Gordon Institute of Business Science
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The role of distribution in determining a brand's availability and ability to charge a price premium within emerging markets

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ABSTRACT

Consumer packaged goods (CPG) firms managing and distributing their brands within emerging markets often have to take a dual marketing approach to overcome the various socio-economic, institutional and retailing challenges that exist. This often requires the development of new distribution and brand management methods that are unique to these markets. Given that detailed marketing studies have only recently begun to receive attention, this study will add to the current set of literature, especially within the context of brand and distribution management within emerging markets. To the best of the researcher's knowledge as evidenced by the literature reviewed, this is the first study to empirically address the effect that various retail formats across rural and urban geographies have on branded product availability and price premium. The aim of this study was to establish which individual brands within various product categories are better at managing their availability and price premium across retail format and geography in the South African market.

The study was quantitative in nature and descriptive in design, with pricing and availability data being gathered for 37 branded products by way of observational form. 272 retail formats across urban and rural geographies in each of the nine South African provinces made up the sample size.

Although branded product availability was generally lacking in informal rural retail channels, the long-standing multi-national brands within the soft drink, cigarette and laundry detergent categories were found to be best at managing their brand and distribution footprints throughout South Africa. The findings also uncovered that counter to most emerging market literature, price premium was higher in formalised modern retailers compared to informal traditional retailers. These findings are further unpacked in the proceeding chapters. The limitations of the study and implications for emerging market literature are also discussed in detail.

KEYWORDS

Brand availability; distribution; emerging markets; price premium; retail format

DECLARATION

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

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

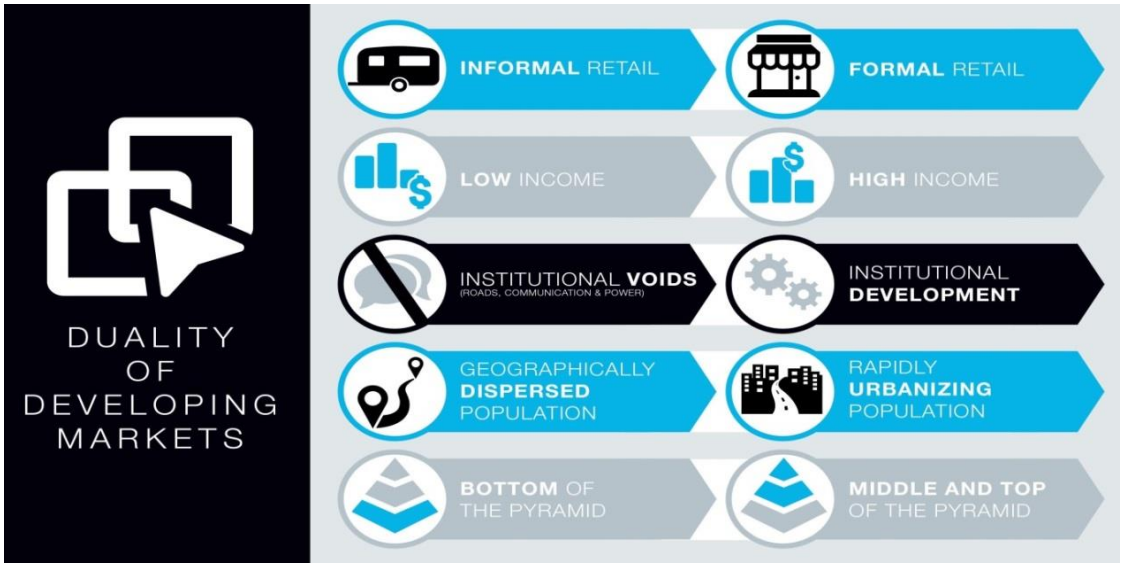
CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

> "Every truth has two sides; it is as well to look at both, before we commit ourselves to either."
>
> – Aesop (Ancient Greek Story Teller)

1.1 MARKETING CHALLENGES IN EMERGING MARKETS

The existence of a "dual" economy can often be seen as a defining characteristic of many emerging markets (Cuervo-Cazurra & Ramamurti, 2014). Marketing within these economies often demands that Consumer Packaged Goods (CPG) firms take a binary approach when overcoming the various challenges that exists from a distribution and brand management perspective. The mix of developed and developing world characteristics is prevalent in that populations are often transitioning from being deeply rural to rapidly urbanising. Large socio-economic disparities cause unequal income and lifestyle distributions, leading to varied buying and consumption behaviours. Product distribution is mainly completed through a collection of informal and formal retailing environments. Infrastructure in certain regions might remain largely underdeveloped from a power, transportation and communication point-of-view, whereas some of the larger cities and towns might be highly developed. All these factors make getting the right product to the right consumer at the right time very difficult (Kumar, Sunder & Sharma, 2014; Lenartowicz & Balasubramanian, 2009; Sheth, 2011). Figure 1 graphically highlights certain dualities that exist in these markets.

FIGURE 1: DUALITY OF DEVELOPING MARKETS



Source: Julian Dallamore (2015)

Despite these challenges, the saturation of developed markets and the rise of globalisation continue to entice CPG firms, both domestic and multinational, to divert their attention to capturing the largely unmet demand and profit potential that exists (Kumar et al., 2014). Said markets have been predicted to grow “almost three times faster than the developed economies between 2013 and 2020, and will account for close on 65% of global economic growth” (Boumphrey & Bevis, 2013, p. 3).

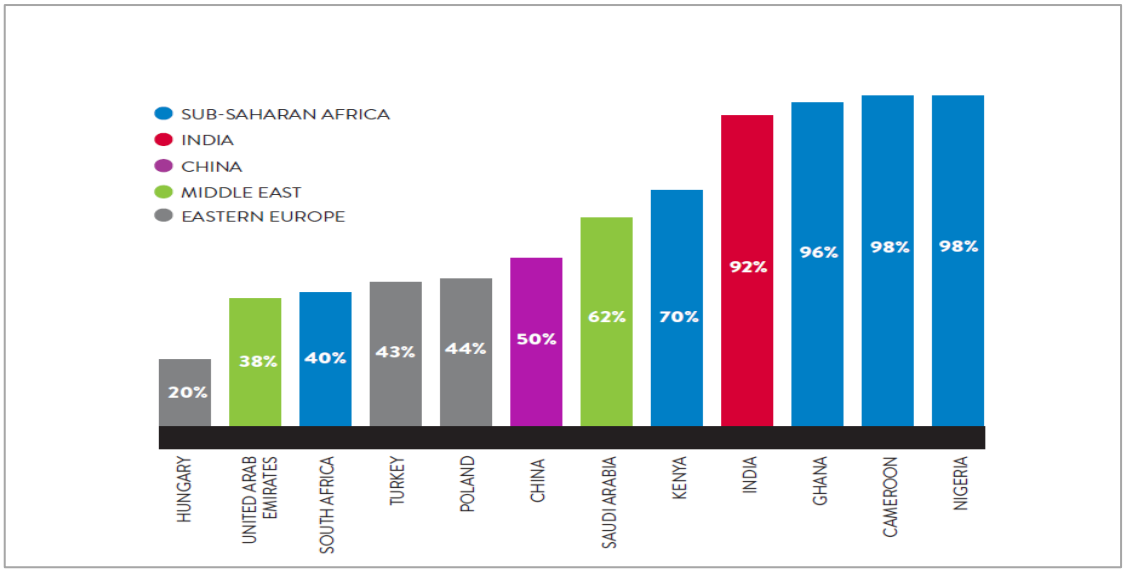
Notwithstanding the duality that exists, a large amount of literature still pictures these markets to be low-income and largely undeveloped in nature (AT Kearney, 2007; Hammond & Prahalad, 2004; Prahalad & Hart, 2002; Sheth, 2011). However, a recent study conducted by Neilson (Burch, 2015) predicts that there are already 350 million middle-income consumers within Africa alone. This rapid rise in middle class income has increased purchasing power for some, whilst the large majority still remain in a state of poverty (Prime, 2014). This not only poses product but also pricing and distribution challenges as firms look to satisfy and profit from the often heterogeneous needs of both of these income groups. This once again highlights the binary nature that exists in these markets and the challenges that CPG firms need to overcome.

A study by the World Bank (2015) estimated that 68% of inhabitants in India and sub-Saharan Africa still live in underdeveloped rural areas. This has been found to limit the distribution effectiveness of many firms given the crucial institutional service voids, such as power, transportation and communication (Chakravarthy & Coughlan, 2011). Without this infrastructure, firms struggle to reach, communicate and transact conveniently with these consumers. Ultimately, this creates a higher cost to serve these individuals profitability, which has led to a lack of branded products within thousands of rural outlets (Chakravarthy & Coughlan, 2011; Neuwirth, 2012). However this not true of all emerging markets, as South Africa is just over 63% urbanised (Prinsloo, 2014). The urbanisation phenomenon is due to create an “over-four-billion-strong global "consumer class" by 2025, with nearly two billion residing in emerging-market cities injecting nearly $25 trillion into the global economy through a combination of consumption and investment in physical capital” (Dobbs, Remes & Schaer, 2012, p. 1). CPG firms looking to profit from these markets will need to be aware of the duality that exists in how populations are distributed across geography, in order to design cost effective distribution networks that are able to understand and serve emerging consumers profitably.

Given that much of the business opportunity resides in the middle and low income tiers of these markets, it has been found that customers often have limited purchasing power and are more price sensitive than their developed world contemporaries (Chakravarthy & Coughlan, 2011). This price sensitivity manifests itself in trust and quality perceptions, brand preference and product trade-offs (Barki & Parente, 2010). Therefore, gaining a deeper understanding of the possible effects of CPG firms charging price premiums across retail formats and geographies is important, especially when considering the effect of unequal income distributions that exist.

Distribution within these economies is often informed by the proliferation of both informal and formal retail channels. A Nielson (Burch, 2015, p. 2) study on retail distribution within sub-Saharan countries revealed that 80% of both low and middle-income consumers shop from informal table top stalls, with 550,000 of these outlets existed across the 14 sub-Saharan countries monitored. Figure 2 highlights the percentage of local retail sales completed within informal retail outlets across various emerging markets. The influence of these retailers is still most felt within African economies such as Ghana (96%), Cameroon (98%) and Nigeria (98%). This has left large portions of both urban and rural consumers underserved and reliant on informal retailers to supply basic goods and services which, by default have forced many firms to look at ways in which they can develop stronger ties and distribution networks with the informal retailers.

FIGURE 2: PERCENT OF SALES FROM TRADITIONAL TRADE



Source: Nielsen Retail Measurement (2015)

However certain markets have also seen significant inroads made by modern retailers into this large informal environment, particularly within the South African market where the five biggest retailers are predicted to account for R1.46 trillion in local retail sales by 2016 (Fouche & Wilkinson, 2012). The duality within these retail environments impacts how CPG firms manage their brands and distribution capabilities both from a scale and scoping perspective.

Often the lack of local distribution knowledge has forced firms to develop stronger ties with local informal retailers to get closer to the shopper, to identify the appropriate retail outlets for their brands, and to assist in building demand for their products. The effects of building these relationships are best demonstrated within Nigeria, where the highest-selling new product was able "to reach 65% of the retail universe of 745,000 outlets, while the next nine best-selling products were available in just 30% of these outlets" (Burch, 2015, p. 2). However for the most part, most leading companies in emerging markets are still only capturing 17% of the total revenues from emerging markets as highlighted in Figure 3 below.

FIGURE 3: TOTAL REVENUES EARNED FROM EMERGING MARKETS

Source: McKinsey analysis (2012)

This could in part be attributed to the lack of understanding of how to overcome these retailing complexities, which highlights a greater need to understanding the nuances that exist between the duality of retail formats within these environments.

As growth in emerging markets gives consumers' increased spending power, CPG firms will increasingly need to find opportunities to establish their brands in the mind of consumers. A report from McKinsey (2012) provides evidence that word of mouth and in-store experience are two factors that greatly influence consideration for brands in these markets. Both these factors have distribution implications and highlight the importance of brand availability in order to be spoken of, tested and ultimately considered by emerging consumers.

1.2 RESEARCH PROBLEM

Given the duality that exists in these markets from a socio-economic, infrastructural and geographical perspective, the research study will explore the effect that different distribution channels across rural and urban geographies have on a CPG firms branded product availability and ability to charge a price premium within the South African market.

1.3 ACADEMIC MOTIVATION

Although marketing literature within emerging markets is growing, topics have remained broad, covering the profit potential found in the lower-income market, characteristics of emerging consumers, and strategic development in emerging markets. Detailed studies pertaining to elements of the marketing mix – distribution and brand premium in particular – have only recently begun to receive attention (Dholakia et al., 2012; Kumar et al., 2014; Venkatesan et al., 2015). Kumar et al. (2014, p. 530) devised an econometric model to help firms create a multi-channel distribution strategies whilst accounting for (a) own-marketing mix, (b) competitive actions, (c) brand-level heterogeneity, and (d) dependencies that may arise between product offerings. However, this research only looked at different retail formats at an aggregate level, and did not examine the relationship between these retail formats across urban and rural markets as influencing factors on a brand's availability and price premium.

This research study aims to contribute to emerging market literature, focussing specifically on the effect of distribution on determining a brand's availability and ability to charge a price premium. To the best of the researchers knowledge, this is the first emerging market study to empirically address the effect that various retail formats across rural and urban geographies have on branded product availability and price premium.

1.4 RESEARCH OBJECTIVE

As mentioned earlier, the aim of this study is to develop a better understanding of the effect that various retail channels across geography have on a CPG firm's availability and ability to charge a price premium within those channels. This will be done from a holistic, category and individual brand perspective. The research also aims to understand the effect that these same distribution channels have on price premium and availability when segmenting the 37 individual branded products by either local or national brand and luxury or necessity goods.

This research study aims to accomplish the following:

1. To establish the degree to which a brand's interaction with specific retail format and/or geography has an influence on its availability.
2. To establish the degree to which a brand's interaction with specific retail format and/or geography has an influence on its ability to charge a price premium.
3. To establish the degree to which local versus national brands interact with retail format and/or geography and if these environments are influencing on their availability.
4. To establish the degree to which local and national brands interact with retail format and/or geography and if these environments are influencing on their ability to charge a price premium.
5. To establish the degree to which luxury versus necessity goods interact with retail format and/or geography and if these environments are influencing on their availability.
6. To establish the degree to which luxury versus necessity goods interact with retail format and/or geography and if these environments are influencing on their ability to charge a price premium.

1.5 RESEARCH SCOPE

The analysis will be quantitative in nature, based on data received for pricing and branded product availability within the various retail formats and geographies across South Africa. Pricing and availability observations for 37 branded products in 272 retail formats across South Africa will be captured.

1.6 STRUCTURE OF THE RESEARCH

The research study comprises seven chapters. Chapter 1 introduces the research problem, the business and academic need for the study, and the study's objectives.

Chapter 2 offers a detailed overview of relevant emerging market literature and places the current approach within that literature, also highlighting the key gaps that the research seeks to fill. To this end, it will cover the distinctive characteristics of emerging markets, modern and traditional retail formats, rural and urban distribution, national versus local brands, luxury versus necessity brands, pricing, and packaging size.

Chapter 3 defines the research objectives around distribution and geography on price and availability, highlighting the various hypotheses that need to be tested.

Chapter 4 explores in detail the research methodology and approach taken. It describes the research design, universe, sampling method, unit of analysis, the data collection process, validity and reliability, as well as the limitations of the study.

Chapter 5 presents the analysis of the data, while Chapter 6 explains the findings and unpacks the insights with supporting evidence from the literature, linking it back to the study's objectives.

Chapter 7 concludes this research study by highlighting the main findings, the limitations and recommendations for future research, and the implications for business and academia.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

With both domestic and multinational firms starting to divert their focus to the largely untapped potential of emerging markets, these very same firms have had to recalibrate their growth expectations, due to the unique characteristics and challenges specific to these markets (Kumar et al., 2014). The literature reviewed in this chapter describes and outlines market characteristics and challenges specific to distribution, pricing, product and brand.

Intertwined with these market and distribution challenges are the defining characteristics of emerging market consumers. The literature reviewed is split up into three sections and will start by defining the characteristics of these emerging market consumers, looking specifically at the effect of unequal income distributions and the buying behaviour of low-income consumers specifically. Consumers are dealt with first because getting product to consumers in this context entails multi-channel distribution, most particularly the differences between traditional and modern retail formats, and rural versus urban geography. Consumer behaviour is intimately related to brand. Consequently, this is discussed next. Marketers seek to differentiate their offering and the effectiveness of such differentiation strategies should enable them to charge a brand premium. Thus, the discussion will also cover the role of branded products in emerging markets. Here the interplay between national versus local brands is discussed. The type of good also plays a role, and the branding discussion naturally must close with the import of these variables on necessity versus luxury goods and product and packaging size. The relevance of this review and its contribution to the analysis will be demonstrated.

2.2 HETEROGENEOUS AND FRAGMENTED MARKETS

2.2.1 UNEQUAL INCOME DISTRIBUTION

Emerging markets have typically been defined as local and fragmented, and reflect strong heterogeneous characteristics (Kumar et al., 2014; Sheth, 2011; Yu & Boggs, 2006). This can, in part, be attributed to the unequal income distribution found within these markets as one's level of income is often a determinant of the goods and services that can be purchased and consumed (Pitta, Guesalaga, & Marshall, 2008;

Prahalad & Hart, 2002). This is the first place where we can begin to appreciate the sometimes bi-modal nature of such markets. Numerous extant literature has focused on identifying the causes and effects specific to the low income end but there is relatively little research which unpacks this in the context of on the entirety of unequal income distributions (Barki & Parente, 2010; Chakravarthy & Coughlan, 2011; Chipp, Cordor & Kapelianis, 2012; Hammond & Prahalad, 2004; Pitta et al.). Prominent terminology, first introduced by Prahalad and Hart (2002), called the low income end of the market the "bottom of the pyramid" (BoP), with Sheth (2011) estimating that between 40% and 50% of emerging consumers fall within this segment. Despite the amount of research focussing on the low income end, consensus on the definition of BoP has not been achieved and as such it has taken on numerous forms which vary according to discrepancies in the income disparities and size approximations quoted (Bailey, 2013; Chipp et al., 2012; Hammond & Prahalad, 2004; Pitta et al., 2008; Prahalad & Hart, 2002). Pitta et al., (2008, p. 396) defines the range of income to be "between $2 to $6 per day", adding that the "$2 per day", "$4 per day", and "$6 per day" income ranges can each be defined as segments on their own. Presumably, the difference in the needs and incomes of these segments were deemed distinct enough to warrant that they be treated in another way. Rangan, Chu and Petkoski (2011) share this perspective, arguing that firms should not treat the bottom of the pyramid as a monolithic, homogeneous whole but rather, recognise their individual nuances. If this is so, firms might need to tailor their offering by making various branded product sizes at different price points available within retail channels so as to cater for the specific needs and income distributions that exist in these segments.

Some theorists, such as Karnani (2007), have argued that low, unequal income distributions combined with the heterogeneous nature of BoP consumers do not allow for economies of scale and thus stop firms from serving these segments profitably. Karnani (2007) also adds that targeting the poor for profit seeking purposes would be unethical. His assertion is that when seeking to capitalise on the size of these markets, firms need to consider ways to cut their product prices even though this comes at the expense of profits (Karnani, 2007; Pitta et al., 2008). Firms which opt to lower their prices to appeal to a larger part of the market would need to look at selling higher product volumes to compensate for the negative impact on profit margins as a result of the discounted pricing applied. This would require these products to be widely available across retail formats in close proximity of consumers (Payaud, 2014). This is often easier said than done given the various route-to-market challenges CPG firms face in

these markets, however, it underscores the importance of well-designed distribution networks to capitalise on the profit potential inherent in these markets. It should be noted that the argument above only deals with one end of the market and not the emerging middle class, which might require CPG firms to tailor distribution networks specifically for them given their buying behaviours. As mentioned in Chapter 1 this is a story of two markets, what is apparent is that the duality caused by unequal income distributions needs to be considered when designing distribution networks.

The degree of unequal income may also vary according to country. An example would be South Africa which has a specific pattern of income distribution. Close to one third of the South African population can be categorised as low-income, with more than 12 million South Africans earning less than $6.28 per day, which is marginally higher than income bands defined by Pitta et al., (2008) in previous studies (Chipp et al., 2012). This can partly be attributed to the rapid urbanisation of the South African population, as only 37% of South Africans still live in underdeveloped rural areas (Prinsloo, 2014). Rapid urbanisation is a feature of all emerging markets and South Africa is no different. Urbanisation has been stimulated by the limited job opportunities found in rural areas, which has led to population migration to the wealthier, more urbanised provinces (Prinsloo, 2014). However, most of the larger emerging markets differ from the South African example. In these markets, large parts of the population still live in remote rural villages (Kakati & Ahmed, 2014). The impact of rapid urbanisation on income distribution represents the second duality within emerging markets. There is therefore, a need for CPG firms to understand the specific dynamics inherent in these markets before entering them.

Discourse on consumer income and heterogeneity has been largely theoretical, particularly in terms of urbanisation in certain markets, the literature is only just beginning to unpack how this impacts brand and distribution. The very recent work of Kumar et al., (2014, p. 544) indicates that as emerging markets become more competitive and economically open, firms will need to customise their market mix (especially distribution) to the unique characteristics of these markets. To compensate for the impact of large rural populations and the dispersed nature of the markets, greater emphasis will need to be placed on streamlining distribution resources according to individual retail format across geography rather than at an aggregate level.

2.3 BUYING BEHAVIOUR OF LOW-INCOME CONSUMERS

2.3.1 THE ROLE OF PRICE SENSITIVITY

The concept of duality within emerging markets is also evident in the buying behaviour of emerging consumers. In seeking to identify the causes of buyer behaviour in these markets, price sensitivity is often overemphasized as one of the defining characteristics of emerging consumers (Hammond & Prahalad, 2004; Payaud, 2014; Pitta et al., 2008; Prahalad & Hart, 2002). It is therefore not surprising that all studies have found that this discourages the purchase decision. Segments of consumers whether high or low income could display different price sensitivities. It has been argued that the relationship between price sensitivity and buyer behaviour is not s straight forward cause and effect scenario from which definitive conclusions can be drawn. There have been findings which indicate that the relationship is far more complex than many studies have indicated. In a study undertaken by Barki and Parente (2010) it was found that price sensitivity didn't deter shopping behaviour rather it created a purchasing trade-off between goods. This manifested in low-income Brazilian consumers opting to rather buy fewer quality branded products. Another consideration in the price sensitivity debate is the role of product size; Kumar, Sharma, Shah and Rajan (2013) found that price sensitivity was dependent on both product size and segment influence. These findings corroborate those of an earlier study undertaken by Kumar, Fan, Gulati and Venkat (2009), where they attempted to test price elasticities within the laundry detergent category, looking specifically at various sizes of powder detergents. They discovered that for the product category, consumers in the Asia-Pacific region (China, India and Australia) were price inelastic, which meant that firms could benefit by increasing prices because of the power of certain brands. Such results provide evidence that price sensitivity may vary by segment and product size, which raises the question of whether emerging consumers are generally happy to pay a brand premium.

Much of pricing literature has been focussed on low-income consumers, having been popularised by Prahalad and Hart (2002) and the stereotype of emerging markets as low-income markets has been further perpetuated by Sheth (2011). There is therefore far more publically available research on this interpretation of emerging markets and it is to this that we now turn. Unlike their developed world counterparts who display price sensitivity in far less ambiguous ways, low-income consumers still demonstrate price sensitivity in a variety of ways. They are well known for tracking pricing benchmarks,

showing self-restraint as shoppers and mentally adding up all the costs associated with a shopping trip from transportation to the time spent in the store (Barki and Parente, 2010; D'Andrea & Goebel-Krstelj, 2004). However, there still remains a misconception given their limited budget that these consumers just want to buy cheaper, lower-quality products (Barki & Parente, 2010, p. 20). The misconceptions demonstrate a lack of appreciation for the complexity of the low-income emerging consumer. Despite the constraint of their low-income, these consumers still look for great service and quality from the products and services they purchase, which at times leads them to pay more for this experience (Barki & Parente, 2010). This is attributed to two main reasons: "one is aspirational in that leading brands are often able to satisfy the aspirations of those on low incomes and act as the counterpart of prestige brands for those on higher incomes. The second is more pragmatic because, despite higher prices, leading brands often offer better value, such as better quality, which garners brand loyalty" (Barki & Parente, 2010, p. 20). These perceptions of quality are particularly important for this segment as they would rather pay more for quality than risk product failure (Barki & Parente, 2010; Beneke et al., 2013; D'Andrea & Goebel-Krstelj, 2004). This risk aversion makes sense, as these consumers often can't afford the financial loss of an underperforming product. The impact of price premiums in reasserting quality perceptions which could lead to higher sales and greater retention was demonstrated by Yoo, Donthu & Lee (2000, p. 2) who stated that "high priced brands are often perceived to be of higher quality and less vulnerable to competitive price cuts than low priced brands." CPG firms would do well to understand that perceptions of quality and price trust are as important to the low-income consumer as they are to their middle and higher-income counterparts.

