deemed relevant by the researcher to use to interpret the data below the Table 5.14.

Table 5.14: Guilford's informal interpretations of the magnitude of *r* (Guilford, 1956:145)

Value of *r* (+ or -)	Informal interpretation
< 0.2	Slight, almost no relationship
0.2-0.4	Low correlation, definite but small relationship
0.4-0.7	Moderate correlation; substantial relationship
0.7-0.9	High correlation; strong relationship
0.9-1	Very high correlation; strong dependable relationship

Thus, using the Guilford's interpretation there seems to be a definite, albeit a small positive relationship between *purchase intent* (*r*= 0.30 & 0.31) and *reputation* (*r*= 0.24 & 0.30), as well as the PRI dimensions (F1 & F2), and a moderate, but substantial, positive relationship between Satisfaction (*r*= 0.60 & 0. 55) and the PPPI and PSEI. There is, however, a very strong positive correlation between the two factors of retailer innovativeness (Perceived Retailer Product Proposition-related Innovativeness and Perceived Retailer In-Store Experience-related Innovativeness) (*r* = 0.730). All the correlations are statistically significant (p <0.05) for the study variables (Laerd Statistics, 2015:324)

Table 5.13 shows that the correlations between the two independent variable, i.e. PPPI and PSEI and the three independent variables namely, purchase intent, reputation and satisfaction were positive and significant and in the anticipated direction. It is important to note that correlation provides a measure of linear association and not necessarily causality. A high correlation between two variables does not mean that changes in one variable will cause changes in another variable (Williams *et al*., 2012b). To illustrate, even though a strong association or positive correlation exist between customers' perception of private label retailer innovation and satisfaction, simply increasing the number of innovative products at the retailer will not necessarily further increase level of satisfaction.

5.6 CONCLUSION

The original PIR scale used by Lin (2015) contained four dimensions. Through Exploratory Factor Analysis, only two dimensions were extracted in the context of this study, although incorporating all the original underlying dimensions. Lin's (2015) Factors 1 and 2 (product related- and promotion related dimensions) merged as an entity, and so did Factors 3 and 4 (service-related and experience-related dimensions) of the original instrument, and was labelled; Perceived Product Proposition-related Innovation and Perceived Store Experience-related Innovation. The respective Cronbach Alpha Coefficients (>0.9) indicated high internal consistency.

Retailers face increasing pressure to differentiate themselves in the marketplace through innovation, which is normally addressed through offering creative products and new services (Reynolds, 2014; Freeman *et al.,* 2011). Modern approaches include marketing and organisational innovations, in order to co-ordinate product and process innovation with value propositions across the value chain (Reynolds, 2014; Grewal *et al.,* 2011). Retail innovations make retail stores more attractive, increasing consumers' purchase intentions.

Consumers observe and interpret a range of retailer activities to derive a judgement of a retailer's overall innovativeness (Kunz *et al*., 2011). When the retailer thus positions itself as innovative in the mind of the consumer, it is critical that the retailer adopts and or maintains this broad view of innovation. Measuring consumer perceptions of the innovation capability of a retailer is important as organisations are investing in innovations such as development of new private label products, novel promotions, new in-store services and enhancing interesting and or a creative store ambiance. It would be greatly beneficial to quantify these perceptions, as the retailer could benefit vastly when knowing that effort and expenses devoted to new/alternative products or appreciated and would attract more consumers as well as retain their existing customer base.

CHAPTER 6

CONCLUSION OF THE STUDY

This chapter presents the conclusion for the study in term of the objectives that were set, indicates the limitations of the research and makes recommendations for future research.

6.1 INTRODUCTION

The chapter reviews and relates the entire research process to the results and the relevance for the premium private label retail industry and specifically for the selected PPLFR, that aim to entice new and retain current customers through consumer-centric innovations. The chapter ends with recommendations for future research.

6.2 THE FINDINGS OF THE STUDY

The study aimed to investigate a premium private retailers' capacity to innovate and its organisational performance. To achieve this, an investigation was launched to determine consumers' overall perceptions of innovativeness about a specific PPLFR (WSA). These perceptions were also studied in terms of a specific category of foods, namely - sweet baked products and desserts, by attending to how product characteristics, promotions, service offering, as well as in-store experience relates to consumers' perceptions of the selected retailer's ability to be innovative.

6.2.1 To investigate, record and describe customers' in the selected product category in terms of their, demographic characteristics, store patronage and product purchasing behaviour (Objective 1).

Most respondents were female, between the ages of 23 and 74, resided in the Gauteng Region (51%), Western Cape Region (37%), KwaZulu-Natal Region (12%), were in the LSM band 8-10 and had been exposed to a Market Store, within six months prior to the investigation. Results indicated no significant differences in the perceptions of males and females for any of the dimensions of retailer innovativeness. Therefore, gender is not a significant predictor of consumers' perceptions of the subjective performance variables for this study.

Nearly 10% of respondents indicated that they shopped daily at the PPLFR, although less than 1% purchased sweet baked goods or desserts as part of their daily shopping. Approximately 40% of respondents purchased cakes and desserts on a monthly basis (41%) or for special occasions only (43%). This is a clear indication of an opportunity for the retailer to capitalise on frequent shoppers, and perhaps offering alternative products to attract more interest such as products with healthier benefits that can aid "guilt-free" consumption of sweet baked goods and desserts. Most categories within the department were only purchased occasionally, with respondents indicating that muffins and cupcakes (35%), teatime items (28%) and mousse and custard-based desserts (28%) were purchased most frequently.

The top four factors that affected respondents' store selection were listed as convenience, the location of the store, product range available and level of service experienced. This is in line with new trends globally that consumers are shopping more frequently and therefore convenience and location are significant deciding factors when selecting a store to frequent (Consumer Goods Forum, 2016).