Research has also indicated that due to low-income consumers' limited and unstable cash flow, they are often forced to shop daily and make small purchases (Pitta et al., 2008). This increases the frequency of store visits, which could be why they tend to favour shopping in stores near their place of residence (D'Andrea & Goebel-Krstelj, 2004; Dholakia et al., 2012; Payaud, 2014). That said, Mphalala and Chipp (2015) found that in South Africa such shopping patterns are sometimes occasion dependent, and that these event-based shopping excursions actually demonstrate a willingness to travel a greater distance for certain goods and services. This phenomenon is what Strydom (2011) refers to as "out-shopping behaviour", which highlights that differences in buyer behaviour may not only be segment related but also market related as the anomaly of the South African example shows.

2.3.2 INDIVIDUAL VERSUS COLLECTIVISTIC BUYING BEHAVIOUR

Buying behaviour in emerging markets has also been observed from the perspective of the individual, this view asserts that consumers at the bottom of the pyramid buy in small quantities and make frequent trips to their stores due to affordability and availability of the goods (Chipp et al., 2012; Goldman, 1974; Hammond & Prahalad, 2004; Payaud, 2014). This has not been found to be true of all markets, with some countries finding that low-income consumers exhibit collective bulk-buying behaviour as a savings mechanism and resort to small, frequent purchases only when pressed (Mphalala & Chipp, 2015). Chipp et al., (2012) cite the cultural dimensions theory of Hofstede (2011), which illustrates how South African low-income consumers value a culture of collectivism compared to the individualistic nature of middle to high-income earners. Collectivism is defined as “the degree to which individuals are integrated into groups. In these societies, people are integrated into strong, cohesive in-groups, often with extended families (with uncles, aunts and grandparents) which continue protecting them in exchange for unquestioning loyalty” (Hofstede, 2011, p. 11). This definition of collectivism bears similarities to the South African philosophy of uBuntu (Chipp et al., 2012; Khosa, 1994). Individual versus collective buying behaviour may vary from market to market, however within the South African context bulk buying is common place. This leads to the purchase of larger-format goods that can be shared among many within the collective, which ultimately enables these consumers to afford more products with their limited incomes (Chipp et al., 2012). This raises the question; do consumers arrange to travel to places in groups where goods are more freely available and at a better price? Recent literature on the resourcefulness of the poor suggests this may be the case (Chipp et al., 2012; Matuku & Kaseke 2014; Strydom, 2011; Weidner, Rosa & Viswanathan, 2010). If this is so, the availability, pricing and brand premium may be impacted across various distribution channel, depending on the group’s ability to patronise that channel, though much of this has yet to be tested. This section also helps to highlight another duality with regard to cultural dimension that CPG firms need to consider when managing their branded products within the various distribution channels.

2.3.3 THE ROLE OF STATUS AND ASPIRATION

Due to the economic downturn, many consumers in emerging markets – especially lower-income consumers – continue to feel the pinch of decreasing disposable income.

This pressure has not, however, stopped them from increasingly seeking to express themselves through particular brands (Chipp et al., 2011). This can be linked to conspicuous consumption theory, which is defined as “an ostentatious display of wealth for the purpose of acquiring or maintaining status or prestige” (Page, 1992 cited in Chipp, Kleyn, & Manzi, 2011, p. 118). It has been found to occur even within the most poorest of the poor (Chipp et al., 2012). This has also been termed status consumption, which is described as “the motivational process by which individuals strive to improve their social standing through the conspicuous consumption of consumer products that confer and symbolize status both for the individual and surrounding significant others” (Eastman et al., 1997, p. 54). The determinants of a brand’s aspirational status depend on various cues available to the consumer (O’Cass & Frost, 2002). Stiehler and Tinson (2015) highlight awareness of the brand as a global offering, the quality of the product, availability (or not) of the brand, as well as individual and collective perceptions of the brand, country of origin and advertising strategy as factors affecting a brand’s aspirational or luxury status.

Despite most consumers, regardless of income, displaying some conspicuous consumption, not all are able to express this in the same way and to the same degree. Given the various sub-segments within emerging markets discussed earlier, buying behaviour may vastly differ (Pitta et al., 2008). Some academics have argued that differences may occur based on lifestyle, access to income streams and attitudes, which may allow some to stock goods (D’Andrea & Goebel-Krstelj, 2004, p. 4). Whilst others focus on basic needs and have a tendency to purchase familiar brands and source products from familiar stores (Dholakia et al., 2012). Although this behaviour has received much attention from academics, the complexity around understanding buying behaviour in emerging markets is an area which warrants additional research.

2.4 MULTI-CHANNEL DISTRIBUTION

2.4.1 MULTI-CHANNEL DISTRIBUTION IN EMERGING MARKETS

So far the literature has examined the duality that exists in emerging markets from an income as well as a buying behaviour perspective. Given that consumer buying behaviour is greatly influenced by the channels they patronise, the discussion logically should turn to examine the role that multi-channel distribution plays looking specifically at retail format and geography. From a developed market perspective, the variety of retail channels that a customer can choose from is ever increasing (Valentini,

Montaguti & Neslin, 2011). Most large retailers have morphed into multi-channel firms, utilizing a combination of online, offline and telephonic channels to complete the purchase (Sorescu, 2011). Although marketing literature on the impact of multi-channel retailing strategies is rich, it has largely focussed on the relationship between online versus offline retailing strategies with an assumption that the market is at least middle income (Kushwaha & Shankar; 2013; Sorescu, 2011; Valentini et al., 2011). This presents a challenge for firms adapting their distribution strategies to the multiple retail channels found in emerging markets as there is a dearth of information on a channel set which is even more diverse – from online to deep rural traditional (informal retail), and with a customer base that ranges from middle to lower-income levels (Burgess & Steenkamp, 2006; Chakravarthy & Coughlan, 2011; Kumar et al., 2014; Venkatesan, et al., 2015).

The relationship between offline versus online channels may not be as relevant given that the general population still lacks access to adequate technological resources and infrastructure (Chakravarthy & Coughlan, 2011; Sheth, 2011). Furthermore, in some regions the population is still largely geographically dispersed, whilst relatively urbanised in others (Neuwirth, 2012; Payaud, 2014; Prinsloo, 2014). Multinational firms entering these markets have traditionally been accustomed to distributing to a highly formalised sector, where infrastructure and communications are well entrenched. However, in most emerging markets, a significant portion of CPG sales are completed through informal traditional channels. In Cameroon, Ghana and Nigeria, this number sits at 98%. In South Africa's well developed retail infrastructure, this is lower and accounts for 40% of all goods purchased (Burch, 2015). Traditional retail outlets therefore, play a significant role in a firm's ability to distribute its branded products and thus provide impetus for these firms to learn how to manage their distribution through multiple retail formats and not just the formalised channels. Wilbur and Farris (2014) found that sustained growth was often born out of firms maintaining multiple channels of transaction for a consumer. In fact, their research found that in "86% of product categories, the relationship between market share and retail distribution is increasing and convex at the SKU level", confirming that the more distribution channels through which a company was able to distribute its products, the greater its market share (Wilbur & Farris, 2014, p. 154). If firms are able to forge effective and efficient relationships with both formal and informal traditional retailers, they will be more likely to achieve profits as multi-format retailing is an antecedent of improved financial performance (Wilbur & Farris, 2014).

Marketing literature often defines distribution as “the routes leading to customers, which range from gathering and providing consumer and product information to physical distribution” (Kotler, 2000, p. 491). However, this literature has largely been defined within a developed world context of intense competition between branded products and a highly developed communications and distribution infrastructure (Vachubu & Smith, 2010, p. 2). When looking at this definition within an emerging market context, there is a need to develop a definition that encapsulates the characteristics of these markets because, in contrast to the developed world, branded products are often faced with intense competition from unbranded products, which are responsible for up to 60% of consumption in emerging markets (Sheth, 2011, p. 169). Naturally, with the fragmented and diverse geographies found in these markets, the challenges are further compounded by the need to develop an effective cost to serve model.

Despite the increased interest in emerging markets, marketing literature pertaining to distribution within this context has only recently received attention, with detailed studies pertaining to specific retail channels of distribution in emerging markets (Dholakia et al., 2012; Gupta, Kim & Sharma, 2011; Kumar et al., 2014; Venkatesan et al., 2015). Kumar et al., (2014) is the first empirical study to quantify the impact of various traditional and non-traditional retail formats on sales in the Indian CPG market. They discovered that it is important for the firm to streamline its distribution resources and begin to make allocations at the product form level rather than at the aggregate level as competition within these markets gets stronger. Gupta et al., (2011) examined customer switching to organized retail in Indian semi-urban markets, which highlighted that organised retail still has a significant challenge when it comes to disrupting the relationship between customers and small retailers. Although both these studies start to unpack the nuances pertaining to distribution, there is still much to be learnt about multi-channel distribution in emerging markets. The effect of the various retail formats and geography on distribution and brand management practices of CPG firms in particular, deserves more focussed attention. The discussion now turns to the individual retail formats.

2.4.2 TRADITIONAL VERSUS MODERN RETAIL FORMATS

Following on from the duality discussion evidenced above, the binary nature of these economies can also be seen in retail structures that exist in these markets from both an informal and formal retail channels point-of-view. The discussion below will seek to unpack these in further detail.

Retail outlets within emerging markets have been categorised into either formal modern or informal traditional retail formats (Dholakia et al., 2012; Kumar et al., 2014; Polsa & Fan, 2011). Traditional format stores can be defined as independently owned, smaller sized stores, which are often informal in nature. Such retail formats are "mainly characterized by the lack of standardization and best practices (particularly when it comes to inventory control and supply-chain management" (Gupta, 2011, p. 314). Whereas modern formats are categorised as specialised, self-service chain stores, supermarkets and hypermarkets (Polsa & Fan, 2011, p. 2).

The distribution systems within emerging markets generally comprise a great many smaller, traditional and informal outlets that account for the majority of CPG sales (Burch, 2015). However, there is evidence that modern retail formats have begun to make inroads into the immense and established base of traditional and unorganised retailing (Dholakia et al., 2012; Prinsloo, 2010). Due to the lack of adequate infrastructure and transportation, geographic dispersion of the population and unequal income distribution, research has found that these retailers have mostly concentrated their efforts in major cities and high-income neighbourhoods where they can garner economies of scale (Chipp et al., 2012; Neuwirth, 2012; Paddison & Calderwood, 2007; Pitta et al., 2008; Sheth, 2011). This leads to an oversimplification of retail structures. The counter view is that retail formats have become far more diverse especially within the urban poor and emerging middle class environments. This begs the question of whether there are contexts where retailers have not concentrated their efforts in major cities and high income neighbourhoods but have found ways to overcome the constraints identified above.

Chakravarthy and Coughlan (2011) suggest CPG firms either create their own infrastructure or lock up reliable distributors to get their branded products to market. The emerging middle class is certainly not lacking of formal retail channel intensity; Strydom (2011, p. 154) found that since the change in political dispensation in 1994,

South African urban townships (where the majority of low-income urban consumers reside) have experienced an influx of new shopping centres. This has allowed formal, modern-format retailers to compete with informal, traditional-format retailers for these new segments of the population, which has started to blur the mix of the formal and informal sector (Prinsloo, 2006). The growth of these shopping centres and modern-format retailers strategically placed in or near high-density townships has often had a negative effect on traditional retail outlets, as shopping choice has been widened from a variety and quality perspective, making it more difficult for traditional retailers to retain their clients (Ruhiiga, 2011, p. 93). To counter the inroads many modern formats have made, Liedeman et al., (2013) observed certain foreign owned traditional formats had begun forming social network structures, whereby all contractual agreements were co-ordinated and centralised. Strategic investments in outlets in certain geographic areas had been made to create “strongholds”. These traditional formats had also started purchasing goods through bulk buying initiatives to secure preferential discounts and operational economies of scale as well as offering microfinancing opportunities. This raised the question of whether traditional retailers are charging a price premium as they become more formalised in order to remain competitive.

2.4.3 ADDITIONAL DISTRIBUTION CHALLENGES

Despite a possible formalisation of certain traditional retail formats, additional distribution challenges that CPG firms face extend further than retail format. Smaller, traditional-format retailers often have limited space, which leads them to replenish their stock frequently, sometimes even daily if they are able to (Dholakia et al., 2012). If these formats are not geographically close to a supplier, such frequent restocking may not take place and ultimately could affect a CPG firm's sales. Therefore, there are additional demands on CPG firms from a warehousing, monitoring and distribution perspective, as well as for the retailers themselves.

In addition, traditional-format retailers often have limited working capital, which compels them to seek rapid stock turnover, this may suggest that selling to these formats in smaller quantities and extending credit could help to build relationships (Dholakia et al., 2012). It should be noted that these challenges may not be applicable to all traditional-format retailers because, within rural areas, demand might not be as high, and therefore rapid stock turnover may not be a priority. Rather, access to the right

products, managing escalating inventory levels, and high transportation costs might be the primary challenges faced by these retailers (Vadakepat, 2013, p. 274).

Literature argues that consumers are often looking for convenience when it comes to CPG goods in emerging markets (Payaud, 2014; D'Andrea & Groebel-Krstelj, 2004; Goldman, 1974). Thus, being able to distribute to multiple outlets greatly reduces consumers' search costs and ultimately increases the value of the product due to lowering the sacrifices the consumer must make to find the product (Yoo et al., 2000). Such a finding is premised on the assumption that there are an abundance of channels from which to choose. A rural consumer may not find this to be the case. In such channels the competition may be between unbranded goods and self-production (Sheth, 2011). Therefore, firms cannot just rely on building their distribution capability in cities and large towns, but need to look at ways in which to build partnerships with modern and traditional-format retailers within rural areas. This may also assist CPG firms in building positive brand relationships with these consumers, which could start in the rural areas and then move with the consumers to towns as brand trust is established over time (Neuwirth, 2012). These relationships with consumers may become more significant as the populations continue to move from rural communities with the increasing rate of urbanisation in emerging markets.

The emerging middle class have access to a plethora of channels, from digital to informal retail. How a brand accesses and serves customers within such a context needs to be better understood. Literature has demonstrated that in situations where setting up two or more distribution channels is possible, firms need to consider this, as it can prove difficult to reach one or more customer segments through a single distribution channel due to the heterogeneous nature of consumers in emerging markets (Kumar, Sharma, Shah & Rajan, 2013). CPG firms need to consider this for three distinct reasons, "it enables on-time delivery, it creates a faster information flow and it offers a backup or reserve channel (if there are problems in one channel)" (Kumar et al., 2013, p. 11). Ultimately, this type of multi-channel network offers advantages such as scalability to expand market coverage, the opportunity to develop products and services to the specific needs of different consumer segments, and the ability to leverage the network's multiple distribution channels to prevent any distribution delays. Wilbur and Farris (2014, p. 154) observed that "it can generate consumer awareness, change the set of competitors facing the product, and alter the consumer's perception positively of the retailer and the brand."

2.4.4 THE ROLE OF RELATIONSHIPS AND BRANDS

Furthermore, when looking at both modern and traditional retail channels, firms need to consider the location in which they are found. Again the emphasis of most emerging market literature has led to a lot of research on traditional retail channels within the low-income market, this forms the basis of the discussion below.

Small retailers often hold the advantage of a convenient location as one of their value propositions to emerging consumers, especially for daily shoppers. These retailers, by virtue of their location and embeddedness in the community, are able to garner an in-depth understanding and thus remain relevant to consumers in that region (Goyal, Bruno & Kapoor, 2014). The role of relationships with shop owners in the community plays an influencing role as consumers tend to place a greater emphasis on personal service and face-to-face contact, and stay away from unfamiliar large corporations which are often seen as exploiters (Barki & Parente, 2010; Dholakia et al., 2012). Indeed, the aforementioned Brazilian academics found that there exists a willingness to pay a premium for personal service (Barki & Parente, 2010). However not all research has found the importance of relationships to be an influencing factor on the purchase, where high prices, poor quality, a lack of self-service and a lack of variety has driven many low-income consumers to seek alternative retail outlets within larger towns and cities (Strydom, 2011). As mentioned in Section 2.3.1, some low-income South African consumers displayed “out-shopping” behaviour, where they travelled to outlying trade areas to buy goods and services due to the lack of alternative retail institutions. Near where they reside, even in urban areas (Strydom, 2011).

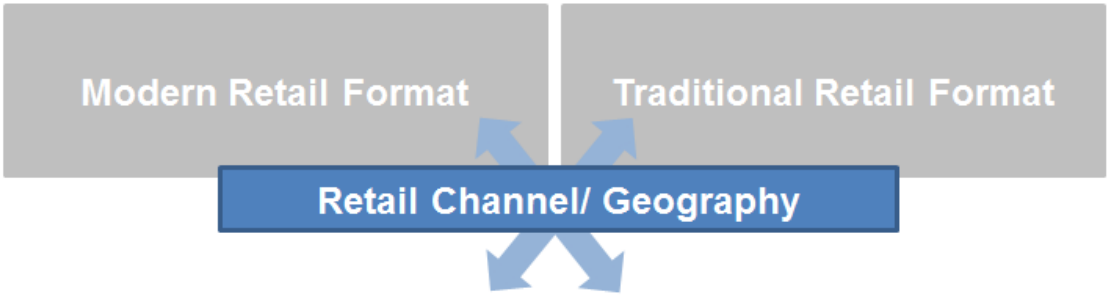
Previous studies have found that in many product categories, emerging consumers are comfortable making substitutions among a small set of brands (D’Andrea & Goebel-Krstelj, 2004; Dholakia et al., 2012; Pitta et al., 2008). Those shop owners who do not want to lose a sale can often convince the shoppers to accept alternatives. Thus, the relationship between brand and product availability is far more nuanced than a simple cost-based route to market strategy. How this fits in with managing the appropriate SKU mix within these channels to promote buying behaviours needs to be unpacked.

Due to the convenient location and strong bond that many traditional-format retailers have with the community, larger modern retailers must often entice customers away from the small, traditional neighbourhood stores by offering additional benefits to consumers, such as lower prices or a higher level of product quality and variety (Chen

et al., 2012; Ruhiiga, 2011; Strydom, 2011). The ability to provide price discounts is a widely employed sales promotion tactic to counter the power of small-format locations and distance from urban centres (Barki & Parente, 2010; Beneke, 2010; Chen et al., 2012; Goldman, 1974). These discounting practices might impede a brand's ability to charge a price premium in these retail formats, which may ultimately impact profitability. Both perspectives need to be empirically tested as was done in this research study.

The duality that exists between retail formats within emerging markets, introduced the first two segments of the 2 x 2 matrix, which pertain to retail format, designed to test the research hypotheses:

FIGURE 4 – 2 x 2 MATRIX COMBINING RETAIL FORMAT AND GEOGRAPHY



Hypothesis 1: Certain brands have the ability to manage retail channels better and are therefore more available across channel types.

2.5 RURAL VERSUS URBAN DISTRIBUTION

2.5.1 GEOGRAPHIC DISPERSION

Further duality can be seen in terms of geography within these markets. Expansion into new markets has become a key strategic driver for firms looking to increase their profitability and global reach, which has led to an increased interest in rural markets (Kakati & Ahmed, 2014; Vadakepat, 2013). However, one of the key challenges facing many firms is access to these markets due to the dispersed nature of many of these populations. Prahalad & Hart, (2002, p. 50) believe that "the critical barrier to doing business in rural regions is distribution access, not a lack of buying power". It must be noted that in recent years, urbanisation has played a key role in reducing this challenge, with an estimated 60% of the world's population set to be urbanised by 2030 (World Bank, 2012). That said, large proportions of some of the biggest emerging

markets, namely India and China, still reside in rural areas, which affect a firm's ability to garner economies of scale in those markets. There are comparable degrees of poor infrastructure, high prices, lack of self-service, poor quality and a lack of variety reported in South Africa as elsewhere in emerging markets, and this is noted by both Strydom (2011) and Sheth (2011). Wilbur and Farris (2014) found a positive correlation between market share and distribution intensity, however this study was undertaken in the developed world. Despite the developed world focus of most studies, there are, anecdotal case based studies where certain firms who have entered these markets have managed to be successful and thus provide rich sources of information. Hindustan Unilever Limited (HUL) ran a programme claiming that its branded products were available in 6.3 million retail outlets in India, while HUL's competitor, Nirma, claimed that its products were available in two million retail outlets within rural India (Neuwirth, 2012, p. 8). It must be noted that both these firms have high brand awareness, high product demand and low costs to serve in these markets due to the smaller product formats (shampoo sachets) and extensive time spent in these markets (Neuwirth, 2012).

The success of these two Indian firms raises the question regarding the role of building brand awareness and educating consumers to build primary demand for the category as well as the product. Kashyap (2012) made a number of suggestions on how CPG firms could overcome these distribution challenges and make their goods more available, such as building dedicated rural teams, developing new rural distribution networks by utilising the villagers, and developing an inclusive marketing approach which would make firms more responsive to market needs and changes and also allow them to charge a premium for their products due to their widespread availability.

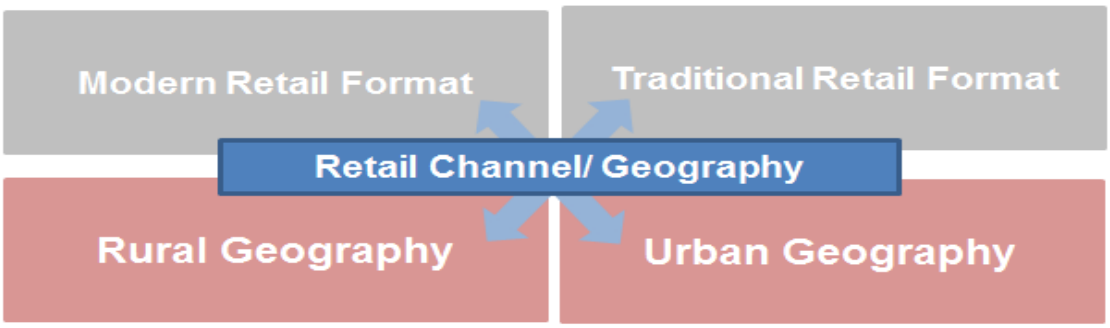
Given the literature above, one could infer that this would ultimately increase the availability of CPG firm goods. Although these are valid suggestions, this inevitably places large resource and financial responsibilities on the individual firm, which might not be financially viable for the firms concerned. As a result, other views that counter this argument need to be considered. A recent study undertaken by Nielson (Burch, 2015) highlights that in Nigeria, the washing powder category achieves 80% of its sales from just 35,000 retail outlets, which begs the question, to what extent do CPG firms need to cover the entire market in order to be profitable in emerging markets? Recent research by Kumar et al., (2014) represents the first attempt at trying to unpack this.

Unlike the distribution challenges in rural areas, urban distribution is somewhat more accessible within emerging markets, which has largely been driven by major investments in retail developments (Strydom, 2011). McGaffin (2010, p. 10) reports that 53% of 160 shopping centres built from 1962 to 2011 took place after 2000, which speaks to a long-established pattern of increasing retail development in urban areas. This has given both CPG firms and formalised retailers access to a substantial base of consumers. Studies have also found that this has seen many consumers leave the traditional, privately owned stores in favour of these more formalised channels (Prinsloo, 2006; Strydom, 2011).

Despite economic changes in the retailing space, traditional retail is not likely to disappear in the short-term. Burch (2015) contends that in certain markets, up to 40% of CPG goods are still purchased via traditional-format retailers. CPG firms have the challenge of designing distribution networks that include both modern and traditional-format retailers within urban areas in order to make their products available to these markets, as well as charge a price premium for them.

The duality that exists between geographies introduces the last two segments of the 2 x 2 matrix, which pertain to retail format and geography, designed to test the research hypotheses:

FIGURE 5 – 2 x 2 MATRIX COMBINING RETAIL FORMAT AND GEOGRAPHY



With price as a dependent variable, and geography and format as independent variables, the following hypothesis is highlighted:

Hypothesis 2: Better brand management of retail channels and geographies leads to the ability to charge a price premium across channel types in these geographies.

2.6 THE ROLE OF BRANDS IN EMERGING MARKETS

A key question in diverse markets is whether quality and status are drivers of consumption of specific brands. As growth in emerging markets continues to give consumers' increased spending power, the role of brands will become increasingly important. Brands form the centre piece in marketing and continue to attract the attention of business and academics alike (Nguyen, Barrett & Miller, 2011). No distribution, especially cost-to-serve concerns can operate without the ability of brands to capture a price premium. This section will speak to the importance of building brand equity with emerging consumers, discussing the differences between national and local brands. The type of goods also plays a role, and the branding discussion must close with the differences in how consumers define necessity goods versus luxury goods.

2.6.1 BUILDING BRAND EQUITY IN EMERGING MARKETS

A brand can be defined as "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" (Kotler, 1991, p. 442). Brands often play a crucial role in a firm's ability to differentiate themselves in a market, as well as create a sustainable competitive advantage. This competitive advantage can manifest as brand equity, which is the "added value" given to a product or service as a result of various marketing efforts (Keller, 2009). Brands furthermore provide a range of additional benefits to firms, in the form of improved quality and performance perceptions, greater retention ability and increased communication effectiveness (Hoeffler & Keller, 2003). These benefits will, however, only arise through the creation of strong brands, which Keller (2009) defines as having the right knowledge structures in the customers' minds so that they respond positively to marketing activities. Establishing these knowledge structures within emerging markets could require a brand to first harness the power of 'word of mouth' and work to get into a consumer's initial consideration set (Atsmon, Kuentz & Seong, 2012, p.2). Nevertheless it is a strong distribution capacity that enables consideration, as brand-pull can largely be driven by product availability. Lastly, consumers rarely skip an in-store interaction with the product when making decisions (Atsmon, Kuentz & Seong, 2012). Brands, therefore, must be available and effective distribution ultimately could determine a CPG firm's success in emerging markets.

2.6.2 THE ROLE OF PRODUCT AND PACKAGING SIZE

Firms often use one of two international strategies when introducing their branded products to emerging markets. The first is to develop globally homogenous products and the second is to create products that are specifically adapted for the markets served (Powers & Loyka, 2010, p. 2). The second strategy has been supported by a large proportion of extant emerging market literature, such as that of AT Kearney (2007), Atsmon, Kuentz & Seong (2012) and Payaud (2014) highlighting this need to develop tailored products specifically to overcome consumer preference as well as the cost to serve these consumers. Since affordability is at the heart of serving large parts of emerging market consumers, it has been suggested that offering products in smaller packs, at more accessible price points, is a potential strategy to be considered (Chakravarthy & Coughlan, 2011; Prahalad & Hart, 2002). However, in certain markets, research has demonstrated that large packaging sizes are used as a type of savings mechanism, as a response to bulk-buying behaviour (Chipp et al., 2012; Chipp et al., 2015). This highlights that firms need to not only carefully consider the distribution network design in order to achieve profitability, but also appropriate product strategies that better understand the needs of emerging consumers, adapting their branded products to serve them more efficiently and effectively.

2.6.3 NATIONAL AND LOCAL BRANDS DEFINED

There have been numerous studies linking brand quality to distribution and retail support (Bronnenberg, 2008). It has been argued in previous literature that "the more intensive a brand's distribution, the greater the opportunities for consumers to become aware of the brand, and subsequently purchase it" (Nguyen et al., 2011, p. 226). In this context, the effect of increased availability may act as a cue indicating that a given product is popular, leading to increased perceptions of quality and opportunities to purchase for CPG (Bronnenberg, 2008). One of the defining characteristics of national versus local brands is their national distribution intensity, rather than being regionally or nationally based. This section will define and discuss the interplay between national versus local brands.

According to the American Marketing Association (AMA) Dictionary (1995), a National Brand is a brand of product which is distributed nationally. These can be both global and local in origin, though ownership lies with the manufacturer at a national level. These are traditionally brands traded under the same name in multiple countries, with

marketing strategies that are generally standardised and centrally coordinated (Özsomer, 2012, p. 72). Past research has suggested that these brands are generally associated with high levels of quality, universal relevance, standardisation, and esteem (Dimofte et al., 2008). In contrast, local brands are those brands of product which are marketed in a relatively small and restricted geographical area of a country and do not have national presence (Kakati & Ahmed, 2015). Local brands are often developed for and tailored to the unique needs and desires of local markets. Despite sometimes being described as only being available in particular geographical regions, "the local specificity can result in contextual strengths such as perceptions of uniqueness, originality, and pride of representing the local market" (Özsomer, 2012, p. 73). These brands are either supplied to retailers or distributors to privately label, or sold independently within the various distribution channels. This could be seen to aid in creating strong brands, as tailoring the brand to the local audience means a higher chance of customers responding positively to their marketing activities compared with the one-size-fits-all approach that national brands would need to take (Keller, 2009). The very definition of local and national brands speaks to distribution activity and customisation. Thus national and local brand nature speaks to the two strategies a brand can take – global or customised as discussed above. The interaction of this variable with brand premium needs to be explored.

2.6.4 THE INTERPLAY BETWEEN LOCAL AND NATIONAL BRANDS

Özsomer (2012) said that "the interplay between local and national brands could depend on the product category and consumer segment" (p. 74). He goes onto highlight that local brands may be relevant for household goods, such as foods, whereas national brands might continue to be more appealing for goods with a quality, aspirational value and status association to them such as clothing (Özsomer, 2012). As previously stated, low-income consumers in Brazil have expressed a clear demand for quality products (Barke & Parente, 2010). These value perceptions could be due to the marketing and distribution prowess that national brands often have over local brands which help to reassert these "trust and quality perceptions" – all of which are key attributes of importance to low-income consumers (Beneke, 2010).

To counter the strength of national brands, local brands often employ imitation strategies from both a product packaging and product content perspective, which are often offered at a reduced price (Kumar & Steenkamp, 2007). Lee and Zhou (2012)

recognised imitation as a viable product strategy, particularly for firms from emerging markets. This is often because imitation requires less analysis, design and testing than actual product innovation, which ultimately is less costly. The relationship between availability and the ability for national or local brands to charge a price premium will be analysed according to the following hypotheses:

Hypothesis 3a: A national brand versus a local brand's availability is related positively to retail format and geography.

Hypothesis 3b: A national brand's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 3c: A local brand's ability to charge a price premium is related positively to retail format and geography.

2.6.5 NECESSITY GOODS VERSUS LUXURY GOODS

Type of brand, as seen with the different approaches to household food goods versus status or aspirational goods discussed above, can play a role too. The degree of necessity of the product could also play a role. One should not confuse a luxury brand with what certain consumers in emerging markets might term luxury, as the definition of what is perceived as a luxury good is context specific and subjective. An example of the contextual nature of the perception of luxury is that of certain groups in remote rural areas, which may deem access to hot water a luxury, while those in urban centres will not, this is based on the relative scarcity of the service. In poorer nations, access to running water may be considered a luxury, which is considered commonplace in more developed countries (Reyneke, Berthon, Pitt & Parent, 2011). The research study will contextualise luxury within CPG branded products from the perspective of the low-income market, which should not be confused with the traditional definitions of luxury brands that are purchased for their exclusivity, uniqueness, scarcity, premium price, quality, and aesthetics prestige (Hudders et al., 2013; Reyneke et al., 2011). Building on the argument of Reyneke et al. (2011), Vickers and Renand (2003, p. 459) defined luxury as being "something that is out of the ordinary in terms of daily living needs, which implies that perceptions of luxury are individualistic in nature." Owing to the price-sensitive nature of emerging market consumers and the lack of availability of certain products, product scarcity and price premium may be two determining factors as to how brands are classified into either luxury or necessity categories (Barki and

Parente, 2010; Hammond & Prahalad, 2004; Payaud, 2014). This speaks to both the availability hypotheses as well as the branded hypotheses in the current study. In the context of emerging markets, "subjective scarcity implies that a consumer of luxury brands has to believe that these brands are exclusive – meaning that others cannot afford them – while the consumer belongs to the select group that can afford them" (Reyneke et al., 2011, p. 259). This should not be confused with inherent scarcity of products which are not widely available. This highlights that certain CPG brands might fall into a luxury brand classification, given the price premium charged and availability within the market. CPG firms looking to capitalise on the demand within emerging markets need to keep these factors in mind when designing their pricing and distribution strategies. The final sets of hypotheses seek to further explore the relationship between a luxury good's relative availability and the ability to charge a price premium based.

Hypothesis 4a: A luxury good versus a necessity good's availability is related positively to its scarcity within various retail formats and geography.

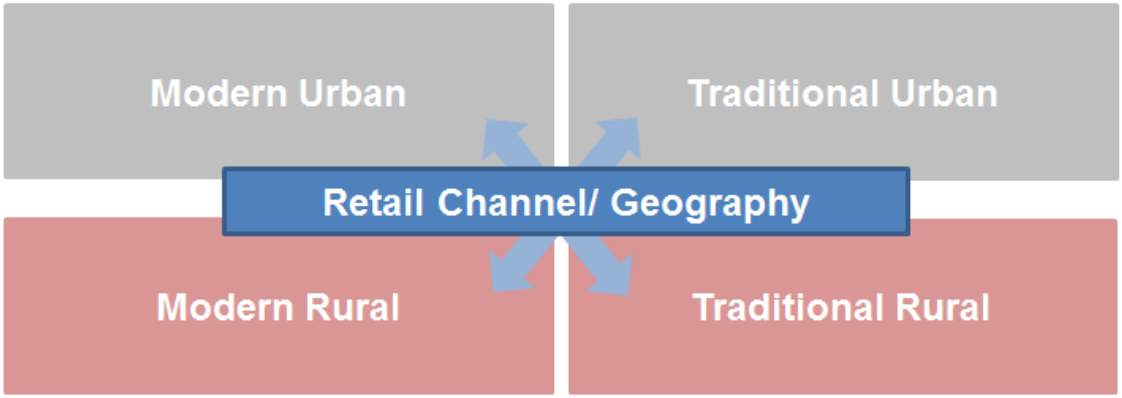
Hypothesis 4b: A luxury good's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 4c: A necessity good's ability to charge a price premium is related positively to retail format and geography.

2.7 CONCLUSION TO THE CHAPTER

The literature reviewed in this chapter described and outlined the duality that exists in emerging markets from a buying behaviour, distribution, pricing, product and brand point of view. The literature reviewed was segmented into three sections. The first identified some important defining characteristics of emerging consumers, looking specifically at the duality that exists in the different income distributions and buying behaviours of these consumers. The second part introduced the import of multi-channel distribution within these economies, in particular the differences between traditional and modern retail formats, and rural versus urban geography. It is here that the 2 x 2 matrix was introduced, which formed the cornerstone of the assessment of branded product availability and price premium across retail channels and geographies within this study.

FIGURE 6: COMPLETED 2 x 2 MATRIX



This matrix was created based on the effect that dual retail formats and geographies may have on a CPG firm's ability to distribute and price their products effectively. This was also shown to have important links to brand, as a strong distribution capability often allows firms to charge a brand premium. The discussion above explored the role of branded products in emerging markets. Finally, the interplay between national versus local brands as well as luxury versus necessity goods was discussed with the various hypotheses highlighted after each section.

CHAPTER 3: RESEARCH QUESTIONS

3.1 INTRODUCTION

The previous chapter shed light on various socio-economic, distribution, pricing and geographic challenges that many CPG firms face when managing their branded products in emerging markets. Given these challenges, the research aims to understand the effect that retail formats and geography have on a branded product's availability and ability to charge a price premium.

3.2 AIMS AND OBJECTIVES

The research objectives were laid out as follows:

1. To establish the degree to which a brand's interaction with specific retail format and/or geography has an influence on its availability.
2. To establish the degree to which a brand's interaction with specific retail format and/or geography has an influence on its ability to charge a price premium.
3. To establish the degree to which local versus national brands interact with retail format and/or geography and if these environments are influencing on their availability.
4. To establish the degree to which local and national brands interact with retail format and/or geography and if these environments are influencing on their ability to charge a price premium.
5. To establish the degree to which luxury versus necessity goods interact with retail format and/or geography and if these environments are influencing on their availability.
6. To establish the degree to which luxury versus necessity goods interact with retail format and/or geography and if these environments are influencing on their ability to charge a price premium.

3.3 RESEARCH HYPOTHESES

The following research hypotheses were investigated for selected brands in the South African market.

Hypothesis 1: Certain brands have the ability to manage retail channels and geographies better and are therefore more available across channel types in these geographies.

Hypothesis 2: Better brand management of retail channels and geographies leads to the ability to charge a price premium across channel types in these geographies.

Hypothesis 3a: A national brand versus a local brand's availability is related positively to retail format and geography.

Hypothesis 3b: A national brand's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 3c: A local brand's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 4a: A luxury good versus a necessity good's availability is related positively to its scarcity within various retail formats and geography.

Hypothesis 4b: A luxury good's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 4c: A necessity good's ability to charge a price premium is related positively to retail format and geography.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 INTRODUCTION

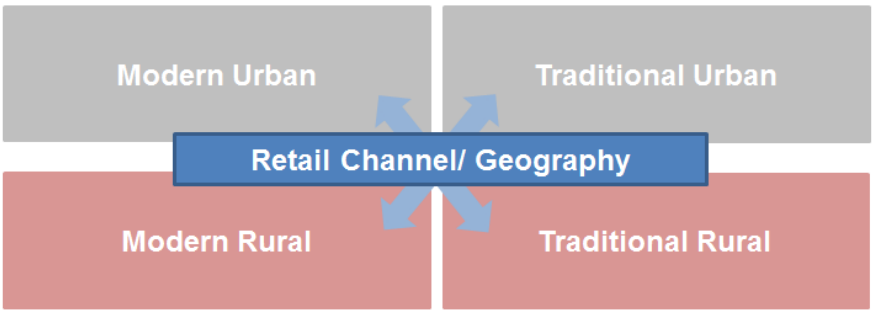
With the role of distribution in emerging markets only recently receiving attention, this research study attempted to build on the work of Kumar et al. (2014, p. 530) by examining how brand premium and availability can be exercised across different retail store formats within complex urban and rural environments. The research attempted to quantify the effect that retail formats and geography have on a CPG firms branded product availability and their ability to charge a price premium.

This chapter discusses the research design that was followed to achieve the research objectives. Due to the nature of the hypotheses, the research design was quantifiable in nature through the use of primary data collection and analysis. This was done to address the research objectives through empirical assessments that could be measured through a numerical and analytical approach (Zikmund, Babin, Carr & Griffin, 2008). This chapter goes into further detail regarding the research methodology, the population, sampling method used, unit of analysis, assumptions, and limitations of the research. Much is known about the variables in the study, from brand availability to price premium and a set of hypotheses have been developed from the literature reviewed in Chapter Two and outlined in Chapter Three that need to be tested. Thus a descriptive design rather than exploratory one is warranted.

The research study primarily focuses on two specific dependent variables in the form of price and availability within a multi-channel distribution context. The differences between these variables were observed within traditional and modern retail formats, and rural and urban geographies. As more firms enter emerging markets, marketers seek to differentiate their offering and understanding of the nuances within these markets. The effectiveness of a robust multi-channel distribution strategy, as highlighted in the literature review, should enable firms to improve their branded product availability and potential to charge a price premium. Thus, the research study involved observing the price points and availability of both national and local branded products across six product categories and in various packaging sizes. The type of good also played a role in the research study and thus the research furthermore attempted to understand how price and availability affect necessity versus luxury goods.

The 2 x 2 matrix below highlights how the branded product pricing points and availability were observed within both modern and traditional-format retailers in urban and rural geographies in each of the nine South African provinces.

FIGURE 6 – 2 x 2 MATRIX TOTAL COMBINED MATRIX



The focus of this study and the related research required the establishment and measurement of pricing and availability data for non-durable goods across multiple product categories, namely cigarettes, maize meal, soft drinks, cooking oil, washing powder, and tinned fish. The research study only focused and considered distribution channels in rural and urban environments within the South African market. This was to ensure that there was no bias in any particular category and that a broad cross-section of consumable products was considered.

4.2 RESEARCH DESIGN

According to Zikmund et al., (2008, p. 135), "quantitative research is a type of empirical investigation that measure concepts with scales that either directly or indirectly provide numeric values". Saunders & Lewis (2012) further define quantitative research as a method that utilises a variety of statistical analysis techniques ranging from providing a simple description of the variables involved, to establishing statistical relationships among variables through complex statistical modelling. With these identified definitions, the research used quantitative data analysis to attempt to understand the interaction effect between the various variables inherent in the primary data collected. "Primary research is the process of gathering data directly from original sources as opposed to collecting information from research that others have done. Information can be obtained by observation, by mail and telephone surveys, or by face-to-face interviews" (Metcalf, 2008). The use of primary data is effective in that it has the ability to provide the researcher "with comparative and contextual data" (Saunders & Lewis, 2012, p. 34). The study consisted of gathering

primary quantitative data through the use of an electronic observational form. The research utilised the services of a third party, Executrac, a South African company that specialises in research and observation within the retail sector with a specific understanding of the South African consumer packaged goods environment both in urban and rural areas. Executrac has access to 65,000 retail outlets nationwide. The goal of this research was to assess the relationship of a branded product's availability and ability to charge a price premium across various distribution channels and geographies. This was done to develop a better understanding of the effect that retail format and geography have on branded product availability and price premium across multiple non-durable product formats and categories.

Klazema (2014) highlights four basic types of quantitative research, namely survey, correlational, causal-comparative, and experimental. For the purposes of this research, causal-comparative research was used. The researcher tried to identify the cause or reason for pre-existing differences in the various distribution channels and geographies, given the availability and price premium charged. Secondly, the research also attempted to derive the optimal price premium across branded product categories within the various distribution channels and geographies. Through coding and the analysis of the data, certain insights were garnered that could allow CPG firms to gain the highest level of return on investment (ROI) from such pricing and availability efforts.

4.3 UNIT OF ANALYSIS

The research focused on observing a branded product's pricing point and availability at a point in time in six distinctive product categories, namely cigarettes, maize meal, soft drinks, cooking oil, washing powder, and tinned fish. These pricing points were considered across various product sizes within both modern and traditional-retail formats in rural and urban geographies around South Africa. The unit of analysis is therefore the 37 different branded products across six distinctive product categories responsible for deploying price premiums across multiple product formats within the various distribution channels and geographies. Data on each distribution channel's GPS location as well as distribution centre was also captured. It should be noted that 42 branded products were initially observed, the lack of pricing and availability data for Skip (500g; 250g) and Reef Washing Powder (1kg; 500g; 250g), these branded products were removed from the analysis. Therefore the final analysis only consisted of 37 branded products.

4.4 UNIVERSE

"The population of any research study is the complete set of group members that meet the requirements of the study" (Saunders & Lewis, 2012, p. 12). With the assistance of the Executrac database, the universe for the research comprised 65,000 retail outlets dispersed nationally. These retail outlets needed to be identified according to geography (rural versus urban) and format type (modern versus rural) and therefore have been defined below. The time frame for collecting the data was restricted to August and September 2015. Using relevant literature and journals as well as the All Media and Products Survey (AMPS, 2014B) undertaken by the South African Audience Research Foundation (SAARF), the outlets were classified as follows below.

4.4.1 UNIVERSE - TRADITIONAL VERSUS MODERN RETAILING CHANNELS

Traditional-format stores can be defined as independently owned, smaller-sized stores (Polsa & Fan, 2011, p. 2). In a South African context, the AMPS database classifies these as:

- Spaza Shop/ Spaza Winkel – a convenience retailer operating from a room in a house (Strydom, 2011).
- Independent neighbourhood supermarket – a general goods store independently owned; often family owned (Strydom, 2011).

Modern-format stores are categorised as specialised, self-service chain stores, supermarkets and hypermarkets (Polsa & Fan, 2011, p. 2). In a South African context, the AMPS database classifies these as branded retailers, as follows:

- Pick n Pay
- Pick n Pay Hyper
- KwikSpar
- Boxer Superstore
- Cambridge Foods
- Checkers Hyper
- Buy Rite
- OK Foods
- OK Grocer

- U Save
- Shoprite

The universe and sample of the study originated from the Executrac database due to their extensive expertise in research and observation within the retail sector in South Africa. This was cross referenced against information provided by the AMPS database in order to get a more accurate understanding of the number and type of retail formats needed for the study. The AMPS database was used as a cross-reference tool as it conducts major consumer, product/brand and retail-specific surveys. It is South Africa's only free source of data and includes nearly 120 product categories and more than 1,500 brands. The requirements of the study included identifying types of retailers in South Africa relevant to the lower income market (LSM 1 - 4). These retailers were categorised mostly by the brands within the formal channels (for example, SPAR, Pick n Pay) and by retail format (for example, Spaza shops) in the informal channel. In order to cross reference the Executrac's universe, the researcher weighted the AMPS sample according to customer interactions, which constitute a total of 21,591,760 individuals. For the purposes of this study, the following distribution channels were included and weighted accordingly against the 21,591,760 individuals as per Table 1:

TABLE 1 – AMPS CROSS REFERENCE CHECK

AMPS 2014B Individual (Jan - Dec'14)			Grocery and Toiletry / Stores (NB. Filter) / All / Groceries -Total										
			Any other outlet/Enige ander afsetplek	Boxer Superstores	Checkers	Other Local / Neighbourhood Supermarket//Ander Plaaslike/Naby gele? Supermark	Pick 'n Pay	Shoprite	Spar	Spaza Shop/Spaza Winkel	SuperSpar	Township Supermarket/ Supermark in Stadsgemeenskap	U Save
			Yes										
			Individuals	Individuals	Individuals	Individuals	Individuals	Individuals	Individuals	Individuals	Individuals	Individuals	Individuals
LSM and SAARF egmentatio ns	LSM (SAARF Universal Living Standards Measure)	LSM 1	152 811	212 156	15 415	234 709	24 436	216 735	138 746	253 762	40 987	76 931	14 445
		LSM 2	396 237	305 420	10 552	410 317	67 307	532 916	378 780	577 183	60 423	85 676	34 340
		LSM 3	431 754	481 429	52 604	598 304	166 386	1 049 101	606 203	974 261	128 869	210 183	63 292
		LSM 4	764 600	825 288	117 399	1 351 490	551 988	3 281 418	1 546 832	2 417 767	256 310	484 453	187 151
		TOTALS	1 745 402	1 824 294	195 970	2 594 820	810 117	5 080 171	2 670 561	4 222 974	486 590	857 243	299 228

Source: AMPS2014B – Grocery and toiletry/ stores

4.4.2 UNIVERSE DEFINITION - RURAL VERSUS URBAN

The rural development framework (1997) defined rural areas as having the following two characteristics:

- Sparsely populated areas in which people farm or depend on natural resources, including villages and small towns that are dispersed through these areas; and
- Areas that include large settlements in the former homelands, which depend on migratory labour and remittances as well as government social grants for their survival, and typically have traditional land tenure systems (National Treasury, 2011).

With regard to classifying urban versus rural areas within a South African context, the *Census data (2011) from* Statistics South Africa was used to assist with these classifications. To assist Executrac in ensuring accuracy of the data set, certain areas where specifically classified according to population density as either urban or rural.

TABLE 2: EXAMPLE OF URBAN/RURAL CLASSIFICATION

Seat	**Area**	**Population**	**Population Density**	**Urban versus Rural**
	(km²)		**(per km²)**	
Johannesburg	1,645	4,434,827	2,695.9	Urban
Pretoria	6,345	2,921,488	460.4	Urban
Germiston	1,924	3,178,470	1,652.0	Urban
Vanderbijlpark	966	721,663	747.1	Urban
Heidelberg	1,484	99,520	67.1	Rural
Carletonville	1,631	197,520	121.1	Rural
Meyerton	1,722	95,301	55.3	Rural
Krugersdorp	1,342	362,422	270.1	Urban
Randfontein	475	149,286	314.3	Urban
Westonaria	640	111,767	174.6	Rural

Source: Census 2011: Statistics South Africa

4.4.3 UNIVERSE DEFINITION - NATIONAL VERSUS LOCAL BRANDS

According to the AMA Dictionary (1995), a national brand is the name of a brand of products which is distributed nationally. These can be both global and local in origin, though ownership lies with the manufacturer at a national level. These are traditionally "brands that consumers can find under the same name in multiple countries with

generally standardised and centrally coordinated marketing strategies" (Özsomer, 2012, p. 72). In contrast, local brands are those brands of product which are marketed in a relatively small and restricted geographical area of a country and do not have national presence (Kakati & Ahmed, 2014). The brands were categorised as either national or local, according to either their global standing or the extent of their distribution footprint. This research study was limited to non-durable products across six distinctive consumable product categories. These categories were chosen as they are popular consumer packaged goods within the various distribution channels regardless of geography or retail format. Each of these categories consisted of a combination of national and local brands below – 37 different branded products were observed.

TABLE 3: 37 BRANDED PRODUCTS SEGMENTED INTO NATIONAL AND LOCAL BRANDS

National Brands	Local Brands
PeterStuyvesant_10s	WhiteStarMaizeMeal_2.5kg
PeterStuyvesant_20s	WhiteStarMaizeMeal_12.5kg
ChesterfieldCigarettes_10s	GlenrykPilchards_155g
ChesterfieldCigarettes_20s	SaldanhaPilchards_155g
DunhillCigarettes_10s	ExcellaCookingOil_375ml
DunhillCigarettes_20s	ExcellaCookingOil_750ml
IwisaMaizeMeal_2.5kg	dLiteCookingOil_375ml
IwisaMaizeMeal_12.5kg	dLiteCookingOil_750ml
AceMaizeMeal_2.5kg	Twizza_2L
AceMaizeMeal_12.5kg	MAQWashingPowder_250g
LuckyStarPilchards_155g	MAQWashingPowder_500g
SunfoilCookingOil_375ml	MAQWashingPowder_1kg
SunfoilCookingOil_750ml	
Coke_1.25L	
Coke_2L	

Fanta_2L Fanta_1.25L Sprite_1.25L Sprite_2L CremeSoda_1.25L CremeSoda_2L OmoWashingPowder_250g OmoWashingPowder_500g OmoWashingPowder_1kg SkipWashingPowder1kg	

4.4.4 UNIVERSE DEFINITION - LUXURY VERSUS NECESSITY GOODS

Vickers and Renand (2003, p. 463) defined luxury as being “something that is out of the ordinary in terms of daily living needs”, which implies that perceptions of luxury are individualistic in nature. Owing to the price-sensitive nature of emerging market consumers and the lack of availability of certain products, product scarcity and price premium may be two determining factors as to how brands are classified within either luxury or necessity categories (Reyneke et al., 2011). Unlike luxury goods, consumer goods (such as bread, milk, maize meal and cooking oil) that are bought often and consumed routinely were defined as necessity goods. These goods have little differentiation and are usually compete on the basis of price. This was the basis for how both luxury and necessity goods were segmented and selected for this study.