6.2.2 To investigate and describe the selected PPLFR customers' overall perceptions of the innovativeness of the retailer in the selected product category and to discriminate differences in terms of the relevant dimensions of innovativeness (Objective 2).

Two dimensions of retailer innovativeness were distinguished for this study:

Factor 1: Perceived Product Proposition-related Innovation (12 items/components, which involved product related dimensions and promotion related dimensions)

Factor 2: Perceived Store-Experience-related Innovation (9 items/components, which involved service related dimensions and experience related dimensions)

The overall Product-Proposition-related perceptions for F1 (Perceived Product Proposition-related Innovation) (M=3.21) indicated an above average positive overall perception of innovativeness for product-proposition innovativeness. Store Experience-related Innovation perceptions for F2 (Perceived Store Experience-related Innovation) (M=<2.5), was below-average.

The means calculated for the dimensions of innovativeness suggest the following:

- Customers' perceptions of all items relating to *Product Proposition-related Innovation capability* were above average (M>3.0). These items, therefore, represent characteristics that the customer perceives as very innovative, and needs to be considered when new product proposition strategy is implemented by the premium private label retailer. It is also an indication that the current strategy of the retailer is successful.
- Customers' perceptions of the following items of Perceived Store Experience-related Innovation were above average (M≥3<4): "They offer a variety of services that are …" (M= 3.61); "Compared to other retailers their service offering is ..." (M=3.45); "The environment inside the store is …" (M=3.17); "The financial service related products are …" (3.17). None of the items obtained a mean value of 4 or higher, so there is definite room for improvement. It would be in the interest of the retailer to investigate ways to augment their innovativeness pertaining to these descriptors.

Augmenting products and promotions with services is a significant way for this retailer to differentiate themselves from their competitors (Homburg *et al*., 2002). Previous studies have also indicated a strong relationship between service innovations and creating customer value and a brand portraying an overall commitment to customers (Den Hertog *et al*., 2010; Homburg *et al*., 2002). A high service-innovation-oriented retailer would emphasise not only the number of services being offered but also the quality and relevancy of the services to all customers (not just to a limited set of customers) (Reynolds, 2014; Berry & Parasuraman, 1997).

- Consumers' perceptions of the following items of the store- experience innovations were below average (M<2.5), namely "The environment before entering the store is ..."; "The way the check-out counters are designed is ..."; "The shopping atmosphere created in the bakery section is …"

Both the first contact with the retailer (*environment before entering the store*) and the last contact (*the way the check-out counters are designed*) were perceived as not being innovative. On the one hand, if these aspects are attended to, it could enhance to a retailer's image but should still retain some sense of familiarity. Expeditiousness of payment, short waiting lines and proper layout of checkout counters are all factors that could enhance service quality and customer satisfaction (Oyewole, 2013; Erasmus & Kakava, 2012). An internal study conducted by the premium private label retailer also concluded that customers find the bakery section to be very cold, and lacking the aromas associated with freshly baked products. Innovativeness in these areas could potentially have a positive effect on how customers perceive the areas that are currently perceived to be below average.

Findings suggest that customers have a favourable perception of the capability of the premium private label retailers to be innovative in the bakery department. The positioning of good value for money, relatively high quality, offering new and novel products, promotions and packaging represent a potentially dominant competitive force. Premium private label price promotions make consumers more prone to buy these products (Dawes & Nenycz-Thiel, 2013).

6.2.3 To compare the PPLFR customers' perceptions of the innovativeness (overall as well as in terms of the relevant dimensions of innovativeness) of the selected bakery products with consumers' perceptions of the competitive product offering at other retailers or outlets (Objective 3).

The majority of the customers indicated that they occasionally purchase products equivalents at Speciality Bakeries (63%), and other retailers (53%); while 47% of the customers frequented home industries for similar products. Therefore, customers are not necessarily loyal to the retailer when purchasing sweet baked items and desserts, and reasons for patronising alternative outlets should be investigated.

The respondents' perceptions of *Retailer Product Proposition-related innovativeness* were significantly higher for the selected premium private retailer PPLFR (M=3.21, SD=0.71) when compared to those of other stores/outlets (M=2.39, SD=0.88); t (1254) =18.12, $p<0.05$.

Furthermore, for *Retailer Store Experience-related Innovativeness*, again respondents' perceptions of innovativeness were significantly higher for the selected premium private retailer, compared to that of other stores/outlets (PPLFR (M=3.07, SD=0.82) and Other outlets (M=2.21, SD=0.87); t (1254) =17.88, $p<0.05$). This indicates that the premium private label retailer is doing well presently.

The retailer could however benefit from understanding what motivates purchasing behaviour relating to comparable products, as the insight might be beneficial to incorporate into the product strategy to aid further differentiation.

6.2.4 To investigate the relationship between the PPLFR customers' perception of the innovativeness of products in the selected product category and the following performance measures; customer satisfaction, perceived store reputation, purchase intent (Objective 4)

In order to confirm *au fait* theoretical and qualitative research relating the positive association between a retailers' innovativeness and its organisational performance (Lin, 2015; Grewal *et al*., 2011; Freeman *et al*., 2011; Lin *et al*., 2009), Pearson's correlations were part of the descriptive statistics generated when multiple linear regressions were done in SPSS. The two independent or predictor variables were Perceived Retailer Product-Proposition Innovativeness (PRPPI; Factor 1 from the EFA); and Perceived Retailer In-store-Experience Innovativeness (PRIEI; Factor 2 from the EFA). These were tested against each of the subjective performance outcome variables (customer satisfaction, perceived store reputation, and purchase intent) (as a response or dependent variables).

The means for all three subjective outcomes: Satisfaction (M=5.4), Perceived Reputation (M=6.41) and Purchase intent (M=5.39) were high (M>5), indicating that the respondents were very satisfied, and held the PPLFR in high regard as a reputable retailer.