TABLE 4: 37 BRANDED PRODUCTS SEGMENTED INTO LUXURY AND NECESSITY GOODS

Luxury Goods	**Necessity Goods**
PeterStuyvesant_10s	IwisaMaizeMeal_2.5kg
PeterStuyvesant_20s	IwisaMaizeMeal_12.5kg
ChesterfieldCigarettes_10s	AceMaizeMeal_2.5kg
ChesterfieldCigarettes_20s	WhiteStarMaizeMeal_2.5kg

DunhillCigarettes_10s	AceMaizeMeal_12.5kg
DunhillCigarettes_20s	WhiteStarMaizeMeal_12.5kg
Coke_1.25L	LuckyStarPilchards_155g
Coke_2L	GlenrykPilchards_155g
Fanta_2L	SaldanhaPilchards_155g
Fanta_1.25L	SunfoilCookingOil_375ml
Sprite_1.25L	SunfoilCookingOil_750ml
Sprite_2L	ExcellaCookingOil_375ml
CremeSoda_1.25L	ExcellaCookingOil_750ml
CremeSoda_2L	dLiteCookingOil_375ml
Twizza_2L	dLiteCookingOil_750ml
	OmoWashingPowder_250g
	OmoWashingPowder_500g
	OmoWashingPowder_1kg
	MAQWashingPowder_250g
	SkipWashingPowder1kg
	MAQWashingPowder_500g
	MAQWashingPowder_1kg

4.5 SAMPLING METHOD AND SIZE

“For populations where you are able to obtain a complete list, your sampling technique is called probability sampling” (Saunders & Lewis, 2012, p. 132). This allowed the researcher to select retail outlets at random. Due to Executrac’s extensive network of over 65,000 retail formats throughout the country, the researcher used stratified random sampling due to the sampling frame needing to be divided into strata or layers (Saunders & Lewis, 2012). The stratified sampling was based on the four distribution/geographical quadrants, namely urban modern, urban traditional, rural modern, and rural traditional, and no less than seven observations where completed for each of the four quadrants in all nine South African provinces.

The research study initially set out to achieve 252 retail format observations nationwide (63 distribution/geographical quadrant).

Executrac was able to achieve 20 more observations than originally intended. Therefore, the final sample that was used comprised 272 retail format observations. 11001 price and availability observations were made within the 272 retail formats in total.

The retail formats were classified into either modern or traditional using the AMPS2014 database definitions (Section 4.4.1) as well as from the literature reviewed in Chapter Two (Section 2.4.2). The geographies were classified as either urban or rural, also according to the Census 2011 from Statistics South Africa, using population density and geographic location as the two main filter variables.

TABLE 5: STRATIFIED RANDOM SAMPLING

	Stratified random sampling according to the four quadrants			
Strata 1	Rural geography		Urban geography	
Strata 2	Modern retail formats (63)	Traditional retail formats (73)	Modern retail formats (73)	Traditional retail formats (65)

“Stratified sampling involves drawing separate probability samples within the subgroups to make the sample more efficient” (Zikmund, 2008, p. 438).According to Stattrek (2015) undertaking stratified random sampling offers several advantages being the ability to provide greater precision than a simple random sample of the same size. It can guard against an "unrepresentative" sample, for example, an all-rural retail channel sample from a mixed-distribution population; it is able to ensure that sufficient sample points are obtained to support a separate analysis of any subgroup (Stattrek, 2015).

4.6 MEASUREMENT INSTRUMENT

The data collected was coded according to an observational form designed by the researcher and Executrac team. The data was specific to price and availability for the 37 branded products across the various distribution channels and geographies. The research utilised the services of Executrac in each of the nine South African

provinces to observe and capture this information within each retail format. A total of 11,001 pricing and availability observations were made over the 3 week period that the observational form was in the field. Please refer to an example of the observation form used in Appendix 1.

4.7 DATA COLLECTION

The data gathering process was undertaken by a third party, Executrac, which specialises in observing retail outlets' shelf-space, promotions and gondola ends for consumer brands nationally. The company used its own research personnel to visit the various distribution outlets in each of the nine South African provinces in both rural and urban areas. The observational form was created electronically, and the form's outline has been provided as an appendix to this document. The source for this study was real data taken over the period 24 August to 14 September 2015. Each observational form took around 20 minutes to populate and involved the researcher checking all pricing and availability data for the 37 branded products observed within the 272 retail formats.

4.8 DATA DESCRIPTION

The data consisted of initially observing 40 branded products within six product categories. Given the lack of pricing and availability data for five of the branded products, these were excluded from the study and only 37 branded products were analysed. The data was categorised according to distribution format, geographic location, brand per category, and price per branded product. The indicators for analysis included the following:

- Distribution channel and geographic location (independent variables)
- Price of units per brand per product form (dependent variable)
- Availability of units per brand per product form (dependent variable)

4.9 DATA ANALYSIS

This phase of the research involved consolidating and synthesising all the primary data collected over the observational period. The analysis of this quantitative data involved the following steps:

- Step 1: Cleaning, reordering and checking all primary data in Excel to remove data duplications and ensure data accuracy.

- Step 2: Splitting out and reordering all data into appropriate categories for analysis.
- Step 3: Coding the data under the appropriate headings for analysis in SPSS**.**
- Step 4: Running the data through SPSS and interpreting the findings and recoding the data if incorrect. Descriptive and inferential statistics were run (one & two-way ANOVAs, Independent Samples T-Tests, Chi-Square Test and Pairwise post-hoc test). Non-parametric tests in the form of Kruskal-Wallis Test and the Mann-Whitney U Test were also run.

Once all the data from the 272 retail formats had been populated using an observational form, all data acquired was imported into Excel. The data was then filtered, grouped and cleaned, where duplicates were removed, pricing points amended if misrepresented and spelling errors corrected, all to ensure data accuracy and that it was quantifiable. Zikmund et al., (2008) termed this non respondent error, where a mistake is made by the person responsible for creating the electronic data file. As data was collected via electronic observation forms, there were a few mistakes that needed to be corrected. Given the rigorous planning that went into how the data was collected, the categories planned were as follows: municipality, city/town, province, geography, retail format, type of store, brand by packaging size, price point, and availability. “Planning is an integral part of the research process that involves repeated “forwards and backwards” thinking (Phelps, Fisher & Ellis, 2007, p. 221). This step was done most importantly to ensure that there was data integrity with regard to the information that was collected in the field and that all data could be edited and properly coded in the next step of the process (Zikmund et al., 2008).

The data was analysed using quantitative data analysis software, SPSS. The data needed to be re-categorised and reordered so that SPSS would be able to read and interpret all data collected for the individual retail format observations. The data set that was collected was very large and complex, as there were 272 retail observations for each of the 37 branded products used in the analysis. This process was undertaken over a two-and-a-half week period. The data set was originally laid out in a combination of columns and rows, with the actual individual retail formats (for example, Pete’s Spaza Shop) forming the columns and the other categories (Municipality, city/ town, province, geography, retail format, type of store, brand by packaging size, price point and availability) forming the rows. “Typically, each row needs to represent a respondent’s score on each variable and each row represents a variable for which

there is a value for every respondent" (Zikmund et al., 2008, p. 471). Therefore, the data set needed to be reordered as rows of data for each of the 272 retail respondents were received.

This process took a week to complete, however it made coding individual brands by the 272 retail format observations simpler.

Coding refers to meaning in the data (Zikmund et al., 2008). Once reordered, the data was coded in Excel. Since the analysis demanded that the researcher looked at the price points and availability of individual brands per packaging size, group local versus national brands, and luxury versus necessity goods, the data took four days to code as separate sheets in Excel. Barring the pricing data, each category of data that was captured needed to be numerically coded in order to import it into SPSS for analysis. "Codes are more broadly defined as rules for interpreting, classifying and recording data" (Zikmund et al., 2008, p. 468). Once the entire data set had been coded, each individual Excel sheet was imported into SPSS, where the numerical values were named with appropriate headings in terms of the original categorisations. This made interpreting the results from SPSS far easier.

When running the coded data through SPSS, the researcher made us of a combination of statistical tests according to the dependent variables that needed to be tested, as laid out below:

- Due to the binary nature of the availability data, the Chi-Square Test using Pearson Chi-Square and Phi & Cramer's V was used. Descriptive statistics in the form of a Cross Tabs were also run to give the researcher a better feel for the data. All these tests were run to ascertain whether two categorical variables (availability versus retail format/geography) were associated. Another way to phrase this is that this test determines whether two variables are statistically independent (Laerd, 2015).
- Price premium was tested using a host of statistical tests in the form of inferential statistics via one-way and two-way ANOVAs, independent T-tests and non-parametric tests in the form of Kruskal-Wallis Test and the Mann-Whitney U Test. Post hoc tests in the form of Pairwise were also run to work out the interaction effect that retail formats and geography have on branded product price premiums.

Once these tests had been run, the researcher set out to analyse and interpret the findings.

4.10 VALIDITY AND RELIABILITY

Validity was important in the design and execution of the research. According to Saunders and Lewis (2012), validity refers to the data collection methods used to accurately measure what the researcher intended to and that the research findings are a valid reflection of what they are stated to be. The primary data that was gathered was collected by a reputable company, Executrac, which specialises in retail research within emerging markets. The collectors of the data are professionals who are regularly cross checked through Executrac's internal process of quality control. The research also used SAARF data to validate the validity of the sample as well as verify the data, which includes extensive information on products, brands, and distribution channels. In order to reassure that the pricing data was valid, the researcher used Scan Track Data to validate the various pricing points for each of the individual brands.

Reliability is the ability to us the same measurement to get consistent findings over time (Saunders & Lewis, 2012). It is used to see how effective certain measures will produce the same results on different occasions or when used by other researchers. Due to the credibility of the institution collecting the primary data, the risk is minimised, however the data is not a national dataset such as Nielson Scan Track Data or SAARF, and therefore the data's reliability could be questioned. In order to mitigate the reliability of this research, Scan Track Data was supplied by AC Nielson to check its reliability.

4.11 LIMITATIONS

The nature of this research study has potential research limitations which need to be taken into account. They are outlined below.

- This study was limited to South Africa. Saunders and Lewis (2012) comment that the use of non-probability sampling used in this study resulted in the sample being specific to South Africa and not representative of emerging market population. These limitations introduced the potential for sampling error. This also makes it unreliable to generalise upon the wider population, although can be generalised to the universe of Executrac clients.

- The collection method of the data was undertaken by individual researchers from Executrac, which could have brought in the threat of certain data being misrepresented and therefore may have affected the validity of the sample and ultimately the findings.
- The universe and sample size were restricted to the Executrac database, which limited the reach of the study and inferences that one could make regarding all retail formats and geographies.
- No sales data within the individual retail formats was available, which may have affected the study's ability to determine customer willingness to pay a price premium.
- Due to the time limitations, Executrac was only able to collect between 63 and 72 observations per distribution quadrant (see Table 5) across all nine provinces. Given more time, an increase in the number of observations would have increased the credibility and reliability of the data.
- The research did not take any individual brand specific data into account besides price point and availability data within each of the distribution channels.

CHAPTER 5: RESULTS

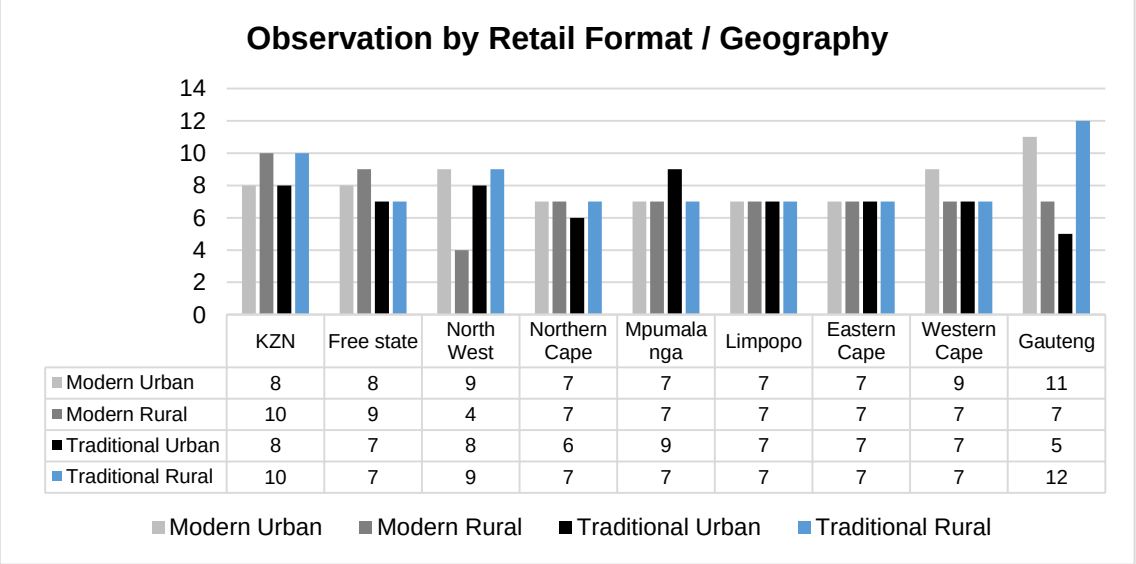
5.1 INTRODUCTION

The previous chapter unpacked the research methodology used to test the various propositions outlined in Chapter 3. This chapter presents the results of the data tested. The findings were based on observing price points and availability of 37 branded products within 272 retail formats nationwide. As discussed in Chapter 4, the research aim was to determine the interaction effect of retail format (modern versus traditional) and geography (urban versus rural) on a branded product's availability and ability to charge a price premium.

5.2 SAMPLE CHARACTERISTICS

As highlighted in chapter 4, the sample was stratified according to two distribution and geographical quadrants (urban modern, urban traditional, rural modern, rural traditional), whereby a minimum of seven observations where completed for each retail format and geography in each of the nine South African provinces. The research achieved 272 retail format observations nationwide, where a total of 11,001 pricing and availability observations were made.

FIGURE 7: FINAL NUMBER OF OBSERVATIONS PER PROVINCE



	KZN	Free state	North West	Northern Cape	Mpumalanga	Limpopo	Eastern Cape	Western Cape	Gauteng
Modern Urban	8	8	9	7	7	7	7	9	11
Modern Rural	10	9	4	7	7	7	7	7	7
Traditional Urban	8	7	8	6	9	7	7	7	5
Traditional Rural	10	7	9	7	7	7	7	7	12

The number of observations per retail format/geography is illustrated above, where **Modern Urban** and **Traditional Rural** each received 73 observations, **Modern Rural** received 64 and **Traditional Urban** received 65. It must be noted that in certain provincial rural areas, modern retail formats were difficult to find. This was experienced in the North West province.

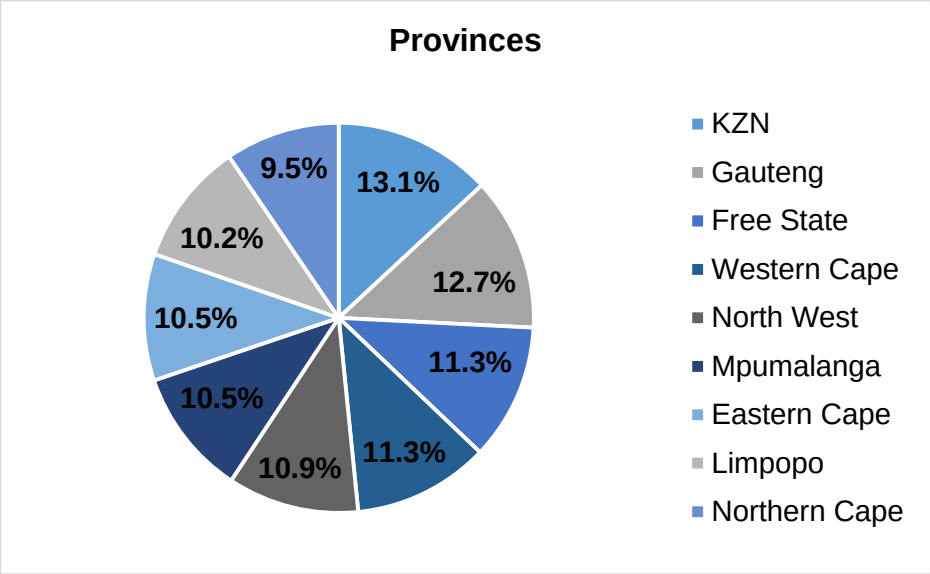
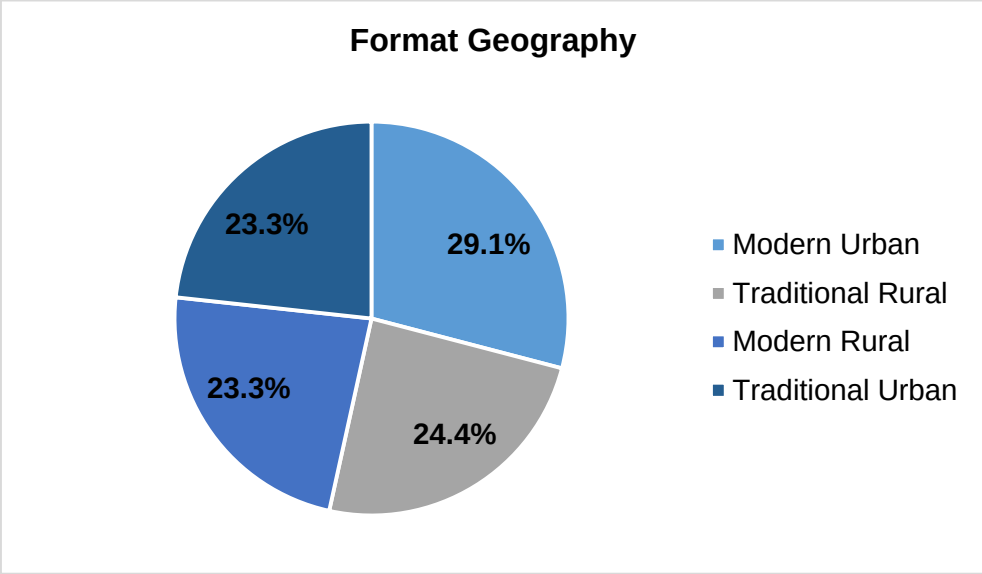
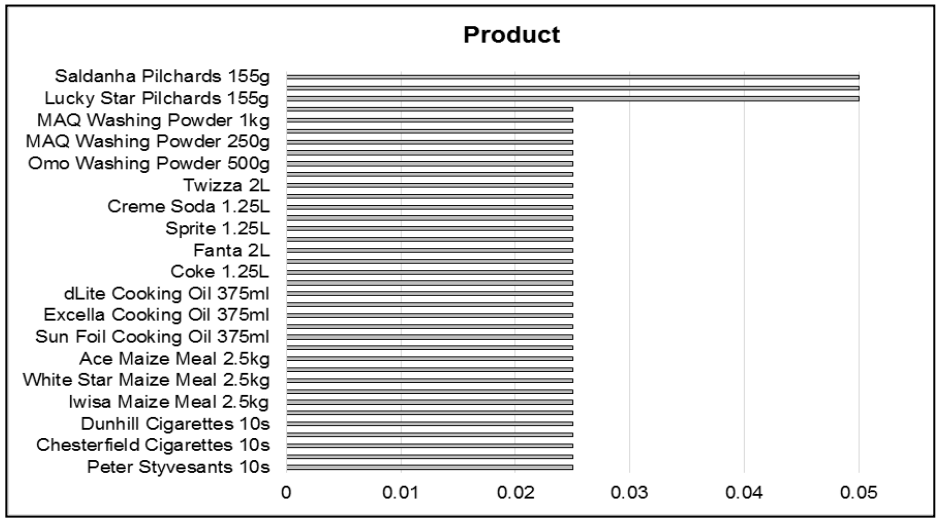
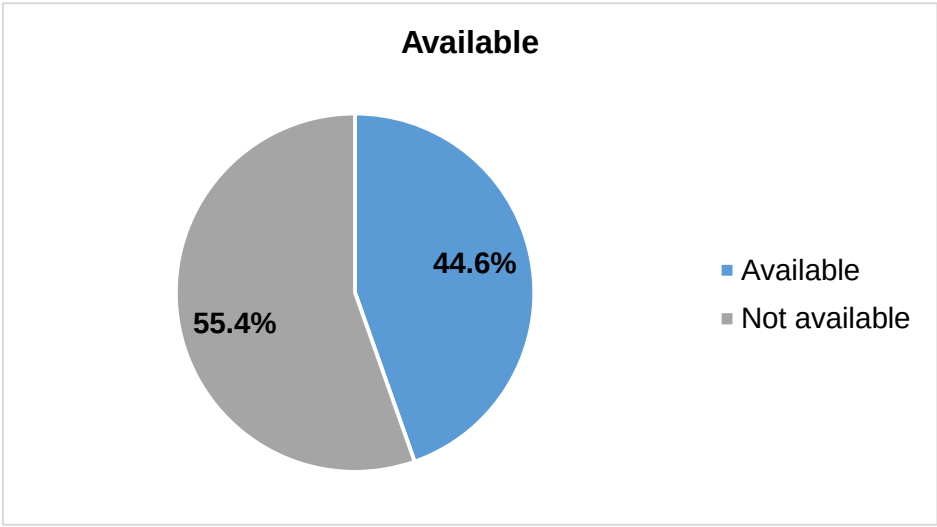
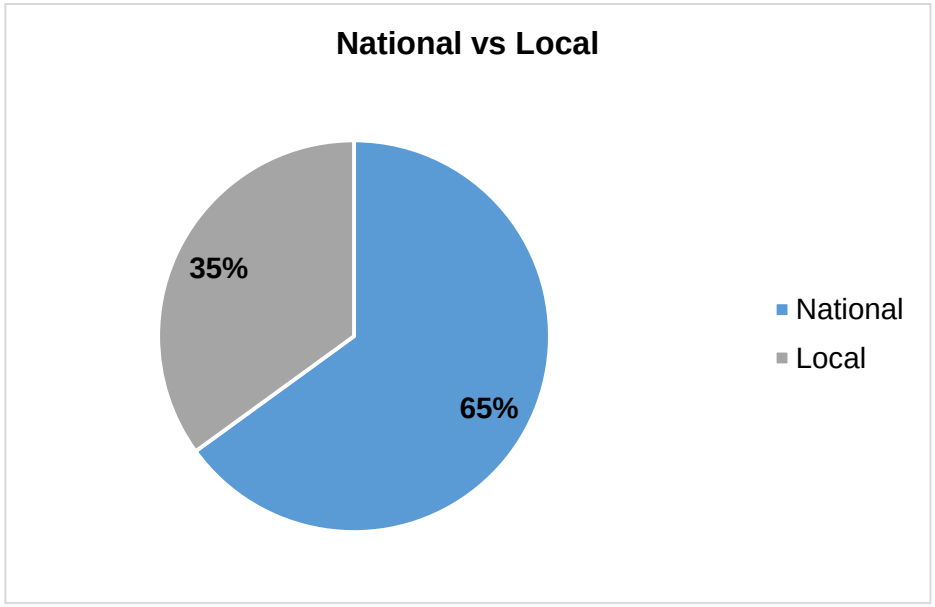
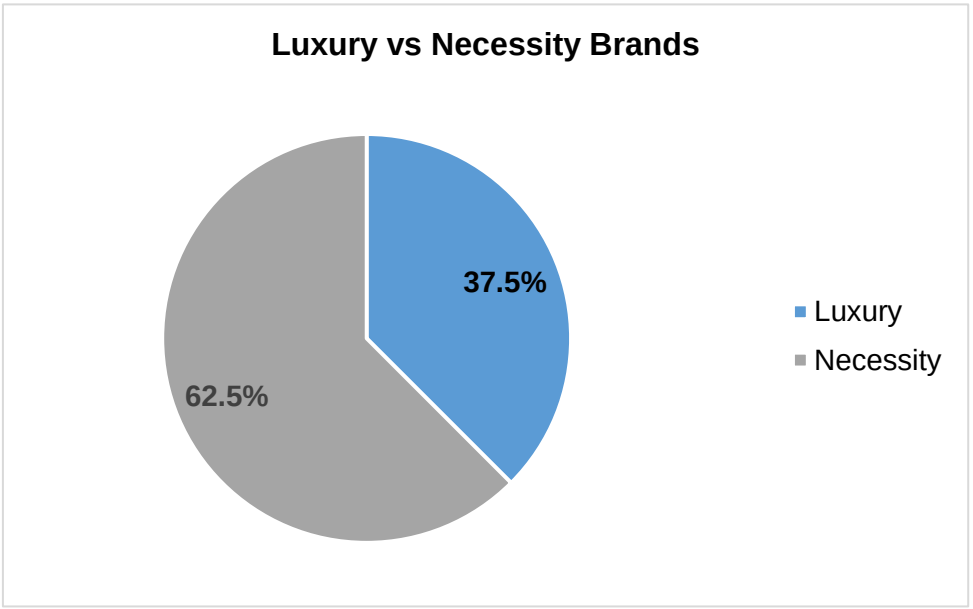
FIGURE 8: OBSERVATIONS OF RETAIL FORMATS ACROSS SOUTH AFRICA	FIGURE 9: TOTAL NUMBER OF OBSERVATIONS OF RETAIL FORMATS/ GEOGRAPHIES
	
The number of observations across the various provinces was well balanced between 10% – 12.5% per province, with the vast majority of provinces achieved around an 11% representation within the study. This was to get an even distribution of observations across South Africa, which helped to limit the bias within the sample and gave an accurate representation of both pricing and availability data within each retail format and geography.	The number of observations across retail format /geography was evenly distributed. This has helped to limit the bias found any particular retail format or geography and has allowed the researcher to use and make claims with the data.