Using the Guilford's interpretation there seemed to be a definite, albeit a small positive relationship between *purchase intent* (r= 0.30 & 0.31) and *reputation* (r= 0.24 & 0.30), as well as the PRI dimensions (F1 & F2), and a moderate, but substantial, positive relationship between Satisfaction (r= 0.60 & 0. 55) and the PPPI and PSEI. There is, however, a very strong positive correlation between the two factors of retailer innovativeness (Perceived Retailer Product Proposition-related Innovativeness and Perceived Retailer In-Store Experience-related Innovativeness) (r = 0.730). All the correlations are statistically significant ($p < 0.05$) for the study variables (Laerd Statistics, 2015:324)

All the correlations are statistically significant ($p < 0.05$) for the study variables (Laerd Statistics, 2015: 324). Noteworthy was that lower educated consumers (Maximum Grade 12) are significantly more satisfied compared to customers with postgraduate qualifications. The same was valid for Perceived Store Experience-related Innovations, where more moderate, educated customers' perception of innovativeness was significantly higher. Therefore, higher educated customers have higher expectations and are more difficult to please, which indicates that the retailer has to attend to the customer base in particular geographic areas. A generic approach and a "one-size-fits-all approach" would therefore not be received equally well by all customers.

The following section is an appraisal indicating a research process followed that was sound and according to ethical standards.

6.3 THE RESEARCH IN RETROSPECT

On completion of the study, it is critical to ensure that the objectives were met, that the data and findings were reliable and accurate and that it was executed ethically. The quality of the research is evaluated in terms of validity and reliability of the methodology used.

6.3.1 Validity

The following steps were taken to ensure that the instrument was able to measure what it has intended to measure accurately.

6.3.1.1 Theoretical validity (Conceptualisation)

Theoretical validity was ensured employing a thorough literature review, which presented clear and objective definitions of relevant concepts. The researcher compiled a rigorous literature review, as shown in Chapters 2 and 3. A conceptual framework was subsequently designed to define and direct the research process and to indicate the relationships amongst various constructs based on the relevant literature, as well as the theoretical perspectives and the objectives of the study (see Chapter 3.5). Following the completion of exploratory factor analysis of Lin's (2015) PRI scale, the factors were restructured and the conceptual framework adjusted. Figure 6.1 presents the revised framework used for analysis. All the objectives of the study were met, as it was possible to draw proper inferences per objective.

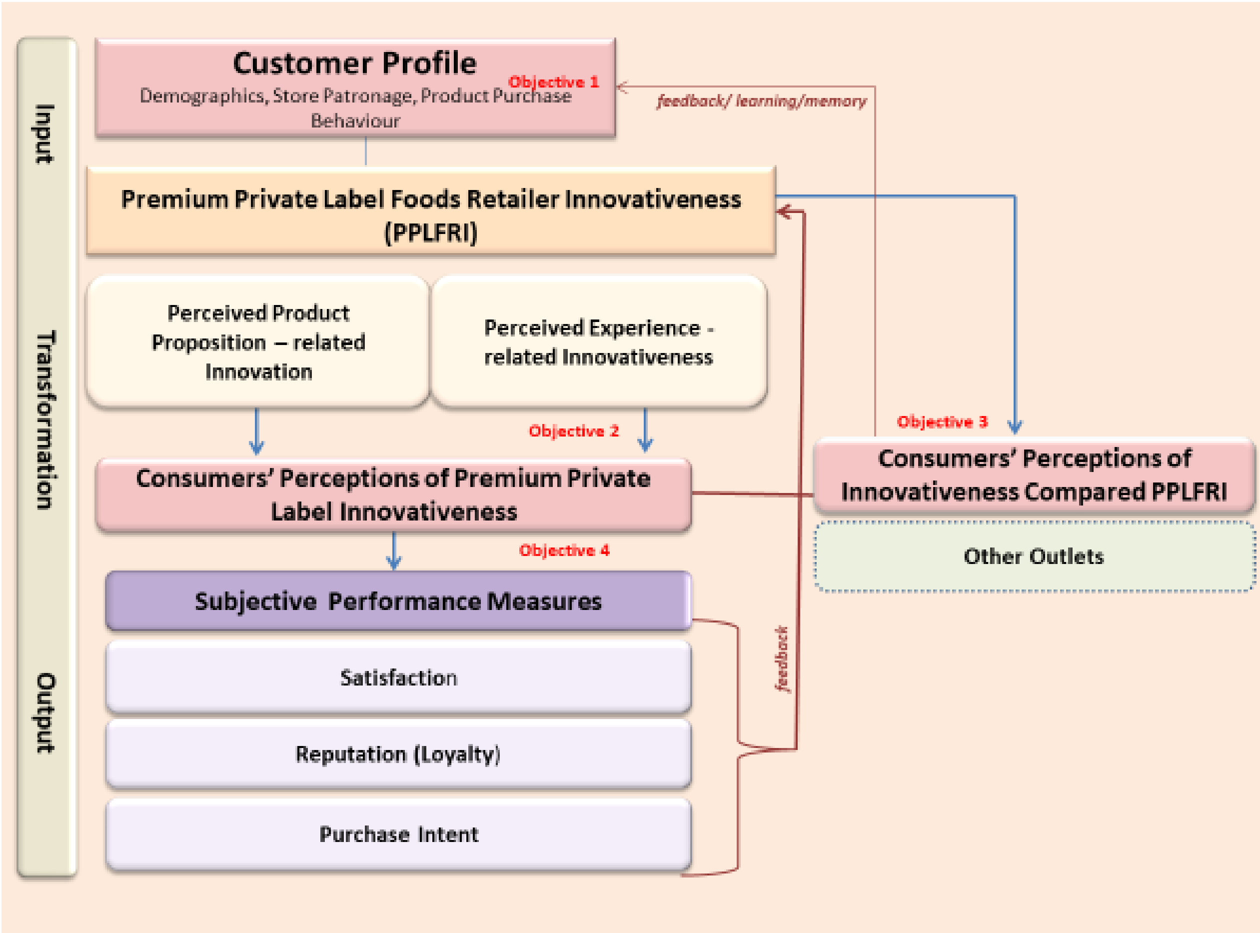


Figure 6.1: Revised Conceptual framework

6.3.1.2 Measurement validity

Measurement validity can be divided into three sub-categories, namely content, construct and face validity. Overall, measurement validity was guaranteed using conversational language in the questionnaire to avoid complexity, and this was ensured through a pretesting of the questionnaire.

Content validity was established by checking that the scales reflect the concepts being measured logically. All the central concepts, their dimensions and indicators were therefore carefully identified and verified in accordance with literature to guarantee representation in the questionnaire.

Construct validity was established by clearly defining and confirming constructs employing a thorough literature study. Likert-type scales were used as a means of measurement in the questionnaire, based on its success in similar studies in the past, and its ease of understanding. Construct validity was further assessed by calculating Cronbach's alpha coefficients.

Face Validity. The questionnaire was divided into sections to categorise and organise it and submitted to experts in the Consumer Science field to ensure the accuracy of the measured constructs.

Criterion validity. To attain a high degree of criterion validity, different items were used in each question of the questionnaire to measure the same concept, as well as adapting and testing the scales to accommodate the objectives and the scope of the study.

Nomological Validity of the innovation capability scale was tested by examining the scale's ability to behave as theoretically expected concerning other constructs (Hair *et al.,* 2010:378). The scales' dimension was correlated positively and significantly with the retailers' marketing performance and nomological validity was thus demonstrated.

6.3.1.3 Inferential validity (Data analysis)

Inferential validity refers to the validity of logical inferences drawn during the completion of the study, especially during the writing of results and conclusions. The assistance of a statistician ensured that through the entire process of data analysis, the inferential validity of the data and internal consistency of the factors were attended to.

6.3.2 Reliability

The effectiveness of a study can be judged by evaluating its reliability. If the research tool is consistent, stable, predictable, and accurate (Kumar, 2011: 181). To reduce possible sources of error during data collection, the following precautions were taken:

- The statistician as well as the study leaders checked the questionnaire to ensure relevancy of questions and ease of completion.
- The questionnaire was pretested using a pre-test; to ensure that any ambiguous or unclear items were removed before primary data were collected
- Pre-test respondents were asked to provide feedback regarding the complexity of the questions as well as any problems encountered.
- Minor changes were made to the questionnaire to ensure the correct completion during the final data collection process.
- The statistician was consulted as to an appropriate sample size to ensure that the sample is indeed representative of the population.
- Lastly, correlation coefficients and Cronbach's alphas were calculated to measure the extent to which various items in the scale correlated with the total measure of the scale.

6.3.3 Ethics

Approval to commence with this study was sought and received from the Ethics Committee of the Faculty of Natural and Agricultural Sciences at the University of Pretoria (as reflected in Addendum B). The following ethical requirements were conformed to:

Anonymity and confidentiality: A cover letter was attached to the questionnaire to explain the purpose of the study and the researcher's affiliation. By using the external consultant's database, the researcher had no access to, and could not disclose any personal information, thus guaranteeing the respondents' anonymity.

Voluntary participation and informed consent: Respondents were thoroughly informed of the potential impact of the investigation. Respondents' involvement was voluntary, and they were allowed to withdraw from the process at any given stage by not completing the questionnaire.

Plagiarism: The researcher guarded against piracy, and ensured that all ideas and thoughts from other sources were well cited and referenced.

Data and interpretation: The researcher also guarded against fraud and misrepresentation through the assistance of statisticians and use of relevant statistical programs to ensure that data were accurately analysed and interpreted. No attempt was made to manipulate the data. The study was conducted under the guidance of the study leaders, and the statistician reviewed the interpretation of the data to ensure that the reporting was done accurately. The results and discussion of the research study were compiled objectively in the form of a written report, which had to comply with the requirements of the University of Pretoria and the Department of Consumer Science, and with the agreement made with the researcher's employer, namely Woolworths South Africa.

6.4 LIMITATIONS

Even though care was taken to act ethically and reliably, certain limitations were inevitable as the research was exploratory. Limitations can serve as guidance and opportunities for future research.

Due to financial and time constraints, the sampling of the study was restricted to the use of a current database of the PPLFR customers (Mainly LSM 8-10). Results have shown a robust PPLFR Scale regarding validity and reliability, but potential bias might arise from using a scope that's limited to one premium private label retailer and its existing customers. Testing more premium private label consumers across various LSM bands would increase the generalisability of the results.

Secondly, a single PPLFR retailer was selected as the study subject, with a particular focus on a specific foods category. This restricted the scope of the study in terms of type of retailer as well as product category.

6.5 IMPLICATIONS OF THE FINDINGS

The results provide several academic and managerial implications.

6.5.1 Implications for theory

As premium private label retailers continuously increase their spending and concentrate their strategic focus on improving and streamlining their ability to innovate, it is important for both scholars and retailers to understand the effects of consumer perceptions of retailer innovativeness. An earlier study (Lin, 2015) focused on consumer perceptions of private label retailer innovativeness in Taiwan, while this study investigated perceptions of consumers for a specific premium private label food retailer in South Africa. It also confirmed the relationship between the PPLFR customers' perception of the innovativeness of products in the selected product category and the following performance measures: customer satisfaction, perceived store reputation, purchase intent. In addressing the above issues, the study makes several important contributions towards marketing theory and consumer behaviour through a better understanding of the importance of a consumer-centric approach to retailer innovativeness. It empirically demonstrates the relationship of positive consumer perceptions on consumers' purchasing behaviours that are also linked to retailer subjective performance measures such as consumer satisfaction, perceived reputation and purchase intent.