FIGURE 10: BRANDS ACCORDING TO PACK SIZE:	FIGURE 11: OVERALL BRAND AVAILABILITY WITHIN RETAIL FORMAT/GEOGRAPHY
	
As detailed in Chapter 4, 20 brands were observed over 37 branded products, it is important to note that Skip washing powder (500g, 1kg) & Reef washing powder (250g, 500g, 1kg) were removed from the data set due to the limited number of observations achieved. This graph demonstrates the even distribution of information across the various branded products.	The number of availability observations across retail format /geography were closely distributed at 45% and 55% respectively. This also has helped to limit the bias found in availability and has allowed the researcher to use and make claims with the data.
FIGURE 12: OBSERVATIONS OF NATIONAL VS. LOCAL	**FIGURE 13: OBSERVATIONS OF LUXURY VS. NECESSITY**

BRANDS	GOODS
	
These graphs demonstrate that the number of observations per group equivalents is good. Local brands are slightly lower as they normal reside in a particular region and are only seldom distributed nationally. This has allowed the researcher to use and make claims with the data and limit the bias.	These graphs demonstrate that the number of observations per group equivalents is good. Luxury goods are slightly lower due to their scarcity and that non-durable household goods were used in this analysis. Due to these group equivalents being nearly equal, this has allowed the researcher to use and make claims with the data and limit the bias.

5.3 NAVIGATING THE RESULTS

The results that follow are reported according to the hypotheses that were tested for dependent variables: **price premium** and **availability**. The findings are discussed in Chapter 6 which will answer the hypotheses highlighted in Chapter 2 and 3. The presentation of data follows in the same order as the hypotheses outlined in these chapters.

Hypothesis 1: Certain brands have the ability to manage retail channels and geographies better and are therefore more available across channel types in these geographies.

- **Holistic Branded Products** – The analysis was undertaken at a global level for all 37 branded products collectively. The results displayed below look specifically at their collective availability in relation to the four retail format/geographical quadrants.
- **Six Branded Product Categories** – The analysis then moved to looking at each of the individual product categories, to ascertain which categories are better at managing availability within the four quadrants.
- **Individual Branded Products** – Further to the category analysis, the study then moved to examining the individual brands within each category. This was done to ascertain which brands are better at managing their availability within the four quadrants.

Hypothesis 2: Better brand management of retail channels and geographies leads to the ability to charge a price premium across channel types in these geographies.

- **Holistic Branded Products** – Similar to the analysis completed for Hypothesis 1, this exploration was also undertaken at a global level for all 37 branded products collectively. The results displayed below look specifically at their collective price premium in relation to the four retail format/geographical quadrants.
- **Six Branded Product Categories/Individual Brands** – Further analysis was then done on each of the six product categories, looking specifically at the price premium for the individual brands within those categories. The categories examined were 1kg washing powder, 20 pack cigarettes, 2L soft drinks, 750ml cooking oil, 2.5kg maize meal and 155g tinned fish.

Hypothesis 3a: A national brand versus a local brand's availability is related positively to retail format and geography.

- **National and Local Brands** – The 37 branded products were segmented into either national or local categories. The analysis then looked at the availability of both national and local brands within the various retail formats and geographies.

Hypothesis 3b: A national brand's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 3c: A local brand's ability to charge a price premium is related positively to retail format and geography.

- **Holistic National and Local Brands** – Following the same segmented approach as above, the analysis was undertaken from a price premium perspective for the aggregated national and local brand segments. Seeing as though different product types were tested within the two segments, a direct comparison could not be made and therefore the price premium for national and local brands within the various retail format and geographical quadrants were examined separately.

Hypothesis 4a: A luxury good versus a necessity good's availability is related positively to its scarcity within various retail formats and geography.

- **Holistic Luxury and Necessity Goods** – The analysis examined the availability of both luxury and necessity brands within the various retail formats and geographies. Similar to above, the 37 branded products were segmented into either luxury or necessity goods.

Hypothesis 4b: A luxury good's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 4c: A necessity good's ability to charge a price premium is related positively to retail format and geography.

- **Holistic Luxury versus Necessity Goods** – Following the same segmented approach as above, the analysis was undertaken from a price premium perspective for the aggregated luxury and necessity good segments. Seeing as though different product types were tested within the two segments, a direct comparison could not be made and therefore the price premium for luxury and necessity goods within the various retail format and geographical quadrants were examined separately.

5.4 HOLISTIC BRANDED PRODUCT AVAILABILITY BY FORMAT/GEOGRAPHY

Hypothesis 1: Certain brands have the ability to manage retail channels and geographies better and are therefore more available across channel types in these geographies.

CROSSTABS – HOLISTIC BRANDED PRODUCT AVAILABILITY BY FORMAT/GEOGRAPHY

Cross-tabulation, also known as contingency table analysis, was used to analyse availability data across the various retail formats and geographies for the various categories and individual branded products. The cross-tabulation (Table 6) below provides information about the relationship between overall branded product availability and retail format/ geography.

In each Retail Format/Geography quadrant, availability was evenly distributed barring Traditional Rural, whereby branded products were 61.20% unavailable. There is evidence below that branded product availability for all 37 branded products is mostly lacking in Traditional Rural channels, which may highlight that traditional retailers in rural geographies are often harder to service and support.

TABLE 6 – CROSSTABS – RETAIL FORMAT/GEOGRAPHY _ HOLISTIC BRANDED PRODUCT AVAILABILITY

	% within RetailFormat.Geography	
Retail. Format/Geography	Available	Not available
Modern Urban	48.10%	51.90%
Modern Rural	45.40%	54.60%

Traditional Urban	45.50%	54.50%
Traditional Rural	38.80%	61.20%

CHI-SQUARE TESTS - PEARSON CHI-SQUARE

The Chi-square statistic was used for testing the statistical significance of the cross-tabulation between availability and the combined retail formats and geographies for all 37 branded products. Table 7 highlights that a chi-square test for association was conducted between availability and the combination of retail format and geography. There was a statistically significant association between availability and the combination of retail format and geography for branded products, $\chi(1) = 53.595^{a}$, $p = .000$. These results serve to substantiate the finding in the CrossTabs above, which highlights that one of the four quadrants is clearly different to the rest, making it statistically significant.

TABLE 7 – CHI-SQUARE TESTS - PEARSON CHI-SQUARE_FOR HOLISTIC BRANDED PRODUCTS

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	53.595[a]	3	.000
Likelihood Ratio	53.919	3	.000
Linear-by-Linear Association	44.657	1	.000
N of Valid Cases	11000		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 1142.46.

CHI-SQUARE TESTS - PHI AND CRAMERS V

Based on a finding of difference, further tests were run. Phi (φ) and Cramer's V are both measures of the strength of association of a nominal by nominal relationship. Table 8 outlines Phi and Cramers V list of effects. There was a weak association between availability and retail format/geography for all branded products, $\varphi = 0.070$, $p = .000$. Although this association is weak, the difference in the one quadrant versus the rest is still significant.

TABLE 8 – CHI-SQUARE TESTS - PHI AND CRAMERS V FOR HOLISTIC BRANDED PRODUCTS

		Value	Approx. Sig.
Nominal by Nominal	Phi	.070	.000
	Cramer's V	.070	.000
N of Valid Cases		11000	

SUMMARY

The results undertaken in this analysis highlight the statistical significance of overall branded product availability in relation to the various retail formats/geographies, the null hypothesis is therefore rejected as this proves that certain brands do have the ability to manage retail channels and geographies better and are therefore more available across channel types in these geography.

5.5 INDEPTH ANALYSIS OF AVAILABILITY OF BRANDED PRODUCTS IN SIX PRODUCT CATEGORIES

In order to further understand the influence of retail format and geography on availability, an analysis of six branded product categories was undertaken. Availability was aggregated across all the product categories highlighted below:

Washing powder 1kg, cigarettes 20 pack, 2L soft drinks, 750ml cooking oil, 2.5kg maize meal and 155g tinned fish.

The hypothesis **remained the same.**

Hypothesis 1: Certain brands have the ability to manage retail channels and geographies better and are therefore more available across channel types in these geographies.

CROSSTABS – PRODUCT CATEGORY AVAILABILITY BY FORMAT/GEOGRAPHY

The researcher continued with the use of a cross-tabulation analysis. Table 9 presents the results of the degree of the relationship between availability of each category in each of the combined retail channels and geographies.

Table 9 below highlights the percentage of overall 1kg washing powder availability in retail format and geography. The findings suggest that in majority of retail formats and geographies the washing powder category was largely unavailable at **38%** Modern Rural, **35%** Traditional Urban and **25.4%** Traditional Rural. This could highlight that there is still a heavy reliance on Modern Urban formats and that distribution to rural areas has largely been neglected by this category.

Within the 20 pack cigarette category, the overall percentage of availability in retail format and geography seems to be high at **90%** in Modern Urban, **74.5%** in Modern Rural and **48.4%** in Traditional Urban. Thus traditional formats have lower availability. Traditional Rural at **39.8%** scored the lowest from an availability perspective, which highlights the possible difficulty in distributing and service these channels given their remote location.

From a 2L soft drinks perspective, this category demonstrated the highest level of availability, barring Twizza_2L, a local brand. Here the strength of the industry is reinforced with all formats apart from traditional rural reporting high availability. Modern Urban **77%**, Modern Rural **80.9%**, Traditional Urban **81.3%** all demonstrated high availability scores, with the lowest scored being in Traditional Rural **66.3%**. This could highlight the strength and importance of the distribution capability within the soft drinks category to effectively capture market share. A per-brand analysis of availability will be conducted below to highlight which brands are particularly good at managing this.

The 2.5kg maize meal category highlighted that in the majority of retail formats and geographies the maize meal brands were mostly available, barring Traditional Rural at **38.40%.** What should be noted is that Modern retail formats seemed to demonstrate the highest availability scores, potentially underlying the maize meal categories strategic focus in distributing to these channels. Surprisingly though for such a staple, it could be seen that the traditional retail formats were the two lowest scores from an availability perspective in both urban and rural areas.

The 750ml cooking oil category scored the worst from an availability point of view at **27.9%** in Modern Urban, **28.1%** in Modern Rural, **28.6%** in Traditional Urban and Traditional Rural at **27.9**%**.** This category could be seen to compete directly with unbranded alternatives. Two of the brands were also local brands and therefore are often constrained to geographic areas, which makes sense given these results.

155g tinned fish category highlighted that only in a Modern Urban format are they **41.7%** available. This might largely be due to the limited distribution footprint of two of the brands analysed, however highlights that as a category there is still work to be done from a distribution and servicing perspective in both retail formats and geographies.

TABLE 9 – CROSSTABS - PRODUCT CATEGORY AVAILABILITY BY RETAIL FORMAT/GEOGRAPHY

6 Product Categories		1kg Washing Powder		20 pack Cigarettes		2L Soft Drinks	
RetailFormat.Geography * Available Crosstabulation		Available	Not available	Available	Not available	Available	Not available
Modern Urban	Count	129	111	216	24	308	92
	% within RetailFormat.Geography	53.80%	46.30%	90.00%	10.00%	77.00%	23.00%
Modern Rural	Count	73	119	143	49	259	61
	% within RetailFormat.Geography	38.00%	62.00%	74.50%	25.50%	80.90%	19.10%
Traditional Urban	Count	67	125	93	99	260	60
	% within RetailFormat.Geography	34.90%	65.10%	48.40%	51.60%	81.30%	18.80%
Traditional Rural	Count	51	150	80	121	222	113
	% within RetailFormat.Geography	25.40%	74.60%	39.80%	60.20%	66.30%	33.70%
	Count	320	505	532	293	1049	326
	% within RetailFormat.Geography	38.80%	61.20%	64.50%	35.50%	76.30%	23.70%

6 Product Categories		2.5 kg Maize Meal		750ml Cooking Oil		155g Tin Fish	
RetailFormat.Geography * Available Crosstabulation		Available	Not available	Available	Not available	Available	Not available
Modern Urban	Count	175	65	67	173	200	280
	% within RetailFormat.Geography	72.90%	27.10%	27.90%	72.10%	41.70%	58.30%
Modern Rural	Count	128	64	54	138	128	256
	% within RetailFormat.Geography	66.70%	33.30%	28.10%	71.90%	33.30%	66.70%
Traditional Urban	Count	96	96	55	137	124	260
	% within RetailFormat.Geography	50.00%	50.00%	28.60%	71.40%	32.30%	67.70%
Traditional Rural	Count	70	131	56	145	121	281
	% within RetailFormat.Geography	34.80%	65.20%	27.90%	72.10%	30.10%	69.90%
	Count	469	356	232	593	573	1077
	% within RetailFormat.Geography	56.80%	43.20%	28.10%	71.90%	34.70%	65.30%

CHI-SQUARE TESTS - PEARSON CHI-SQUARE

The Chi-square statistic was used for testing the statistical significance of the cross-tabulation above. Table 10 below highlights that the chi-square test for association was statistically significant between the six product category availabilities and retail formats/geographies. The results are highlighted below:

For 1kg washing powder the Pearson Chi-Square is $\chi(1) = 39.136^{a}$, $p = .000$. This highlights that there is a statistically significant association between retail.format/ geography and 1kg washing powder availability. These results serve to substantiate the finding in the CrossTabs above, highlighting that availability within Modern Urban is clearly different to the other three quadrants, making it statistically significant.

The Pearson Chi-Square is $\chi(1) = 151.662^{a}$, $p = .000$. It highlights that there is a statistically significant association between retail.format/geography and 20 pack cigarette availability.

As per the results in the CrossTabs above, availability within Modern Urban versus Traditional Rural is clearly different, making it statistically significant.

The Pearson Chi-Square is $\chi(1) = 26.885^{a}$, $p = .000$, highlighting that there is a statistically significant association between retail.format/geography and 2L Soft Drinks. The Traditional Rural quadrants availability is different to the other three quadrants, which validates this score.

750ml cooking oil's Pearson Chi-Square is $\chi(1) = .038^{a}$, $p = .998$. It has no statistically significant association given that the scores were relatively similar across all four quadrants.

For 2.5kg maize meal, the Pearson Chi-Square is $\chi(1) = .76.215^{a}$, $p = .00$. It has a statistically significant association between retail.format/geography and maize meal availability. This again serves to highlight the difference in one of the four quadrants, which given the CrossTab was the Traditional Rural format.

For 155g tinned fish, the Pearson Chi-Square is $\chi(1) = 15.329^{a}$, $p = .002$. This highlights that there is a statistically significant association between retail.format/geography and the product category. This again serves to highlight the difference in one of the four quadrants, which given the CrossTab was the Traditional

Rural format.

TABLE 10 - CHI-SQUARE TESTS - PEARSON CHI-SQUARE FOR PRODUCT CATEGORIES

	Chi-Square Tests			
		Value	Df	Asymptotic Significance (2-sided)
1kg Washing Powder	Pearson Chi-Square	39.136[a]	3	0
20 pack Cigarettes	Pearson Chi-Square	151.662[a]	3	0
2L Soft Drinks	Pearson Chi-Square	26.885[a]	3	0
2.5kg Maize Meal	Pearson Chi-Square	.038[a]	3	0.998
750ml Cooking Oil	Pearson Chi-Square	76.215[a]	3	0
155g Tin Fish	Pearson Chi-Square	15.329[a]	3	0.002

CHI-SQUARE TESTS - PHI AND CRAMERS V

Based on a finding of difference, further tests were run Phi (φ) and Cramer's V are both measures of the strength of association of a nominal by nominal relationship. Table 11 outlines Phi and Cramers V list of effects, which are both tests of the strength of association.

1kg washing powder

The strength of association between the variables is weak at V = .218

20 pack cigarettes

The strength of association between the variables is medium at V = .429

2L soft drinks

The strength of association between the variables is weak at V = .140

750ml cooking oil

The strength of association between the variables is very weak at V = .007

155g tinned fish

The strength of association between the variables is weak at V = .096

All though all categories demonstrated medium to weak strengths of association, all five results displayed above, demonstrated the association between product category availability and retail format/geography to be statistically significant.

TABLE 11 – CHI-SQUARE TESTS - PHI AND CRAMERS V FOR PRODUCT CATEGORYS

	Symmetric Measures			
			Value	Approximate Significance
1kg Washing Powder	Nominal by Nominal	Phi	0.22	0
		Cramer's V	0.22	0
20 pack Cigarettes	Nominal by Nominal	Phi	0.43	0
		Cramer's V	0.43	0
2L Soft Drinks	Nominal by Nominal	Phi	0.14	0
		Cramer's V	0.14	0
2.5kg Maize Meal	Nominal by Nominal	Phi	0.01	0.998
		Cramer's V	0.01	0.998
750ml Cooking Oil	Nominal by Nominal	Phi	0.3	0
		Cramer's V	0.3	0
155g Tin Fish	Nominal by Nominal	Phi	0.1	0.002
		Cramer's V	0.1	0.002

SUMMARY

Given the statistically significant results highlighted in five of the six product categories, given the different levels of product category availability in relation to the various retail formats/geographies, therefore the null hypothesis can be rejected as certain brands do have the ability to manage retail channels and geographies better and are therefore more available across channel types in these geography. This is most evident in the 1 kg washing powder, 20 pack cigarette and 2L soft drink categories.

5.6 AVAILABILITY OF INDIVIDUAL BRANDED PRODUCTS IN THE SIX PRODUCT CATEGORIES

Given the statistical significance found within five of the six product categories, the researcher attempted to further understand the influence of retail format and geography on individual brands' availability. The analysis examined three brands in five categories that proved to be statistically significant.

Washing powder 1kg, cigarettes 20 pack, 2L soft drinks, 750ml cooking oil and 155g tinned fish.

The hypothesis **remains the same.**

Hypothesis 1: Certain brands have the ability to manage retail channels and geographies better and are therefore more available across channel types in these geographies.

CROSSTABS – INDIVIDUAL BRAND AVAILABILITY BY FORMAT/GEOGRAPHY

The researcher continued with the use of a cross-tabulation analysis. Table 12 below highlights the percentage of availability between individual washing powder brands. The findings suggest that in majority of retail formats and geographies, Omo washing powder is the most available of the three brands in both retail format and geography. MAQ was more available in traditional formats in both urban and rural geographies. Skip was the least available in both retail format and geography, this could be due to a deliberate strategy undertaken by Unilever to target this brand at niche markets.

When looking at the 20 pack cigarette category, Peter Stuyvesant is the most widely distributed of the three brands across all four quadrants, especially in Traditional Rural. This could speak to the entrenched history/ long serving nature of this brand's distribution capability. Chesterfield was the least available in Modern formats in both rural and urban areas. This might suggest that this brand has distribution issues with formalised retail. Dunhill is most available in urban geographies within both modern and traditional formats, which suggests that more work needs to be made in building a route to market within rural geographies.

From a 2L soft drinks perspective, the Coca-Cola products (Coke, Fanta, Sprite, Crème Soda) are equally available and distributed across all four quadrants. This could speak to their superior distribution capability within this market, as mentioned earlier. Twizza for the most part is least available within modern formats within both rural and urban geographies. However for the most part, this brand is not widely distributed, which speaks to the localised nature of the brand.

Within the 750ml cooking oil category, Sunfoil proved the most widely distributed of the three brands reviewed within the modern format in both rural and urban geographies, which could speak to its distribution strategy of aligning to formalised retail to distribute their product. Excella scored the best with regard to availability within rural areas in both retail formats, which could indicate their route to market strength especially getting

product to remote areas of South Africa. d'Lite, which is a local brand that is mostly geographically constrained, demonstrated relatively healthy levels of availability within the traditional retail formats, which could highlight a deliberate distribution strategy through these informal retailers.

In the 155g tinned fish category, Lucky Star was the most widely distributed of the three brands in all four quadrants. This could highlight a key strength lies in their ability to get their product to market in both retail formats and geographies. Glenryck is the least distributed of the three brands with work to be done in both formal and informal retail as well as across geographies within South Africa. This brand is owned by tiger Brand's a CPG firm with renowned distribution capability and tenure in the market.

TABLE 12 - CROSSTABS – INDIVIDUAL BRANDED PRODUCT AVAILABILITY BY FORMAT/GEOGRAPHY

1kg Washing Powder			Available							
			Available				Not available			
			RetailFormat.Geography				RetailFormat.Geography			
			Modern Urban	Modern Rural	Traditional Urban	Traditional Rural	Modern Urban	Modern Rural	Traditional Urban	Traditional Rural
Product	OmoWashingPowder_1kg	Count	62	43	37	32	18	21	27	35
		Column N %	48.1%	58.9%	55.2%	62.7%	16.2%	17.6%	21.6%	23.3%
	MAQWashingPowder_1kg	Count	35	20	28	18	45	44	36	49
		Column N %	27.1%	27.4%	41.8%	35.3%	40.5%	37.0%	28.8%	32.7%
	SkipWashingPowder 1kg	Count	32	10	2	1	48	54	62	66
		Column N %	24.8%	13.7%	3.0%	2.0%	43.2%	45.4%	49.6%	44.0%

20 pack Cigarettes			Available							
			Available				Not available			
			RetailFormat.Geography				RetailFormat.Geography			
			Modern Urban	Modern Rural	Traditional Urban	Traditional Rural	Modern Urban	Modern Rural	Traditional Urban	Traditional Rural
Product	PeterStyvesant_20s	Count	76	58	42	45	4	6	22	22
		Column N %	35.2%	40.6%	45.2%	56.3%	16.7%	12.2%	22.2%	18.2%
	ChesterfieldCigarettes_20s	Count	63	37	18	15	17	27	46	52
		Column N %	29.2%	25.9%	19.4%	18.8%	70.8%	55.1%	46.5%	43.0%
	DunhillCigarettes_20s	Count	77	48	33	20	3	16	31	47
		Column N %	35.6%	33.6%	35.5%	25.0%	12.5%	32.7%	31.3%	38.8%

2L Soft Drinks			Available							
			Available				Not available			
			RetailFormat.Geography				RetailFormat.Geography			
			Modern Urban	Modern Rural	Traditional Urban	Traditional Rural	Modern Urban	Modern Rural	Traditional Urban	Traditional Rural
Product	Coke_2L	Count	73	61	59	58	7	3	5	9
		Column N %	23.7%	23.6%	22.7%	26.1%	7.6%	4.9%	8.3%	8.0%
	Fanta_2L	Count	77	60	60	52	3	4	4	15
		Column N %	25.0%	23.2%	23.1%	23.4%	3.3%	6.6%	6.7%	13.3%
	Sprite_2L	Count	71	57	59	51	9	7	5	16
		Column N %	23.1%	22.0%	22.7%	23.0%	9.8%	11.5%	8.3%	14.2%
	CremeSoda_2L	Count	74	58	52	38	6	6	12	29
		Column N %	24.0%	22.4%	20.0%	17.1%	6.5%	9.8%	20.0%	25.7%
	Twizza_2L	Count	13	23	30	23	67	41	34	44
		Column N %	4.2%	8.9%	11.5%	10.4%	72.8%	67.2%	56.7%	38.9%

750ml Cooking Oil			Available							
			Available				Not available			
			RetailFormat.Geography				RetailFormat.Geography			
			Modern Urban	Modern Rural	Traditional Urban	Traditional Rural	Modern Urban	Modern Rural	Traditional Urban	Traditional Rural
Product	SunFoilCookingOil_750ml	Count	42	26	21	14	38	38	43	53
		Column N %	62.7%	48.1%	38.2%	25.0%	22.0%	27.5%	31.4%	36.6%
	ExcellaCookingOil_750ml	Count	21	22	15	25	59	42	49	42
		Column N %	31.3%	40.7%	27.3%	44.6%	34.1%	30.4%	35.8%	29.0%
	dLiteCookingOil_750ml	Count	4	6	19	17	76	58	45	50
		Column N %	6.0%	11.1%	34.5%	30.4%	43.9%	42.0%	32.8%	34.5%

155g Tin Fish			Available							
			Available				Not available			
			RetailFormat.Geography				RetailFormat.Geography			
			Modern Urban	Modern Rural	Traditional Urban	Traditional Rural	Modern Urban	Modern Rural	Traditional Urban	Traditional Rural
Product	LuckyStar Pilchards_155g	Count	136	99	106	94	24	29	22	40
		Column N %	68.0%	77.3%	85.5%	77.7%	8.6%	11.3%	8.5%	14.2%
	GlenrykPilchards_155g	Count	7	6	2	12	153	122	126	122
		Column N %	3.5%	4.7%	1.6%	9.9%	54.6%	47.7%	48.5%	43.4%
	Saldanha Pilchards_155g	Count	57	23	16	15	103	105	112	119
		Column N %	28.5%	18.0%	12.9%	12.4%	36.8%	41.0%	43.1%	42.3%

CHI-SQUARE TESTS - PEARSON CHI-SQUARE

The Chi-square statistic was used for testing the statistical significance of the cross-tabulation above. Table 13 below highlights that the chi-square test for association was statistically significant between availability or non-availability for each of the individual brands within the four retail format/geographical quadrants. The results are highlighted below:

For 1kg washing powder there is a statistically significant association between retail.format/ geography and washing powder 1kg availability. The Pearson Chi-Square is $\chi(1) = 27.290$, $p = .000$. These results serve to substantiate the finding in the CrossTabs above, highlighting that availability with Omo and MAQ versus Skip is clearly different in all four of the quadrants, making it statistically significant.