For scholars, retailer innovativeness and essential retail innovations are crucial topics that should be explored. Investigating consumer perceptions of premium private label retailer innovativeness in an emerging market is critical to understand how retailer investment in innovations contributes to their capability to innovate. These results may be useful to other retail studies, especially in an era of increasing competition where innovation is seen as such a critical instrument for differentiation.

Since this is an exploratory, cross-sectional study (conducted within a limited context), the findings would warrant a more structured cross sectional study across context.

6.5.2 Implications for policy and practice

The study found that perceived retailer innovativeness may provide a source of competitive strength that lead to higher customer satisfaction and increased purchase intention. This is of significance to the private label retailers. The selected retailer should continue to focus on the delivery of innovative products and services that might be difficult for other retailers in the South African market to match. This could include creating value (Lin *et al*., 2013) through innovations that effectively save time (that is convenient for the customer to use), evoke positive emotions and offer the quality expected by the customer. The findings of this study afford an opportunity for the retailer to recognise and reduce consumer defection through a substantial foundation of competitive strength; that is, higher satisfaction and consumer purchase intentions.

Secondly, the retailer should focus on innovative dessert and sweet baked items that offer a "specific benefit" that the customer can relate to. This direction is in line with an increased focus on healthier products.

Also consistent with findings of previous research (Lin, 2015; Grewal *et al.,* 2011), this study found that consumers respond favourably to creative promotions. Considering the current economic downturn in South Africa, the retailer should be aware of how customers respond not only to general promotions but also to specific and individualised promotions relating to the particular department. This, in turn, could have an effect on the frequency of patronage to this department.

6.6 RECOMMENDATIONS FOR FUTURE RESEARCH

It will be interesting to compare the similarities and differences among different product categories at the specific PPLFR, as well as between other retailers.

Of interest as well, will be to test the difference between the selected PPLFR in-store and PPLFR on-line shop in terms of shop/web page ‘environment’ and service. Future research should test how consumers perceive e-retailer innovativeness and how it differs from the current consumer perception of innovativeness of this study.

Extant research regarding consumer socialisation indicates differences in shopping behaviour across the population groups. For example, Millennials are seen to be more open to new experiences, and might view innovativeness differently due increased exposure compared to older generations. It would be interesting to gain a better understanding of generational differences, how they perceive premium private label retailer innovativeness and the subsequent effect it might have on their purchasing behaviour.

It is unclear if the scale can be replicated empirically to a broader variety of retailers; therefore, future studies should be done to verify the use of the scale in different contexts.

6.7 SUMMARY

Private label retailers differentiating product and service propositions through high quality, innovative premium private label products, could benefit from the results of this study, as it confirms that consumers' perceptions of retailer innovations positively correlates with subjective outcomes such as satisfaction, purchase intent and loyalty. Conceptually, the study builds on and extends the previous research carried out relating to private label innovativeness (Lin, 2015; Grewal, et al., 2011; Anselmsson & Johansson, 2009a; Lin, et al., 2009), by focusing on consumer perceptions of premium private label retailing and its effect on consumer purchasing behaviour in an emerging market.

For the selected premium private retailer the study could have an impact where resources are allocated for innovation, incorporating a more consumer-centric innovation approach – to ensure that both the organisation and the consumer share similar perceptions of the innovation capability of the retailer. This would enable the retailer to continue to differentiate them from their competitors in tough trading and fast-changing trading environments.

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ADDENDUM A

UNIVERSITEIT VAN PRETORIA
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DEPARTMENT OF CONSUMER SCIENCE

CONSUMERS' PERCEPTIONS OF A SELECTED SOUTH AFRICAN PRIVATE LABEL RETAILER'S INNOVATIVENESS WITHIN A SELECTED FOODS CATEGORY

Dear Respondent.

The purpose of this study is to gain insight into how the consumer perceives the innovativeness (innovation) of Woolworths Foods in the sweet bakery and desserts category. Innovativeness refers to Woolworths Foods' ability to be creative in their product, service and promotional offering and presentation. Thank you for taking the time to share your perspectives and views in this regard. Participants will be asked to answer a number of questions. All answers will be recorded for further use by the investigators only. Due to the anonymity of responses, respondents need not be concerned about infringement of their privacy: the results of this study will be presented in aggregated format. A decision to withdraw at any stage of the study will not result in any penalty. Participation is voluntary and does in no way release the researchers or involved institutions from their legal and professional responsibilities.

Your decision to respond to the questions posed will be interpreted as confirmation that you have agreed to participate

Please follow the instructions for each question very carefully. There are no correct or incorrect answers. Your responses will be treated confidentially and you will remain anonymous as your identity can not be retrieved and disclosed in any way. Thank you for your participation!

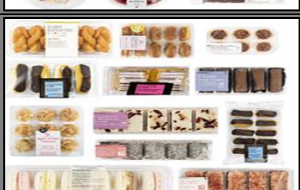
Section A WE WOULD LIKE TO KNOW MORE ABOUT YOU AS A VALUED CUSTOMER. *Answer every question or mark the relevant answer with an X.*									Respondent number:		Office use	
											V0	
1.	**What is your gender?**						**Male**		1	**Female** 2	V1	
2.	**What is your highest level of education?**	Lower than grade 12	1	Grade 12	2	Grade 12 plus a degree or diploma	3	Post graduate qualification	4		V2	
3.	**What was your age at your most recent birthday? (Between 18 and 74years)**										V3 Years	
4.	**Please type your area of residence in South Africa (please be specific regarding the Province and City e.g. Gauteng, Johannesburg).**						Province:______________ City:__________________				V4	
5.	**How many adults (older than 18 years) are there in your current household?**						____________				V5	
6.	**How many dependent children (up to 18 years of age) in your household?**						____________				V6	

CONSUMERS PATRONAGE OF THE SELECTED PRIVATE RETAILERS FOODS GROUP (WOOLWORTHS FOODS). *Answer every question and mark every relevant answer with an X*										Office use	
7.	**How often do you shop at a Woolworths Foods store?**	Daily	1	2-3 times Weekly	2	Monthly	3	Special occasions only	4	V7	
8.	**How often do you purchase Woolworths sweet baked items (like muffins, cupcakes & cakes) and/ or desserts (excluding ice cream)?**	Daily	1	2-3 times Weekly	2	Monthly	3	Special occasions only	4	V8	

9.	**Please study the following list below. Rate the importance o the factors that influence you decisions to shop at a specific Woolworths Foods' store, using a "0"to "10" point scale where '0' means not important at all and '10' means extremely important.**	**"0-10"**	V9	
	Convenience Factor		V9.1	
	Location of the store		V9.2	
	Store Image		V9.3	
	Product range available in the store		V9.4	
	Level of service experienced		V9.5	
	Store layout and design		V9.6	
	Fresh in-store counters (bakery/butchery/fishmonger, etc.)		V9.7	
	Display of products in-store		V9.8	
	Baked products available from the Woolworths Café Counter		V9.9	
	In-store atmosphere/ambiance		V9.10	

10. Have you ever made food purchases at one of the following stores? ***Please respond to every item.*** ***Mark the number with an X which is applicable to you***	**NOT AT ALL**	**OCCASIONALLY**	**FREQUENTLY**	V10	
Lifestyle Crossing, JHB	1	2	3	V10.1	
Waterstone, CPT	1	2	3	V10.2	

Nicolway, JHB	1	2	3		V10.3	
Sandton City, JHB	1	2	3		V10.4	
Eastgate, JHB	1	2	3		V10.5	
Parkview Kimiad, PTA	1	2	3		V10.6	
Mall of Africa, JHB	1	2	3		V10.7	

11. **Please indicate which type of cakes and/or dessert categories you have purchased in the last six months (Images purely serve as an indicator of some of the products available per category).**		NOT AT ALL	OCCASIONA LLY	FREQUENTL Y	ON PROMOTIO N ONLY		V11	
	Mousse Desserts and or Custard	1	2	3	*4*		V11.1	
	Refrigerated Mousse or Cream Cakes	1	2	3	*4*		V11.2	
	Pies and Tarts	1	2	3	*4*		V11.3	
	Warm-eating puddings i.e. Malva Pudding/Toffee Pudding	1	2	3	*4*		V11.4	
	Individual Desserts	1	2	3	*4*		V11.5	
	Muffins or Cupcakes	1	2	3	*4*		V11.6	
	Cakes, Bar cakes, Party Cakes	1	2	3	*4*		V11.7	
	Refrigerated desserts	1	2	3	*4*		V11.8	
	Teatime items i.e. custard slices, macarons, koeksisters, cake slices	1	2	3	*4*		V11.9	
	Christmas Desserts	1	2	3	*4*		V11.10	

Section B **Thinking back to your recent shopping experiences when buying cakes, other sweet baked products and desserts in a Woolworths Foods' store. Please share some thoughts on your perceptions of innovativeness relating to product, promotion, services and in-store experiences.**						Office use	
12. When thinking back at your shopping experiences in a Woolworths Food Stores- please indicate your perceptions of the level of product and promotional innovation for the statements below. *(Please answer EVERY QUESTION. Mark the number with an **X** which is most applicable to you)*	NOT AT ALL INNOVATIVE	SLIGHTLY INNOVATIVE	SOMEWHAT INNOVATIVE	VERY INNOVATIVE	EXTREMELY INNOVATIVE	V12	
They offer NEW cake and dessert products that are ...	1	2	3	4	5	V12.1	
The cake and dessert PACKAGING DESIGN is …	1	2	3	4	5	V12.2	
The PACKAGING of the cake and dessert items is ...	1	2	3	4	5	V12.3	
The VARIETY of non-refrigerated cake products is ...	1	2	3	4	5	V12.4	
The VARIETY of dessert products is ...	1	2	3	4	5	V12.5	
The VARIETY of refrigerated cake products is ...	1	2	3	4	5	V12.6	
They offer cake and dessert items in SIZES that are ...	1	2	3	4	5	V12.7	
The cake and dessert items featured in the *"Eat In"* promotion are ...	1	2	3	4	5	V12.8	
The *W-Rewards* Card Promotions are ...	1	2	3	4	5	V12.9	
The VARIETY of promotions is ...	1	2	3	4	5	V12.10	
They offer NEW promotions that are ...	1	2	3	4	5	V12.11	
The desserts featured on the *"Daily Deal"* promotions are ...	1	2	3	4	5	V12.12	
13. Thinking back to your shopping experiences buying cakes, other baked sweet products and desserts in a Woolworths Foods Store- please indicate your perceptions of the level of innovative store experience and service innovation for the statements below. *(Please answer EVERY QUESTION. Mark the number with an **X** which is most applicable to you)*	NOT AT ALL INNOVATIVE	SLIGHTLY INNOVATIVE	SOMEWHAT INNOVATIVE	VERY INNOVATIVE	EXTREMELY INNOVATIVE	V13	
Compared to other retailers their service offering is ...	1	2	3	4	5	V13.1	
They offer a variety of services that are ...	1	2	3	4	5	V13.2	
The financial service- related products are ...	1	2	3	4	5	V13.3	
They offer new in-store services that are ...	1	2	3	4	5	V13.4	
The environment before entering the store is ...	1	2	3	4	5	V13.5	
The way the check-out counters are designed is ...	1	2	3	4	5	V13.6	
The layout of the different cake and desserts sections are ...	1	2	3	4	5	V13.7	
The shopping atmosphere created in the bakery section is …	1	2	3	4	5	V13.8	
The environment inside the store is ...	1	2	3	4	5	V13.9	