Within the 20 pack cigarette category, there is a statistically significant association between retail.format/ geography and Peter Stuyvesant versus Dunhill and Chesterfield. The Pearson Chi-Square is $\chi(1) = 12.708$, $p = .048$. As per the results in the CrossTabs above, availability within Modern Urban versus Traditional Rural is clearly different, making it statistically significant.

For 2L soft drinks, the Pearson Chi-Square is $\chi(1) = 34.120$, $p = .001$, which highlights that there is a statistically significant association between retail.format/ geography and the individual soft drinks brands. This is most apparent when comparing the availability of the Coca-Cola brands and Twizza, given Twizza's limited availability in all four quadrants.

750ml cooking oil's Pearson Chi-Square is $\chi(1) = 31.224$, $p = .000$, which is a

statistically significant association given that the level of availability between Sunfoil versus d'Lite within all four quadrants is vast. It should be noted that d'Lite is a local brand which might be regional specific, hence its limited availability.

For 155g tinned fish, the Pearson Chi-Square is $\chi(1) = 27.789$, $p = .000$. This highlights that there is a statistically significant association between retail.format/geography and the three individual brands. This is clearly demonstrated in Lucky Star's availability versus the limited availability of Glenryck within all four distribution quadrants. This again serves to highlight the difference in availability amongst the brands in all four of the quadrants.

TABLE 13 – CHI-SQUARE TESTS - PEARSON CHI-SQUARE FOR INDIVIDUAL BRANDS

Pearson Chi-Square Tests

Washing Powder		Available: Available RetailFormat. Geography	Available: Not available RetailFormat. Geography
Product	Chi-square	27.290	5.489
	df	6	6
	Sig.	.000*	.483

Cigarettes		Available: Available RetailFormat .Geography	Available: Not available RetailFormat. Geography
Product	Chi-square	12.708	9.972
	df	6	6
	Sig.	.048*	.126

Soft Drinks		Available: Available RetailFormat. Geography	Available: Not available RetailFormat. Geography
Product	Chi-square	14.702	34.120
	df	12	12
	Sig.	.258	.001*,b

Cooking Oil		Available: Available RetailFormat .Geography	Available: Not available RetailFormat. Geography
Product	Chi-square	31.224	11.005
	df	6	6
	Sig.	.000*	.088

Tinned Fish		Available: Available RetailFormat .Geography	Available: Not available RetailFormat. Geography
Product	Chi-square	27.789	11.104
	df	6	6
	Sig.	.000*	.085

SUMMARY

Given the statistically significant results highlighted for the various individual brands in the five product categories analysed, the null hypothesis can therefore be rejected.

These serves to demonstrate how certain individual brands do have the ability to manage retail channels and geographies better than other brands and are therefore more available across channel types in these geography. Brands within the Coca-Cola Group (Coke, Sprite, Fanta and Crème Soda), British American Tobacco brands like Peter Stuyvesant and Dunhill and Unilever brand Omo all demonstrated the highest levels of availability. This could be due to their tenure of each brand within the country – there is no less than 50 years of tenure between them. Also the strength of their established distribution capability and high levels of individual brand equity could be reasons why this is the case.

5. 7 PRICE PREMIUM OF HOLISTIC BRANDED PRODUCTS

Hypothesis 2: Better brand management of retail channels and geographies leads to the ability to charge a price premium across channel types in these geographies.

DESCRIPTIVE STATISTICS – PRICE INTERVAL SCALE

The price interval scale was used to categorise and quantify the variables. The interval scale of measurement has the properties of identity, magnitude and equal intervals. Table 14 presents the descriptive statistics of the price premiums for all 37 branded products according to retail format and geography. Due to the skewness of the data not being normally distributed, the mean was being pulled out and therefore the data was positively skewed. Given that it was at a level of 3.1, which is a slight skew. This demanded that the researcher run parametric and non-parametric checks highlighted below.

TABLE 14 - PRICE INTERVAL SCALE

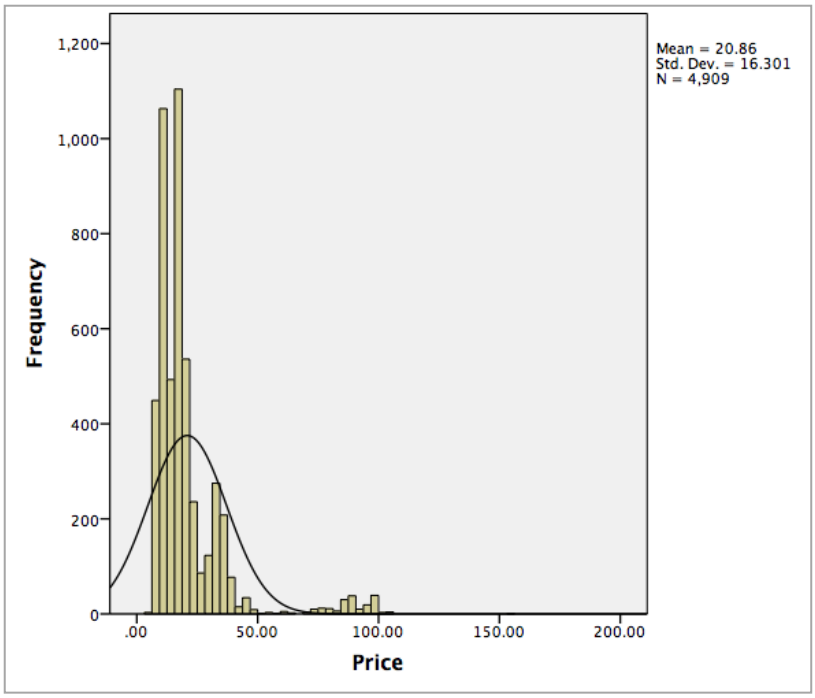
Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Price	4909	5.99	153.99	20.8583	16.30097	3.081	.035
Valid N (listwise)	4909						

Price ($\dot{x}$ = 20.85; SD = 16.3)

The Figure 14 demonstrates the even distribution of pricing data. However, as mentioned above there is a positive skewness, though this is mainly caused from the larger pack size of maize meal. It needs to be noted that the bell curve can be seen,

yet still needs to be noted as a potential limitation of the study.

FIGURE 14 - PRICE PREMIUM DISTRIBUTION



ONE-WAY ANOVA - INFERENTIAL STATS

The researcher performed a one-way ANOVA to determine whether there were any statistically significant differences between the price premium means of the 37 branded products with retails formats in the various geographies. The findings below were reported in key sections, relating to the relationship between the four retail format/geographical quadrants and price premium. The basic statistics section below represents the mean, mode, median and standard deviation for each of the constructs tested.

DESCRIPTIVE STATISTICS

These descriptive statistics are discussed first because these will remain the same irrespective of whether the assumption of homogeneity of variances is met and it gives an overall impression of what the data represents. The Descriptive Table 15 below contains some useful descriptive statistics for each retail format/geography which helped the researcher get a "feel" for the data being used. These results below demonstrate that overall modern retail formats within both urban and rural areas are more expensive than traditional retail formats within both urban and rural areas when

considering all 37 branded products. Data is presented as mean ± standard deviation. Price premium (CWWS score) decreased from Modern Urban (*n* = 1540, 22.3 ± 16.1), to Modern Rural (*n* = 1163, 22.2 ± 18.1), to Traditional Urban (*n* = 1165, 18.7 ± 14.1) to Traditional Rural (*n* = 1041, 19.7 ± 16.5), in that order. Given the findings below, it could be suggested that branded products with modern formats charge higher price premiums both within urban and rural geographies. This could also highlight the effect of bulk buying practices that are common amongst many traditional retail formats. This would allow them to charge less of price premium to the formalised channels. Also the aspirational effect of more formal channels may enable a higher price as well as the strategies they employ with using loss leaders to aid the sale of premium products.

TABLE 15 – DESCRIPTIVE STATISTICS

Price	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Modern Urban	1540	22.2621	16.10246	.41033	21.4572	23.0669
Modern Rural	1163	22.1882	18.05520	.52943	21.1494	23.2269
Traditional Urban	1165	18.7322	14.13892	.41424	17.9195	19.5449
Traditional Rural	1041	19.6751	16.46107	.51019	18.6740	20.6763

TEST OF HOMOGENEITY OF VARIANCES

Inferential statistics were used in order to try to reach conclusions that extend beyond the immediate pricing and retail format/geographic data alone. Thus, the researcher used inferential statistics to make inferences from the data to more general conditions. The results displayed in Table 16 below highlight the test of homogeneity of variances. This test was run to find out whether the assumption could be disproved. The assumption of homogeneity of variances was violated, as assessed by Levene's test for equality of variances (*p* = .000). It was proved therefore that the test of normality was questionable as there is no significant sameness. Variances in the data differ, therefore normality within this data is questionable and was therefore checked by doing a CWWS score. Regardless, this still demonstrates a statistical significance when looking at the mean "Price Premium", which is demonstrated in the price premium

charged by modern formats.

TABLE 16 – TEST OF HOMOGENEITY OF VARIANCES

Levene Statistic	df1	df2	Sig.
13.734	3	4905	.000

ONE-WAY ANOVA RESULTS

The test for homogeneity of variances was met, which means the researcher was able to interpret the standard one-way ANOVA. Table 17 below demonstrates that price premium within the various retail formats across geography (CWWS score) was statistically significantly for different retails formats within the various geographies, $F(3, 4905) = 14.9$, $p < .000$. Again, this helps to substantiate that modern formats do charge a price premium than traditional formats within urban and rural areas.

TABLE 17 – ONE-WAY ANOVA

ANOVA	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	11815.024	3	3938.341	14.948	.000
Within Groups	1292346.365	4905	263.475		

MULTIPLE COMPARISONS

Seeing as though the one-way ANOVA is statistically significant (i.e p <.000), the researcher investigated further with the Tukey-Kramer (Table 18) as the group sizes were not equal. By undertaking this multiple comparisons test, the researcher attempted to go into further detail demonstrating the overall effect that price had within the retail formats within the various geographies. Price was found to be significant in various retail formats/geographies. Price premium (CWWS score) decreased from Modern Urban (n = 1540, 22.3 ± 16.1), to Traditional Urban (n = 1165, 18.7 ± 14.1) a decrease of 2.6(95% CI, 1.9 to 5.1) to Traditional Rural (n = 1041, 19.7 ± 16.5) a decrease of 2.5(95% CI, 1.0 to 4.2), in that order. This gives a more detailed account of the degree of mean “Price Premium” being charged by branded products within modern formats compared to their traditional format counterparts.

TABLE 18 – MULTIPLE COMPARISONS

Dependent Variable: Price						
Tukey Kramer						
(I) RetailFormat. Geography	(J) RetailFormat.Geography	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Modern Urban	Modern Rural	.07389	.63058	.999	-1.5467	1.6944
	Traditional Urban	3.52988*	.63028	.000	1.9101	5.1496
	Traditional Rural	2.58695*	.65130	.000	.9132	4.2607
Modern Rural	Modern Urban	-.07389	.63058	.999	-1.6944	1.5467
	Traditional Urban	3.45599*	.67284	.000	1.7269	5.1851
	Traditional Rural	2.51306*	.69256	.002	.7332	4.2929
Traditional Urban	Modern Urban	-3.52988*	.63028	.000	-5.1496	-1.9101
	Modern Rural	-3.45599*	.67284	.000	-5.1851	-1.7269
	Traditional Rural	-.94293	.69228	.523	-2.7220	.8362
Traditional Rural	Modern Urban	-2.58695*	.65130	.000	-4.2607	-.9132
	Modern Rural	-2.51306*	.69256	.002	-4.2929	-.7332
	Traditional Urban	.94293	.69228	.523	-.8362	2.7220

*. The mean difference is significant at the 0.05 level.

KRUSKAL-WALLIS TEST

The Kruskal-Wallis Test is considered to be the nonparametric alternative to the one-way ANOVA. It was run as data failed the assumption of being normally distributed. Even when running a non-parametric alternative – independent samples Kruskal-Wallis test (Table 19) – demonstrates that the results are significant and therefore price is not the same across retail format and geography. The group means were statistically significantly different $p < .05$) and, therefore, the null hypothesis can be rejected and accept the alternative hypothesis.

TABLE 19 – KRUSKAL-WALLIS TEST

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Price is the same across categories of RetailFormat.Geography.	Independent-Samples Kruskal-Wallis Test	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

SUMMARY

A one-way ANOVA was conducted to determine if price premium (CWWS score) was different for groups of retail format and the geography they were found in. Participants were classified into four groups: Modern Urban (n = 1540), Modern Rural (n = 1163), Traditional Urban (n = 1165) and Traditional Rural (n = 1041). There was no homogeneity of variances, as assessed by Levene's test of homogeneity of variances (p = .000). Data is presented as mean ± standard deviation. CWWS score was statistically significantly different between different retail formats and the geographies they were found in, $F(3, 4905) = 14.9$, $p < .000$. Price premium (CWWS score) decreased from Modern Urban (n = 1540, 22.3 ± 16.1), to Modern Rural (n = 1163, 22.2 ± 18.1), to Traditional Urban (n = 1165, 18.7 ± 14.1) to Traditional Rural (n = 1041, 19.7 ± 16.5), in that order. Tukey post hoc analysis revealed that the decrease in price premium (CWWS score) decreased from Modern Urban to Traditional Urban was a decrease of (2.6, 95% CI (1.9 to 5.1), p = .000 to Traditional Rural was a decrease of (2.5, 95% CI (1.0 to 4.2) p = .000, in that order. All these tests assisted in proving the alternative hypothesis that certain branded products demonstrate better brand management of retails channels and geographies, which leads to the ability to charge a price premium across channel types in these geographies.

5.8 INDEPTH ANALYSIS OF AVAILABILITY OF INDIVIDUAL BRANDED PRODUCTS IN SIX PRODUCT CATEGORY

Hypothesis 2: Better brand management of retail channels and geographies leads to the ability to charge a price premium across channel types in these geographies.

As highlighted in the Chapter 2 literature review, certain CPG firms may be better at managing their branded products from a distribution point of view, which could allow them to charge a price premium across channel types in these geographies. The

analysis continues with an in-depth exploration of each of the six branded product categories. This was to understand the mean "Price Premium" of the categories to better explain their individual relationships with the four retail format/geographical quadrants. The findings below are aggregated by branded product category – 1 kg washing powder, 20 pack cigarettes, 2 litre soft drinks, 750 ml cooking oil, 2.5 kg maize meal and 155g tinned fish.

UNIVARIANT ANALYSIS OF VARIANCE

The two-way ANOVA is used to determine whether there is an interaction effect between two independent variables on a continuous dependent variable (i.e., if a two-way interaction effect exists). In the case of this study, the dependent variable is price premium, with the two independent variables being the product category and retail format within the various geographies.

DESCRIPTIVES STATISTICS

Descriptive statistics were run to allow the researcher to contrast the differences in mean "Price Premium" for the six branded product categories. Table 20 below highlights the mean, mode, median and standard deviation for each of the constructs tested. Data is presented as mean ± standard deviation.

1kg washing powder

- Price premium for Omo (CWWS score) decreased from Modern Urban (*n* = 62 32.2 ± 2.8), to Modern Rural (*n* = 43, 32.9 ± 1.7), to Traditional Urban (*n* = 37, 30.7 ± 2.7) to Traditional Rural (*n* = 32, 31.3 ± 2.5), in that order.
- Price premium for MAQ (CWWS score) decreased from Modern Urban (*n* = 35 28.7 ± 2.7), to Modern Rural (*n* = 20, 27.7 ± 1.8), yet increase to Traditional Urban (*n* = 28, 27.8 ± 2.3) and increase further to Traditional Rural (*n* = 18, 29.9 ± 3.6), in that order.
- Price premium for Skip (CWWS score) decreased from Modern Urban (*n* = 32, 46.6 ± 5.1), to Modern Rural (*n* = 10, 44.8 ± 2.9), to Traditional Urban (*n* = 2, 44.5 ± 7.1), in that order.

Omo could be seen to charge a price premium for its branded product within modern formats across geography, whereas MAQ's price premium remained consistent across all four quadrants. This could indicate a deliberate pricing strategy within the formalised

channels. Also given Omo's widespread availability within modern formats, this may be a reason for its ability to charge a price premium as well as the strength of their brand equity that has been built over the years.

20 pack cigarettes

- Price premium for Chesterfield (CWWS score) increased slightly from Modern Urban (*n* = 76 30.3 ± 6.4), to Modern Rural (*n* = 37, 30.4 ± 5.4), yet decreased to Traditional Urban (*n* = 18, 26.7 ± 4.2) and increase to Traditional Rural (*n* = 15, 29.2 ± 4.7), in that order.
- Price premium for Dunhill (CWWS score) decreased from Modern Urban (*n* = 77, 37.0 ± 3.2), to Modern Rural (*n* = 48, 37.0 ± 2.8), to Traditional Urban (*n* = 33, 36.7 ± 2.1), to Traditional Urban (*n* = 20, 36.0 ± 1.8), in that order.

Given the mean "Price Premium", Chesterfield would seem to charge a higher price premium for its branded product within modern formats across geography. This could indicate a deliberate pricing strategy that aligns to distribution strategy within the formalised channels. Dunhill also charges a higher price premium for its branded product within modern formats across geography.

2L soft drinks

- Price premium for Coke (CWWS score) decreased slightly from Modern Urban (*n* = 73 16.0 ± 1.8), to Modern Rural (*n* = 61, 15.9 ± 1.9), increased to Traditional Urban (*n* = 59, 17.05 ± 1.3) and increased to Traditional Rural (*n* = 58, 17.55 ± 1.2), in that order.
- Price premium for Fanta (CWWS score) decreased slightly from Modern Urban (*n* = 77 15.7 ± 1.9), to Modern Rural (*n* = 60, 15.9 ± 1.7), increased to Traditional Urban (*n* = 60, 17.0 ± 1.3) and increased to Traditional Rural (*n* = 52, 17.5 ± 1.3), in that order.
- Price premium for Sprite (CWWS score) increased slightly from Modern Urban (*n* = 71 15.7 ± 2.0), to Modern Rural (*n* = 57, 15.9 ± 1.7), increased to Traditional Urban (*n* = 59, 16.9 ± 1.6) and increased to Traditional Rural (*n* = 51, 17.5 ± 1.3), in that order.
- Price premium for Crème Soda (CWWS score) increased slightly from Modern Urban (*n* = 74 14.0 ± 2.5), to Modern Rural (*n* = 58, 14.3 ± 2.2), increased to Traditional Urban (*n* = 52, 14.5 ± 2.0) and increased to Traditional Rural (*n* = 38, 15.6 ± 2.4), in that order.

- Price premium for Twizza (CWWS score) increased slightly from Modern Urban (*n* = 13 9.9 ± 1.0), to Modern Rural (*n* = 23, 10.3 ± 1.9), yet decreased to Traditional Urban (*n* = 30, 10.0 ± 0.9) and increase to Traditional Rural (*n* = 23, 10.1 ± 0.6), in that order.

Given the mean "Price Premium", all the Coca-Cola brands would seem to charge a higher price premium for their branded product within traditional formats across geography. This could indicate a higher cost to serve consumers in these regions hence the increase in price. Twizza has set price across all four quadrants, this may be due to it being a local brand which suffers from quality and brand premium perceptions. This may not allow them to raise their prices similar to the Coca-Cola products.

2.5kg maize meal

- Price premium for Iwisa (CWWS score) increased slightly from Modern Urban (*n* = 62 18.9 ± 2.7), to Modern Rural (*n* = 43, 19.2 ± 1.8), increased to Traditional Urban (*n* = 31, 19.5 ± 1.6) and decreased to Traditional Rural (*n* = 21, 19.4 ± 1.5), in that order.
- Price premium for White Star (CWWS score) increased slightly from Modern Urban (*n* = 64 21.7 ± 3.0), to Modern Rural (*n* = 46, 21.8 ± 2.1), decreased to Traditional Urban (*n* = 38, 20.9 ± 1.9) and increased to Traditional Rural (*n* = 33, 21.3 ± 1.7), in that order.
- Price premium for Ace (CWWS score) increased slightly from Modern Urban (*n* = 49 21.0 ± 1.9), to Modern Rural (*n* = 39, 21.1 ± 3.1), decreased to Traditional Urban (*n* = 27, 20.2 ± 2.2) and decreased to Traditional Rural (*n* = 16, 19.7 ± 1.6), in that order.

Both Ace and White Star charge a higher price premium in modern formats within both geographies. This could suggest there distribution strategy is focussed on the formal retail channels. Whereas Iwisa's mean "Price Premium" is higher in the traditional formats, however this may be brought on by a higher cost to serve consumers within these markets.

750ml cooking oil

- Price premium for Sunfoil (CWWS score) decreased slightly from Modern Urban (*n* = 42 17.7 ± 3.7), to Modern Rural (*n* = 26, 16.1 ± 1.8), increased to Traditional Urban (*n* = 21, 17.0 ± 4.2) and increased to Traditional Rural (*n* = 14, 17.2 ± 1.7), in that order.

- Price premium for Excella (CWWS score) decreased slightly from Modern Urban (*n* = 21 17.0 ± 3.6), to Modern Rural (*n* = 22, 16.6 ± 1.3), decreased to Traditional Urban (*n* = 15, 16.4 ± 1.1) and increased to Traditional Rural (*n* = 25, 17.1 ± 2.1), in that order.
- Price premium for d'Lite (CWWS score) decreased from Modern Urban (*n* = 4, 18.5 ± 7.2), to Modern Rural (*n* = 6, 15.8 ± 1.3), decreased to Traditional Urban (*n* = 19, 15.7 ± 2.3) and increased to Traditional Rural (*n* = 17, 16.2 ± 2.8), in that order.

d'Lite is the only brand that visually displays a difference in mean "Price Premium" however given the small sample size, these results should be used with caution.

155g tinned fish

- Price premium for Lucky Star (CWWS score) decreased slightly from Modern Urban (*n* = 136 9.7 ± 0.9), to Modern Rural (*n* = 99, 9.4 ± 1.0), to Traditional Urban (*n* = 106, 9.4 ± 1.0) and to Traditional Rural (*n* = 94, 9.4 ± 1.0), in that order.
- Price premium for Glenryck (CWWS score) decreased slightly from Modern Urban (*n* = 7, 9.3 ± 2.1), to Modern Rural (*n* = 6, 9.2 ± 0.7), increased to Traditional Urban (*n* = 2, 9.3 ± 2.5) and increased to Traditional Rural (*n* = 12, 9.5 ± 0.8), in that order.
- Price premium for Saldanha (CWWS score) decreased from Modern Urban (*n* = 57, 8.9 ± 1.1), to Modern Rural (*n* = 23, 8.7 ± .6), increased to Traditional Urban (*n* = 16, 9.2 ± 1.0) and increased to Traditional Rural (*n* = 15, 9.7 ± .8), in that order.

Lucky Star charges a slight premium within urban versus rural geographies. Glenryck and Saldanha both charge price premiums within traditional channels. However, given the small sample size, these results should be used with caution.