14. **Do you purchase any sweet baked products (i.e. cakes, muffins and/or cupcakes) or desserts from any other outlet?** *(Please answer EVERY APPLICABLE QUESTION. Mark the number with an **X** which is most applicable to you)*	NOT AT ALL	OCCASIONALLY	FREQUENTLY	ON PROMOTION ONLY	V14	
Other Retailers	1	2	3	4	V14.1	
Speciality Bakeries	1	2	3	4	V14.2	
Deli's	1	2	3	4	V14.3	
Private Individuals	1	2	3	4	V14.4	
Home Industries	1	2	3	4	V14.5	

Section C

Thinking back to your recent shopping experiences when buying cakes, other sweet baked products and desserts from other retail outlets. Please share some thoughts on your perceptions of innovativeness relating to product, promotion, services and in-store experiences.

15. When thinking back at your shopping experiences purchasing cakes and desserts products at your most frequented outlet other than Woolworths' Stores- please indicate your perceptions of the level of product and promotional innovation for the statements below. *(Please answer EVERY QUESTION. Mark the number with an **X** which is most applicable to you)*	NOT AT ALL INNOVATIVE	SLIGHTLY INNOVATIVE	SOMEWHAT INNOVATIVE	VERY INNOVATIVE	EXTREMELY INNOVATIVE	Office use V15	
They offer NEW cake and dessert products that are ...	1	2	3	4	5	V15.1	
The cake and dessert PACKAGING DESIGN is …	1	2	3	4	5	V15.2	
The PACKAGING of the cake and dessert items is ...	1	2	3	4	5	V15.3	
The VARIETY of non-refrigerated cake products is ...	1	2	3	4	5	V15.4	
The VARIETY of dessert products is ...	1	2	3	4	5	V15.5	
The VARIETY of refrigerated cake products is ...	1	2	3	4	5	V15.6	
They offer cake and dessert items in SIZES that are ...	1	2	3	4	5	V15.7	
The cake and dessert items featured in the *"Eat In"* promotion are ...	1	2	3	4	5	V15.8	
The *W-Rewards* Card Promotions are ...	1	2	3	4	5	V15.9	
The VARIETY of promotions is ...	1	2	3	4	5	V15.10	
They offer NEW promotions that are ...	1	2	3	4	5	V15.11	
The desserts featured on the *"Daily Deal"* promotions are ...	1	2	3	4	5	V15.12	
16. Thinking back to your shopping experiences purchasing cakes, other baked sweet products and desserts at your most frequented outlet other than a Woolworths' Foods Store- please indicate your perceptions of the level of innovativeness for each of the statements below. *(Please answer EVERY QUESTION. Mark the number with an **X** which is most applicable to you)*	NOT AT ALL INNOVATIVE	SLIGHTLY INNOVATIVE	SOMEWHAT INNOVATIVE	VERY INNOVATIVE	EXTREMELY INNOVATIVE	V16	
Compared to other retailers their service offering is ...	1	2	3	4	5	V16.1	
They offer a variety of services that are ...	1	2	3	4	5	V16.2	
The financial service- related products are ...	1	2	3	4	5	V16.3	
They offer new in-store services that are ...	1	2	3	4	5	V16.4	
The environment before entering the store is ...	1	2	3	4	5	V16.5	
The way the check-out counters are designed is ...	1	2	3	4	5	V16.6	
The layout of the different cake and desserts sections are ...	1	2	3	4	5	V16.7	
The shopping atmosphere created in the bakery section is …	1	2	3	4	5	V16.8	
The environment inside the store is ...	1	2	3	4	5	V16.9	

17. **Rate the descriptions of how you would describe an innovative product below, using a scale from '0'- '10'. '0' means 'completely disagree ' and '10' means 'fully agree'**	***"0-10"***	V17	
An innovative product is any product that is new to me personally.		V17.1	
An innovative product can be a product that has been on the shelf before, but is reintroduced in new Packaging.		V17.2	
An innovative product is any product that offers a new benefit to me.		V17.3	
An innovative product uses technology in the production thereof that is hard to replicate at home.		V17.4	
An innovative product is expensive.		V17.5	
All new products are innovative.		V17.6	
An innovative product is a revised version of a product that I am familiar with.		V17.7	
An innovative product is one that I do not have the skill to replicate at home.		V17.8	

Section D **Thinking back to your recent shopping experiences when buying cakes, other sweet baked products and desserts from Woolworths Foods stores please answer the questions below.**								**Office use**	
18. Please read the statements below and indicate your level of satisfaction with Woolworths Food Stores' sweet baked items and/ desserts.	VERY DISSATISFIED	DISSATISFIED	SOMEWHAT DISSATISFIED	NEUTRAL	SOMEWHAT SATISFIED	SATISFIED	VERY SATISFIED	V18	
I am satisfied with the quality of the cake and dessert items.	1	2	3	4	5	6	7	V18.1	
I am satisfied with the cake and dessert promotional offers.	1	2	3	4	5	6	7	V18.2	
I am satisfied with the value of the products compared to the price paid.	1	2	3	4	5	6	7	V18.3	
I am satisfied with the availability of the cake and dessert items in store.	1	2	3	4	5	6	7	V18.4	
I am satisfied with the packaging of the cake and dessert items.	1	2	3	4	5	6	7	V18.5	
I am satisfied with the visual appearance of the cake and dessert items.	1	2	3	4	5	6	7	V18.6	
I am satisfied with the display of the cake and dessert items in the bakery isle.	1	2	3	4	5	6	7	V18.7	
I am satisfied with the assistance from staff when required.	1	2	3	4	5	6	7	V18.8	
19. How do the following statements reflect your thoughts about shopping at Woolworths Food Stores?	COMPLETEL	DISAGREE	SOMEWHAT	NEITHER	SOMEWHAT	AGREE	COMPLETEL	V19	
I like to shop at Woolworths Foods.	1	2	3	4	5	6	7	V19.1	
Woolworths Foods has a good reputation.	1	2	3	4	5	6	7	V19.2	
I will recommend Woolworths Foods to my friends and colleagues.	1	2	3	4	5	6	7	V19.3	
I will not search for other retailers to do my shopping at.	1	2	3	4	5	6	7	V19.4	
I would be more likely to purchase a bigger variety of products from Woolworths Foods as a result of more innovative products.	1	2	3	4	5	6	7	V19.5	
I would be more likely to increase my shopping frequency as a result of more innovative services.	1	2	3	4	5	6	7	V19.6	