TABLE 20 – DESCRIPTIVES STATISTICS INDIVIDUAL BRANDS

	1kg Washing Powder			**20 pack Cigarettes**		
	Omo	MAQ	Skip	Peter Stuyvesant	Chesterfield	Dunhill
Modern Urban	33.18	28.7	46.611	34.32	30.31	37.01
Modern Rural	32.86	27.69	44.790	34.30	30.39	37.01

Traditional Urban	30.71	27.78	44.490	34.04	26.67	36.72
Traditional Rural	31.31	29.89	28.000	34.47	29.19	36.03

	2L Soft Drinks				
	Coke	Fanta	Sprite	Crème Soda	Twizza
Modern Urban	15.97	15.74	15.69	14.01	9.91
Modern Rural	15.92	15.90	15.89	14.26	10.30
Traditional Urban	17.05	17.01	16.90	14.50	10.05
Traditional Rural	17.55	17.52	17.55	15.64	10.11

	12.5kg Maize Meal			**750ml Cooking Oil**		
	Iwisa	White Star	Ace	SunFoil	Excella	dLite
Modern Urban	18.92	21.71	20.95	17.68	17.03	18.473
Modern Rural	19.19	21.81	21.14	16.13	16.57	15.828
Traditional Urban	19.51	20.94	20.22	17.02	16.39	15.682
Traditional Rural	19.37	21.29	19.65	17.25	17.11	16.229

	155g Tinned Fish		
	Lucky Star	Glenryck	Saldanha
Modern Urban	9.70	9.30	8.94
Modern Rural	9.41	9.16	8.66
Traditional Urban	9.43	9.25	9.24
Traditional Rural	9.38	9.50	9.73

LEVENE'S TEST OF EQUALITY

Due to the researcher using inferential statistics, inferences from the data could be made. The results displayed in Table 21 below highlight the test of homogeneity of variances across all six categories. This test was run to find out whether the assumption could be disproved. The assumption of homogeneity of variances was violated in four of the tests:

1kg washing powder: Levene's test for equality of variances (p = .001).

20 pack cigarettes: Levene's test for equality of variances (p = .000).

2L soft drinks: Levene's test for equality of variances (p = .000).

155g tinned fish: Levene's test for equality of variances (p = .000).

In each of the categories below, the variances in the data differ; therefore normality within this data is questionable and was thus checked by doing a CWWS score. However, given there is no other alternative test to a two-way ANOVA, the researcher continued with the analysis. This also helped to substantiate the statistical significance within the data highlighting that the mean "Price Premium" within four of the product categories does differ according to the four retail format/geographical quadrants.

TABLE 21 – LEVENE'S TEST OF EQUALITY

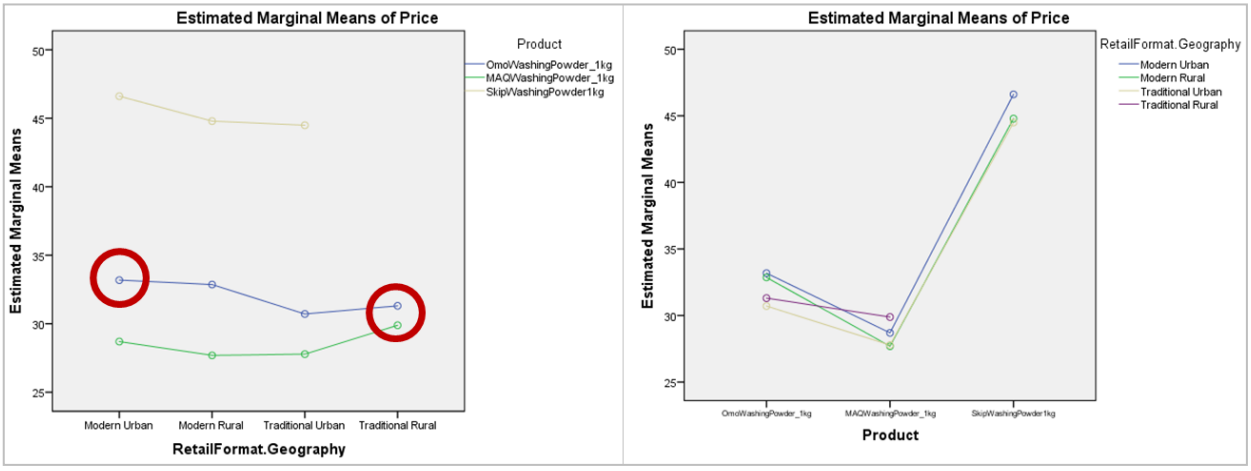
1kg Washing Powder	20 pack Cigarettes	2L Soft Drinks	12.5kg Maize Meal	750 ml Cooking Oil	155g Tinned Fish
Sig.	Sig.	Sig.	Sig.	Sig.	Sig.
.001	.000	.000	.595	.131	.000

MARGINAL MEANS OF PRICE * RETAIL FORMAT.GEOGRAPHY

1kg washing powder

Figure 15 below demonstrates that mean "Price Premium" for Omo is more expensive in Modern formats than in traditional ones. From a MAQ perspective this data highlights that traditional rural format are more expensive, which would suggest a higher route to market cost associated with this price premium. Means of Price for RetailFormat.Geography is disordinal and needs to be tested for statistical significance.

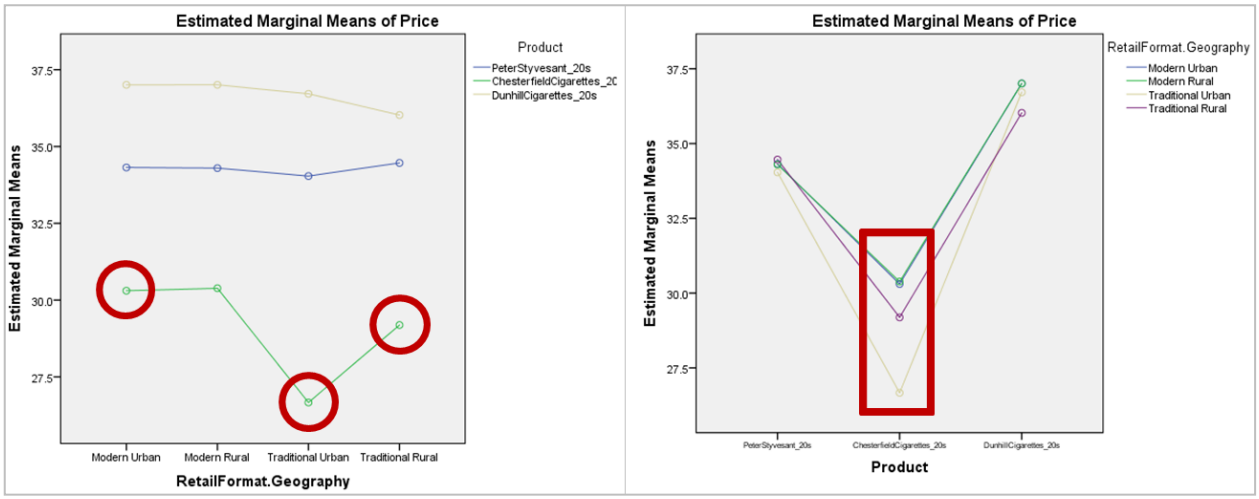
FIGURE 15 – 1kg washing powder



20 pack cigarettes

Figure 16 below demonstrates that mean "Price Premium" for Chesterfield is more expensive in Modern formats than in traditional ones, where the other brands remain relatively stable.

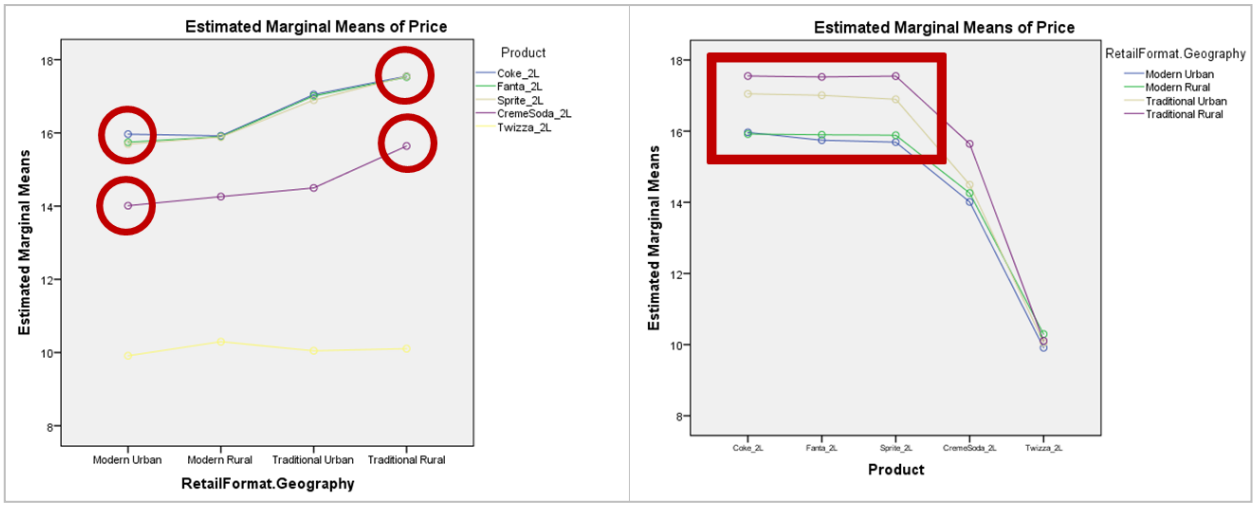
FIGURE 16 – 20 pack cigarettes



2L Soft Drinks

Figure 17 below demonstrates that mean "Price Premium" for all four Coca-Cola brands is more expensive in the traditional formats, highlighted in the descriptive statistics above. A reason for this is possibly a higher cost to serve these outlets in both urban and rural areas.

FIGURE 17 – 2L Soft Drinks



2.5 kg maize meal

Figure 18 below demonstrates that mean “Price Premium” for Ace maize meal is more expensive within the modern retail formats, yet gets cheaper as it moves into the rural areas. The bulk buying practices of traditional retailers as well as the commoditised nature of this product could be two reasons why the costs reduce for traditional retailers. A similar trend can be seen with White Star, which might demonstrate that modern formats charge higher premiums for these products.

FIGURE 18 – 2.5 kg maize meal

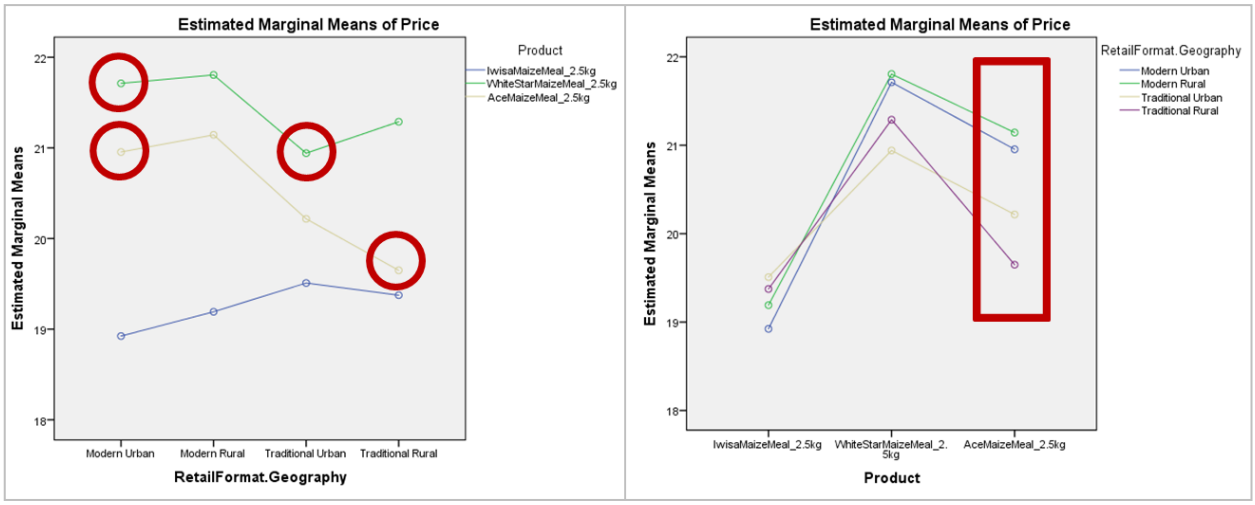
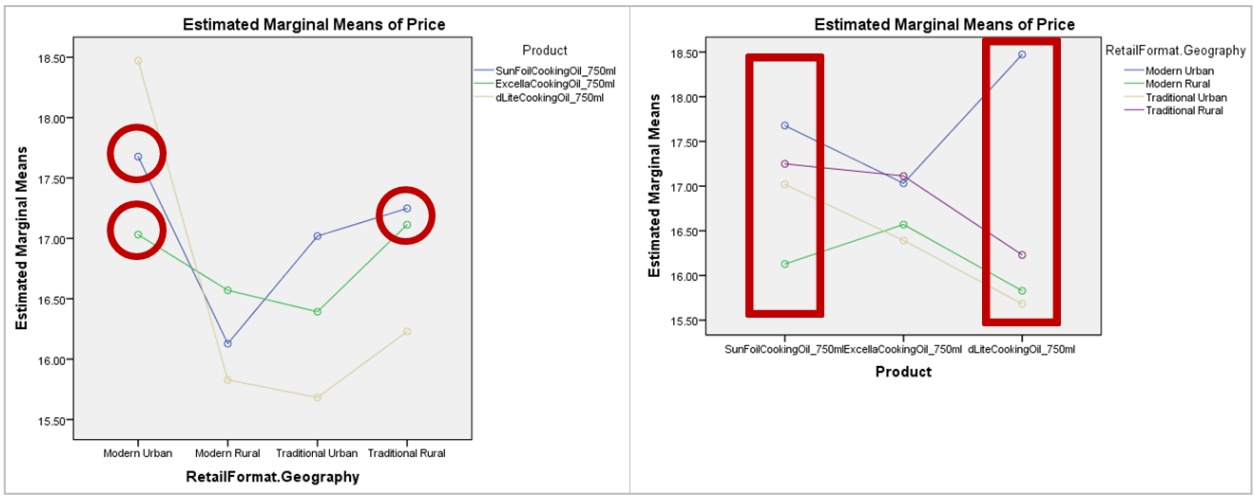


Figure 19 below demonstrates that mean “Price Premium” for Sunfoil and d’Lite is higher in the Modern Urban quadrant yet reduces when looking at the Modern Rural quadrant, this could be a case of demand being higher in certain urban areas as well as disposable income might be higher in certain areas. Also the mean “Price Premium” increases in the Traditional Rural quadrant, which could also speak to a higher cost to serve these markets.

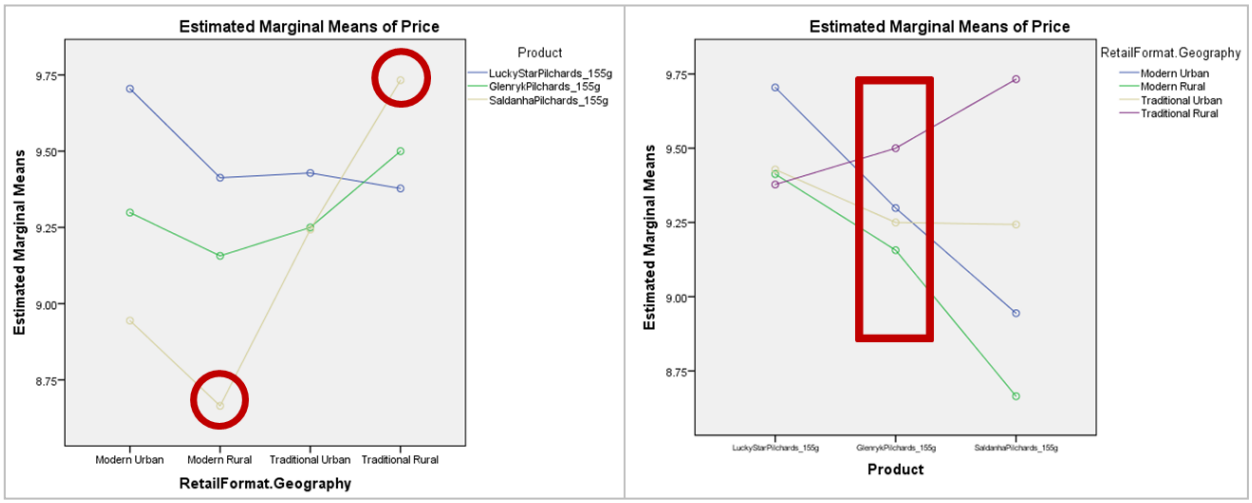
FIGURE 19 – 750ml cooking oil



155g tinned fish

Figure 20 below demonstrates that mean "Price Premium" for Saldanha vastly increases when serving traditional formats. This could indicate a higher cost to serve these informal retailers, which has driven up the costs. Lucky Star has a higher "Price Premium" within the Modern Urban format, which may be due to a higher demand, higher disposable income and also less reliability on subsistence farming for this product within these areas, allowing them to charge a price premium.

FIGURE 20 – 155g tinned fish



TESTS OF BETWEEN – SUBJECTS EFFECTS

In order to determine whether the analysis had a statistically significant interaction effect, the Tests of Between-Subjects Effects were included. Table 22 below highlights all the statistically significant interactions between price premium and retail format/geography for the six product categories:

1kg washing powder:

Product: $F(2, 308) = 102.701$, p = .000, partial η2 = .400.

Geography * Retail.Format: $F(1, 308) = 7.107$, p = .008, partial η2 = .023.

Product Retail.Format.Geography* $F(6, 308) = 8.252$, $p = .000$, partial $\eta^2 = .138$.

There is also a high R-squared score of .795 which indicates that the model explains a significant portion of the variability of the response data around the "Price Premium" mean. Therefore, within the washing powder category, the mean "Price Premium" is affected by the interaction between product and the various retail format/geographical quadrants given the interactions above, which helps to further substantiate the findings. Thus channel is highly indicative of the price which is able to be charged.

2L soft drinks:

Product: $F(4, 1029) = 266.5$, p = .000, partial η2 = .509.

Product Retail.Format.Geography* $F(3, 1029) = 26.6$, $p = .000$, partial $\eta^2 = .002$.

There is also a medium R-squared score of .554 which indicates that the model explains over half of the variability of the response data around the "Price Premium" mean. Therefore, within the soft drinks category, the mean "Price Premium" is affected by the various product interactions as well as the interaction between products and the retail format/geographical quadrants is statistically significant.

20 pack cigarettes:

Product: $F(2, 520) = 127.2$, p = .000, partial η2 = .329.

*Retail.Format*Geography* $F(3, 520) = 3.6$, $p = .013$, partial $\eta^2 = .020$.

There is also a low R-squared score of .379 which indicates that the model explains over one third of the variability of the response data around the “Price Premium” mean. These results serve to build on the findings above proving that the interaction between products and the retail format/geographical quadrants is statistically significant, which helps to further substantiate the findings.

750ml cooking oil:

No statistically significant findings were obtained, given that for the most part the number of mean “Price Premium” observations is low and that retail format/geographical quadrants have a limited effect on mean “Price Premium”.

2.5kg maize meal:

Product: $F(2, 457) = 34.6$, $p = .000$, partial $\eta 2 = .132$.

There is also a low R-squared score of .181 which indicates that the model explains a little of 18% of the variability of the response data around the “Price Premium” mean. These results highlight that there is significant variability between mean “Price Premiums” when looking at the interactions of the branded products especially Ace and White Star.

155 tinned fish:

Product: $F(2, 561) = 3.8$, $p = .023$, partial $\eta 2 = .013$.

Product Retail.Format.Geography* $F(6, 561) = 2.4$, $p = .030$, partial $\eta^2 = .025$.

There is also a very low R-squared score of .062 which indicates that the model explains very little of the variability of the response data around the “Price Premium” mean. Therefore, within the 155g tinned fish category, the mean “Price Premium” is affected by the interaction between products in the various retail format/geographical quadrants given the interactions above, which helps to further substantiate the findings that these quadrants do have an effect on price premium.

TABLE 22 – TESTS OF BETWEEN – SUBJECTS EFFECTS

Dependent Variable: Price 1kg Washing Powder				
Source	df	F	Sig.	Partial Eta Squared
Corrected Model	11	108.8	0	0.795
Intercept	1	10349.1	0	0.971
Product	2	102.7	0	0.4
RetailFormat.Geography	3	14.2	0	0.121
Product * RetailFormat.Geography	6	8.3	0	0.138
Error	308			
Total	320			
Corrected Total	319			
a. R Squared = .795 (Adjusted R Squared = .788)				

Dependent Variable: Price 2L Soft Drinks				
Source	df	F	Sig.	Partial Eta Squared
Corrected Model	19	67.4	.000	.554
Intercept	1	59907.0	0.000	.983
Product	4	266.5	.000	.509
RetailFormat.Geography	3	26.6	.000	.072
Product * RetailFormat.Geography	12	1.5	.102	.018
Error	1029			
Total	1049			
Corrected Total	1048			
a. R Squared = .554 (Adjusted R Squared = .546)				

Dependent Variable: Price 20 pack Cigarettes				
Source	df	F	Sig.	Partial Eta Squared
Corrected Model	11	28.8	.000	.379
Intercept	1	34563.0	0.000	.985
Product	2	127.2	.000	.329
RetailFormat.Geography	3	3.6	.013	.020
Product * RetailFormat.Geography	6	2.0	.067	.022
Error	520			
Total	532			
Corrected Total	531			
a. R Squared = .379 (Adjusted R Squared = .366)				

Dependent Variable: Price 750ml Cooking Oil				
Source	df	F	Sig.	Partial Eta Squared
Corrected Model	11	1.1	.324	.054
Intercept	1	5573.1	.000	.962
Product	2	0.3	.705	.003
RetailFormat.Geography	3	2.0	.122	.026
Product * RetailFormat.Geography	6	0.5	.818	.013
Error	220			
Total	232			
Corrected Total	231			
a. R Squared = .054 (Adjusted R Squared = .007)				

Dependent Variable: Price 2.5kg Maize Meal				
Source	df	F	Sig.	Partial Eta Squared
Corrected Model	11	9.2	.000	.181
Intercept	1	32191.0	0.000	.986
Product	2	34.6	.000	.132
RetailFormat.Geography	3	1.4	.229	.009
Product * RetailFormat.Geography	6	1.4	.215	.018
Error	457			
Total	469			
Corrected Total	468			
a. R Squared = .181 (Adjusted R Squared = .162)				

Dependent Variable: Price Tinned Fish				
Source	df	F	Sig.	Partial Eta Squared
Corrected Model	11	3.4	.000	.062
Intercept	1	10355.5	0.000	.949
Product	2	3.8	.023	.013
RetailFormat.Geography	3	1.6	.200	.008
Product * RetailFormat.Geography	6	2.4	.030	.025
Error	561			
Total	573			
Corrected Total	572			
a. R Squared = .062 (Adjusted R Squared = .043)				

TESTS OF SIMPLE MAIN EFFECT (BRANDED PRODUCT)

Seeing as how five of the six product categories had a statistically significant interaction effect, as a follow up method the simple main effects were reported. The results for the simple main effect of product on mean "Price premium" score for retail formats/geographies are highlighted below in Table 23:

*750ml cooking oil was not captured as there was no statistical significance of product level combination.

1kg washing powder

Modern Urban $F(2, 308) = 351.526$, $p = .000$, partial $\eta^2 = .695$

Modern Rural $F(2, 308) = 116.468$, $p = .000$, partial $\eta^2 = .431$

Traditional Urban $F(2, 308) = 34.321$, $p = .000$, partial $\eta^2 = .182$

These results serve to substantiate the findings above and prove that three of the four quadrants do have an effect on the mean “Price Premium” of the brands within the 1kg washing powder category.

20 pack cigarettes

Modern Urban $F(2, 520) = 59.855$, $p = .000$, partial $\eta^2 = .187$

Modern Rural $F(2, 520) = 35.157$, $p = .000$, partial $\eta^2 = .119$

Traditional Urban $F(2, 520) = 45.765$, $p = .000$, partial $\eta^2 = .150$

Traditional Rural $F(2, 520) = 16.774$, $p = .000$, partial $\eta^2 = .061$

The results assist in demonstrating that all four retail format/geographical quadrants do have an effect on the mean “Price Premium” of the brands within the 20 pack cigarette category.

2L soft drinks

Modern Urban $F(4, 1029) = 43.819$, $p = .000$, partial $\eta^2 = .146$

Modern Rural $F(4, 1029) = 54.695$, $p = .000$, partial $\eta^2 = .175$

Traditional Urban $F(4, 1029) = 105.972$, $p = .000$, partial $\eta^2 = .292$

Traditional Rural $F(4, 1029) = 91.152$, $p = .000$, partial $\eta^2 = .262$

The results assist in demonstrating that all four retail format/geographical quadrants do have an effect on the mean “Price Premium” of the brands within the 2L soft drinks as unpacked above.

12kg maize meal

Modern Urban $F(2, 457) = 24.885$, $p = .000$, partial $\eta^2 = .098$

Modern Rural $F(2, 457) = 15.586$, $p = .000$, partial $\eta^2 = .064$

Traditional Urban $F(2, 457) = 3.390$, $p = .035$, partial $\eta^2 = .015$

Traditional Rural $F(2, 457) = 5.488$, $p = .004$, partial $\eta^2 = .023$

These results highlight that all four retail format/geographical quadrants do have an effect on the mean “Price Premium” of the brands within the maize meal category.