Generally speaking, Woolworths Foods is a reputable retailer.	1	2	3	4	5	6	7	V19.7	
I would like to spend more time buying products from Woolworths Foods.	1	2	3	4	5	6	7	V19.8	
I would like to buy products from Woolworths Foods in the future.	1	2	3	4	5	6	7	V19.9	
I would be more likely to increase my shopping frequency as a result of more innovative promotions.	1	2	3	4	5	6	7	V19.10	
I would be more likely to increase my shopping frequency as a result of a more innovative store environment.	1	2	3	4	5	6	7	V19.11	

Thank you for your participation!

ADDENDUM B

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Natural and Agricultural Sciences
Department of Consumer Science
2016

RESEARCH PROJECT: Consumer's perceptions of a selected South African private retailer's innovativeness within the foods group.

Dear Respondent

The intention with this research is to gain some insight into customer's perceptions regarding the selected private retailer's ability to innovate within the Foods Group. Only individuals who reside in South Africa are allowed to complete the questionnaire. Individuals must have had a personal buying experience at a WW Foods Store (meaning that a consumer needed to have visited a WW Food Store physically) in the previous 6 months. Respondents need to be 18 years or older. It will take at least 10 minutes of your time to complete this questionnaire that forms part of a dissertation for a Master's degree in Consumer Science. All information will be dealt with anonymously.

Please read the questions carefully and give your honest opinion throughout.

Thank you for your participation!

Marli Roberts

Student: M Consumer Science Food Management

Study Leaders: Dr GE du Rand

Prof AC Erasmus

If you have any questions, please do not hesitate to contact me at 0722046329 or email me at marliroberts@woolworths.co.za

ADDENDUM C

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Natural and Agricultural Sciences
Ethics Committee

E-mail: ethics.nas@up.ac.za

Date: 29/8/2017

ETHICS SUBMISSION: LETTER OF APPROVAL

Dr G du Rand
Department of Consumer Science
Faculty of Natural and Agricultural Sciences
University of Pretoria

Reference number: EC170603-141
Project title: Consumer's perceptions of a South African premium private label retailer's innovativeness within a selected foods category

Dear Dr du Rand,

We are pleased to inform you that your submission conforms to the requirements of the Faculty of Natural and Agricultural Sciences Ethics committee.

Please note that you are required to submit annual progress reports (no later than two months after the anniversary of this approval) until the project is completed. Completion will be when the data has been analysed and documented in a postgraduate student's thesis or dissertation, or in a paper or a report for publication. The progress report document is accessible of the NAS faculty's website: Research/Ethics Committee.

If you wish to submit an amendment to the application, you can also obtain the amendment form on the NAS faculty's website: Research/Ethics Committee.

The digital archiving of data is a requirement of the University of Pretoria. The data should be accessible in the event of an enquiry or further analysis of the data.

Yours sincerely,

Chairperson: NAS Ethics Committee

ADDENDUM D

FORM A

UNIVERSITY OF PRETORIA

FACULTY Natural and Agriculture Science

DEPARTMENT Department of Consumer Science

The Department of consumer Science places specific emphasis on integrity and ethical behaviour with regard to the preparation of all written work to be submitted for academic evaluation.

Although academic personnel will provide you with information regarding reference techniques as well as ways to avoid plagiarism, you also have a responsibility to fulfil in this regard. Should you at any time feel unsure about the requirements, you must consult the lecturer concerned before you submit any written work.

You are guilty of plagiarism when you extract information from a book, article or web page without acknowledging the source and pretend that it is your own work. In truth, you are stealing someone else's property. This doesn't only apply to cases where you quote verbatim, but also when you present someone else's work in a somewhat amended format (paraphrase), or even when you use someone else's deliberation without the necessary acknowledgement. You are not allowed to use another student's previous work. You are furthermore not allowed to let anyone copy or use your work with the intention of presenting it as his/her own.

Students who are guilty of plagiarism will forfeit all credit for the work concerned. In addition, the matter can also be referred to the Committee for Discipline (Students) for a ruling to be made. Plagiarism is considered a serious violation of the University's regulations and may lead to suspension from the University.

For the period that you are a student at the Department of Consumer Science, the under-mentioned declaration must accompany all written work to be submitted. No written work will be accepted unless the declaration has been completed and attached.

I (full names)	Maria Elizabeth (Marli)Roberts
Student number	12228542
Subject of the work	M Consumer Science Food Management

Declaration

1. I understand what plagiarism entails and am aware of the University's policy in this regard.
2. I declare that this dissertation (e.g. essay, report, project, assignment, dissertation, thesis etc) is my own, original work. Where someone else's work was used (whether from a printed source, the internet or any other source) due acknowledgement was given and reference was made according to departmental requirements.
3. I did not make use of another student's previous work and submitted it as my own.
4. I did not allow and will not allow anyone to copy my work with the intention of presenting it as his or her own work.

Signature Marli Roberts