155g tinned fish

Modern Urban $F(2, 561) = 10.897$, $p = .000$, partial $\eta^2 = .037$

Modern Rural $F(2, 561) = 4.892$, $p = .008$, partial $\eta^2 = .017$

Two of the quadrants have an effect on the mean “Price Premium” of the brands within the 155g tinned fish category.

TABLE 23 – TESTS OF SIMPLE MAIN EFFECT (PRODUCT)

Dependent Variable: Price 1kg Washing Powder

RetailFormat. Geography		df	F	Sig.	Partial Eta Squared
Modern Urban	Contrast	2	351.53	.000	0.695
	Error	308			
Modern Rural	Contrast	2	116.47	.000	0.431
	Error	308			
Traditional Urban	Contrast	2	34.321	.000	0.182
	Error	308			
Traditional Rural	Contrast	2	1.842	0.16	0.012
	Error	308			

Dependent Variable: Price 20 pack Cigarettes

RetailFormat. Geography		df	F	Sig.	Partial Eta Squared
Modern Urban	Contrast	2	59.855	.000	.187
	Error	520			
Modern Rural	Contrast	2	35.157	.000	.119
	Error	520			
Traditional Urban	Contrast	2	45.765	.000	.150
	Error	520			
Traditional Rural	Contrast	2	16.774	.000	.061
	Error	520			

Dependent Variable: Price 2L Soft Drinks

RetailFormat. Geography		df	F	Sig.	Partial Eta Squared
Modern Urban	Contrast	4	43.819	.000	.146
	Error	1029			
Modern Rural	Contrast	4	54.695	.000	.175
	Error	1029			
Traditional Urban	Contrast	4	105.972	.000	.292
	Error	1029			
Traditional Rural	Contrast	4	91.152	.000	.262
	Error	1029			

Dependent Variable: Price 12kg Maize Meal

RetailFormat. Geography		df	F	Sig.	Partial Eta Squared
Modern Urban	Contrast	2	24.885	.000	.098
	Error	457			
Modern Rural	Contrast	2	15.586	.000	.064
	Error	457			
Traditional Urban	Contrast	2	3.390	.035	.015
	Error	457			
Traditional Rural	Contrast	2	5.488	.004	.023
	Error	457			

Dependent Variable: Price 750ml Cooking Oil

RetailFormat. Geography		df	F	Sig.	Partial Eta Squared
Modern Urban	Contrast	2	.605	.547	.005
	Error	220			
Modern Rural	Contrast	2	.229	.795	.002
	Error	220			
Traditional Urban	Contrast	2	1.114	.330	.010
	Error	220			
Traditional Rural	Contrast	2	.653	.521	.006
	Error	220			

Dependent Variable: Price 155g Tinned Fish

RetailFormat. Geography		df	F	Sig.	Partial Eta Squared
Modern Urban	Contrast	2	10.897	.000	.037
	Error	561			
Modern Rural	Contrast	2	4.892	.008	.017
	Error	561			
Traditional Urban	Contrast	2	.244	.784	.001
	Error	561			
Traditional Rural	Contrast	2	.785	.457	.003
	Error	561			

TESTS OF SIMPLE MAIN EFFECT (RETAILFORMAT.GEOGRAPHY)

Table 24 below demonstrates a statistically significant interaction effect when the simple "Price premium" score for retail formats/geographies was statistically significant. The results below are for all statistically significant product categories.

1kg washing powder

Omo washing powder $F(3, 308) = 7.388$, $p = .000$, partial $\eta^2 = .067$

Skip washing powder $F(3, 308) = 13.95$, $p = .000$, partial $\eta^2 = .12$

These results align to the findings above given the price premiums charged in modern versus traditional formats.

20 pack cigarettes

Chesterfield $F(3, 520) = 5.370$, $p = .001$, partial $\eta^2 = .030$

These findings correlate to the ones highlighted above and serve to demonstrate once again that Chesterfield's mean "Price Premium" is higher in modern retail formats.

2L soft drinks

Coke $F(3, 1029) = 12.942$, $p = .000$, partial $\eta^2 = .036$

Fanta $F(3, 1029) = 14.394$, $p = .000$, partial $\eta^2 = .040$

Sprite $F(3, 1029) = 14.048$, $p = .000$, partial $\eta^2 = .039$

Crème Soda $F(3, 1029) = 7.494$, $p = .000$, partial $\eta^2 = .021$

The results above serve to demonstrate that mean "Price Premium" for the four Coca-Cola brands is higher in the traditional retail formats, which could indicate a higher cost to serve these outlets.

155g tinned fish

Saldanha $F(3, 561) = 3.600$, $p = .013$, partial $\eta^2 = .019$

In line with all the findings highlighted above, these results help to demonstrate that mean "Price Premium" for the Saldanha is higher in the traditional retail formats, which could indicate a higher cost to serve these outlets.

*750ml cooking oil was not captured as there was no statistical significance of product level combination

*2.5kg maize meal was not captured as there was no statistical significance of product level combination

TABLE 24 – TESTS OF SIMPLE MAIN EFFECT (RETAILFORMAT.GEOGRAPHY)

Dependent Variable: Price 1kg Washing Powder

Product		df	F	Sig.	Partial Eta Squared
OmoWashingPowder_1kg	Contrast	3	7.388	.000	0.067
	Error	308			
MAQWashingPowder_1kg	Contrast	3	2.516	0.06	0.024
	Error	308			
SkipWashingPowder 1kg	Contrast	3	13.95	.000	0.12
	Error	308			

Dependent Variable: Price 20 pack Cigarettes

Product		df	F	Sig.	Partial Eta Squared
PeterStyvesant_20s	Contrast	3	.106	.957	.001
	Error	520			
ChesterfieldCigarettes_20s	Contrast	3	5.370	.001	.030
	Error	520			
DunhillCigarettes_20s	Contrast	3	.442	.723	.003
	Error	520			

Dependent Variable: Price 2L Soft Drinks

Product		df	F	Sig.	Partial Eta Squared
Coke_2L	Contrast	3	12.942	.000	.036
	Error	1029			
Fanta_2L	Contrast	3	14.394	.000	.040
	Error	1029			
Sprite_2L	Contrast	3	14.048	.000	.039
	Error	1029			
CremeSoda_2L	Contrast	3	7.494	.000	.021
	Error	1029			
Twizza_2L	Contrast	3	.151	.929	.000
	Error	1029			

Dependent Variable: Price 2.5kg Maize Meal

Product		df	F	Sig.	Partial Eta Squared
IwisaMaizeMeal_2.5kg	Contrast	3	.528	.663	.003
	Error	457			
WhiteStarMaizeMeal_2.5kg	Contrast	3	1.317	.268	.009
	Error	457			
AceMaizeMeal_2.5kg	Contrast	3	2.240	.083	.014
	Error	457			

Dependent Variable: Price 750ml Cooking Oil

Product		df	F	Sig.	Partial Eta Squared
SunFoilCookingOil_750ml	Contrast	3	1.624	.185	.022
	Error	220			
ExcellaCookingOil_750ml	Contrast	3	.300	.826	.004
	Error	220			
dLiteCookingOil_750ml	Contrast	3	1.102	.349	.015
	Error	220			

Dependent Variable: Price 155g Tinned Fish

Product		df	F	Sig.	Partial Eta Squared
LuckyStarPilchards_155g	Contrast	3	2.602	.051	.014
	Error	561			
GlenrykPilchards_155g	Contrast	3	.165	.920	.001
	Error	561			
SaldanhaPilchards_155g	Contrast	3	3.600	.013	.019
	Error	561			

SUMMARY

A combination of descriptive and inferential statistics were run according to the six branded product categories. All these tests assisted in proving the alternative hypothesis that certain branded products demonstrate better brand management of retails channels and geographies, which leads to the ability to charge a price premium across channel types in these geographies. Also external factors such as the type of good, higher disposable income and access to subsistence farming all could influence this variable. Urban dwellers have less access to subsistence farming and more disposable income, which may drive up the price. This is especially true within the 1kg

washing powder, 20 pack cigarette, 2L soft drinks, 2.5kg maize meal and the 155g tinned fish categories.

5.9 NATIONAL VS. LOCAL BRAND AVAILABILITY BY RETAIL.FORMAT/GEOGRAPHY

Hypothesis 3a: A national brand versus a local brand's availability is related positively to retail format and geography.

The analysis now moves to understanding the degree of availability of national versus local brands. As highlighted in Chapter 5, Section 5.3, the original 37 branded products analysed were segmented into either national or local brand categories. The analysis looks at the availability of both national and local brands within the various retail formats and geographies.

CROSSTABS – NATIONAL VS. LOCAL BRAND AVAILABILITY BY RETAIL.FORMAT/GEOGRAPHY

Table 25 below allowed the researcher to understand the percentage of overall national brand availability in retail format and geography. There was an even weighting of national brand availability versus non-availability, with traditional rural being the only channel where national brands were less available at **45.9%**. This could speak to a key characteristic of national brands being their distribution strength. However, it also shows that over **40%** of the market within all four quadrants largely remains underserved.

From an overall local brand availability within the four quadrants, local brands were mostly unavailable at **24.6%**, **26.1%**, **25.8%** and **29.2%**. This could serve to highlight how local brands are often highly localised to a certain region and are geographically constrained by their lack of distribution footprint.

TABLE 25 – NATIONAL VS. LOCAL BRAND AVAILABILITY BY RETAIL.FORMAT/GEOGRAPHY

National brand availability by retail.format/geography	RetailFormat.Geography % within RetailFormat.Geography			
	Modern Rural	Modern Urban	Traditional Rural	Traditional Urban

Available	56.70%	60.00%	45.90%	54.30%
Not Available	43.30%	40.00%	54.10%	45.70%
Local brand availability by retail.format/geography	**RetailFormat.Geography % within RetailFormat.Geography**			
	Modern Rural	**Modern Urban**	**Traditional Rural**	**Traditional Urban**
Available	24.60%	26.10%	25.80%	29.20%
Not Available	75.40%	73.90%	74.20%	70.80%

CHI-SQUARE TESTS - PEARSON CHI-SQUARE

The Chi-square statistic was used for testing the statistical significance of the cross-tabulation between availability and the combined retail formats and geographies for both local and national branded products. Table 26 below highlights that a chi-square test for association was conducted between national and local brand availability and the combination of the four retail format/geographical quadrants. There was a statistically significant association between availability and the combination of retail format and geography for National brands, $\chi(1) = 84.187^{a}$, $p = .000$. This highlights that the combination of one of the quadrants is clearly different to the rest.

TABLE 26 - CHI-SQUARE TESTS - PEARSON CHI-SQUARE

	Chi-Square Tests			
		Value	Df	Asymptotic Significance (2-sided)
National	Pearson Chi-Square	84.187[a]	3	.000
Local	Pearson Chi-Square	5.439[a]	3	.142

CHI-SQUARE TESTS - PHI AND CRAMERS V

Based on a finding of difference above, further tests were run. Phi (φ) and Cramer's V are both measures of the strength of association of a nominal by nominal relationship. Table 27 outlines Phi and Cramers V list of effects. There was a weak association between national brand availability and retail format/geography for all branded products, $\varphi = 0.109$, $p = .000$.

TABLE 27 - CHI-SQUARE TESTS - PHI AND CRAMERS V

	Symmetric Measures			
			Value	Approximate Significance
National	Nominal by Nominal	Phi	.109	.000
		Cramer's V	.109	.000
Local	Nominal by Nominal	Phi	.038	.142
		Cramer's V	.038	.142

5.10 - NATIONAL AND LOCAL BRAND PRICE PREMIUM BY RETAIL.FORMAT/GEOGRAPHY

Hypothesis 3b: A national brand's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 3c: A local brand's ability to charge a price premium is related positively to retail format and geography.

Following the same segmented approach as above, the analysis was untaken from a price premium perspective for the aggregated national and local branded product segments. Seeing as though different product types were tested within the two segments, a direct comparison of mean "Price Premium" could not be made and therefore the price premium for national and local brands within the various retail formats and geographical quadrants were examined separately as per hypothesis 3b and 3c above.

UNIVARIANT ANALYSIS OF VARIANCE

The two-way ANOVA is used to determine whether there is an interaction effect between two independent variables on a continuous dependent variable (i.e., if a two-way interaction effect exists). In the case of this study, the dependent variable is price premium with the two independent variables being the product category and retail format within the various geographies.

DESCRIPTIVE STATISTICS

The basic statistics section below represents the mean, mode, median and standard deviation for each of the constructs tested for national versus local brand price premium. Table 28 highlighted below demonstrates that modern retail formats within both urban and rural areas are more expensive than traditional retail formats within both urban and rural areas when considering national and local brands. Data is presented as mean ± standard deviation:

Price premium for National brands (CWWS score) decreased from Modern Urban (*n* = 1248 22.1 ± 14.2), to Modern Rural (*n* = 942, 21.6 ± 15.7), to Traditional Urban (*n* = 903, 18.5 ± 12.9) and increases to Traditional Rural (*n* = 799, 19.2.3 ± 14.5), in that order.

Price premium for Local brands (CWWS score) decreased from Modern Urban (*n* = 292, 23.0 ± 22.5), to Modern Rural (*n* = 221, 24.8 ± 25.6), decreases to Traditional Urban (*n* = 262, 19.5 ± 18.0) increases to Traditional Rural (*n* = 242, 21.1 ± 21.8), in that order.

TABLE 28 – DESCRIPTIVES STATISTICS

Dependent Variable:				
Product		Mean	Std. Deviation	N
National	Modern Urban	22.1	14.2063	1248
	Modern Rural	21.596	15.7178	942
	Traditional Urban	18.532	12.7981	903
	Traditional Rural	19.236	14.4651	799
Local	Modern Urban	22.956	22.4914	292
	Modern Rural	24.714	25.6361	221
	Traditional Urban	19.422	18.0245	262
	Traditional Rural	21.124	21.7654	242

LEVENE'S TEST OF EQUALITY

The results displayed in Table 29 below highlight the test of homogeneity of variances.

This test was run to find out whether the assumption could be disproved. The assumption of homogeneity of variances was violated, as assessed by Levene's test for equality of variances (p = .001). Variances in the data differ, therefore normality within this data is questionable and hence was checked by doing a CWWS score. However, given the robustness of the sample and that there is no other alternative test to a two-way ANOVA, the researcher continued with the analysis.

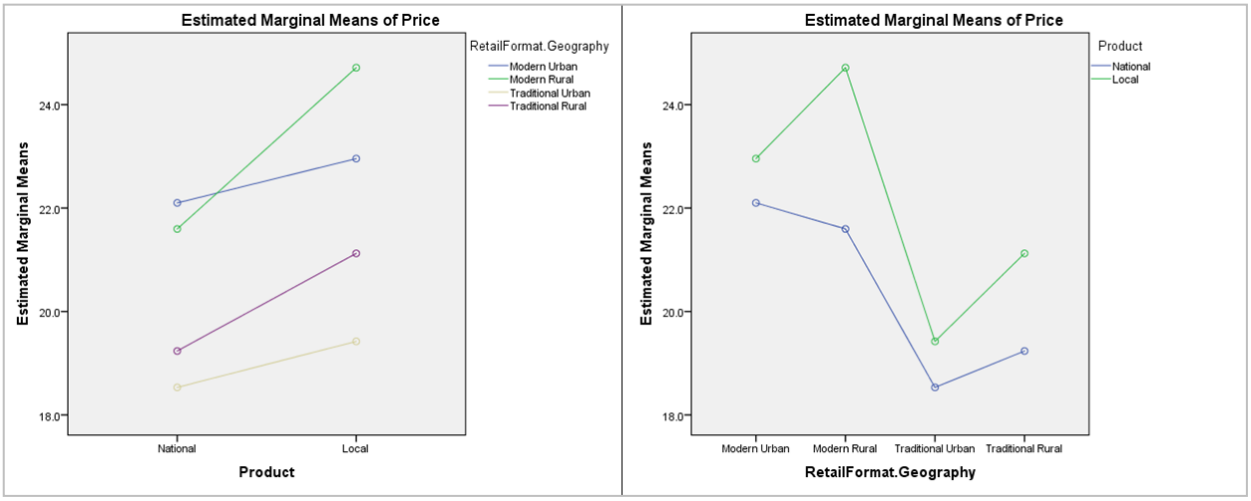
TABLE 29 – LEVENE'S TEST OF EQUALITY

F	df1	df2	Sig.
2.961	11	308	.001

MARGINAL MEANS OF PRICE * RETAIL FORMAT.GEOGRAPHY

Figure 21 visual depicts how mean "Price Premium" for National and Local brands is higher in Modern Formats within both urban and rural geographies. Means of Price for Retail Format. Geography is for the most part ordinal and needs to be tested for statistical significance.

FIGURE 21 – MARGINAL MEANS OF PRICE * RETAIL FORMAT.GEOGRAPHY



TESTS OF BETWEEN – SUBJECTS EFFECTS

In order to determine whether the analysis had a statistically significant interaction effect, the Tests of Between-Subjects Effects was included in the analysis highlighted in Table 30 which indicates that there was a statistically significant interaction between price premium and retail format/geography for National and Local brands:

Product: $F(1, 4901) = 8.613$, $p = .003$, partial $\eta 2 = .002$.

Geography * Retail.Format: $F(3, 4901) = 11.641$, $p = .000$, partial $\eta 2 = .007$.

There is also a very low R-squared score of .011 which indicates that the model explains very little of the variability of the response data around the "Price" mean.

TABLE 30 - TESTS OF BETWEEN –SUBJECTS EFFECTS

Dependent Variable: Price						
Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	14552.336[a]	7	2078.905	7.901	.000	.011
Intercept	1430950.328	1	1430950.328	5438.150	.000	.526
Product	2266.348	1	2266.348	8.613	.003	.002
RetailFormat.Geography	9189.418	3	3063.139	11.641	.000	.007
Product * RetailFormat.Geography	661.428	3	220.476	.838	.473	.001
Error	1289609.053	4901	263.132			
Total	3439910.070	4909				
Corrected Total	1304161.389	4908				
a. R Squared = .011 (Adjusted R Squared = .010)						

TESTS OF SIMPLE MAIN EFFECT (PRODUCT)

Seeing as though the analysis had a statistically significant interaction effect, as a follow up method the simple main effects were reported in Table 31. The simple main

effect of product on mean "Price premium" score for retail formats/geographies statistically significant, Modern Rural $F(1, 4901) = 6.616$, $p = .010$, partial $\eta^2 = .001$

This builds on the results above, demonstrating how one of the four quadrants does have an effect on mean “Price Premium” for both National and Local Brands.

TABLE 31 - TESTS OF SIMPLE MAIN EFFECT (BRANDED PRODUCT)

Dependent Variable: Price

RetailFormat.Geography		Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Modern Urban	Contrast	173.532	1	173.532	.659	.417	.000
	Error	1289609.053	4901	263.132			
Modern Rural	Contrast	1740.979	1	1740.979	6.616	.010	.001
	Error	1289609.053	4901	263.132			
Traditional Urban	Contrast	160.845	1	160.845	.611	.434	.000
	Error	1289609.053	4901	263.132			
Traditional Rural	Contrast	661.956	1	661.956	2.516	.113	.001
	Error	1289609.053	4901	263.132			

Each F tests the simple effects of Product within each level combination of the other effects shown. These tests are based on the linearly independent pairwise comparisons among the estimated marginal means.

TESTS OF SIMPLE MAIN EFFECT (NATIONAL VS. LOCAL)

Table 32 demonstrated a statistically significant interaction effect, when simple main effects were reported. The simple main effect of product on mean "Price premium" score for retail formats/geographies was found to be statistically significant,

National $F(3, 4901) = 11.506$, $p = .000$, partial $\eta^2 = .007$

Local $F(3, 4901) = 117.018$, $p = .002$, partial $\eta^2 = .003$

This helps to prove that mean “Price Premium” for both National and Local brands varies in the four distribution quadrants.

TABLE 32 - TESTS OF SIMPLE MAIN EFFECT (NATIONAL VS. LOCAL)

Dependent Variable: Price							
Product		Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
National	Contrast	9082.494	3	3027.498	11.506	.000	.007
	Error	1289609.053	4901	263.132			
Local	Contrast	3821.835	3	1273.945	4.841	.002	.003
	Error	1289609.053	4901	263.132			
Each F tests the simple effects of RetailFormat.Geography within each level combination of the other effects shown. These tests are based on the linearly independent pairwise comparisons among the estimated marginal means.							

PAIRWISE

Following up a statistically significant result with a post hoc analysis improves the robustness of the study. The researcher thus considered the differences in mean "Price Premium" scores. This information is presented in the Pairwise Comparisons table, as shown below in Table 33.

National Brands in Modern Urban areas mean "Price Premium" score was 3.568 (95% CI, 1.7 to 5.4) higher than Traditional Urban, a statistically significant difference, $p = .000$ and 2.863 (95% CI, .9 to4.8) higher than Traditional Rural, a statistically significant difference, p = .001.

National Brands in Modern Rural areas mean "Price Premium" score was 3.064 (95% CI, 1.01 to 5.1) higher than Traditional Urban, a statistically significant difference, $p = .000$ and 2.359 (95% CI, .3 to 4.4) higher than Traditional Rural, a statistically significant difference, p = .015.

Local Brands in Traditional Urban areas mean "Price Premium" score was -5.292 (95% CI, -9.2 to -1.4) lower than Modern Urban, a statistically significant difference, $p = .002$

and 2.359 (95% CI, .3 to 4.4) higher than Traditional Rural, a statistically significant difference, p = .015.

TABLE 33 – PAIRWISE

Dependent Variable: Price							
Product	(I) RetailFormat.Geography	(J) RetailFormat.Geography	Mean Difference (I-J)	Std. Error	Sig.[b]	95% Confidence Interval for Difference[b]	
						Lower Bound	Upper Bound
National	Modern Urban	Modern Rural	0.504	0.7	1	-1.344	2.352
		Traditional Urban	3.568*	0.709	0	1.697	5.438
		Traditional Rural	2.863*	0.735	0.001	0.924	4.803
	Modern Rural	Modern Urban	-0.504	0.7	1	-2.352	1.344
		Traditional Urban	3.064*	0.755	0	1.07	5.057
		Traditional Rural	2.359*	0.78	0.015	0.3	4.418
	Traditional Urban	Modern Urban	-3.534	1.38	0.063	-7.177	0.109
		Modern Rural	-5.292*	1.482	0.002	-9.202	-1.382
		Traditional Rural	-1.702	1.446	1	-5.519	2.115
Based on estimated marginal means							
*. The mean difference is significant at the .05 level.							
b. Adjustment for multiple comparisons: Bonferroni.							

SUMMARY

A combination of descriptive and inferential statistics was run to test mean “Price Premium” within the four distribution quadrants for National and Local Brands.

These tests assisted in proving both alternative hypotheses:

- A national brand's ability to charge a price premium is related positively to retail format and geography. This may be due to higher disposable incomes within urban areas for premium, quality products.
- A local brand's ability to charge a price premium is related positively to retail format and geography. This may have been due to a higher cost to serve these products within these areas.

This might allow them to charge a higher price premium across channel types in these geographies, especially within modern formats.

5.11 LUXURY VS. NECESSITY GOODS AVAILABILITY BY RETAIL.FORMAT/GEOGRAPHY

Hypothesis 4a: A luxury good versus a necessity good's availability is related positively to its scarcity within various retail formats and geography.

The analysis turns to understanding the degree of availability of luxury versus necessity goods. As highlighted in Section 5.4 the original 37 branded products analysed were segmented into either luxury or necessity goods.

CROSSTABS – LUXURY VS. NECESSITY GOODS AVAILABILITY BY RETAIL.FORMAT/GEOGRAPHY

The table below allowed the researcher to understand the percentage of overall luxury goods availability in retail format and geography. In all retail formats and geographies these luxury goods showed significant levels of availability – **60.8%, 60.6%, 50.9%** and **59.6%.** This highlights that scarcity and luxury may not be mutually exclusive especially in the consumer packaged goods arena.

The table below allowed the researcher to understand the percentage of overall necessity goods availability in retail format and geography. In all retail formats and geographies these necessity goods scored low from an availability perspective – **36.2%, 40.7%, 31.6%** and **37.1%**. This could serve to highlight how necessity goods are poorly distributed within the four quadrants and unbranded product alternatives may being used as substitutes due to this. The role of subsistence farming may also have an effect on availability.

TABLE 34 - LUXURY VS. NECESSITY GOODS AVAILABILITY BY

RETAIL.FORMAT/GEOGRAPHY

Luxury Goods Available * RetailFormat.Geography Crosstabulation	RetailFormat.Geography % within RetailFormat.Geography			
	Modern Rural	Modern Urban	Traditional Rural	Traditional Urban
Available	60.80%	60.60%	50.90%	59.60%
Not Available	39.20%	39.40%	49.10%	40.40%
Necessity Goods Available * RetailFormat.Geography Crosstabulation	**RetailFormat.Geography % within RetailFormat.Geography**			
	Modern Rural	**Modern Urban**	**Traditional Rural**	**Traditional Urban**
Available	36.20%	40.70%	31.60%	37.10%
Not Available	63.80%	59.40%	68.40%	62.90%

CHI-SQUARE TESTS - PEARSON CHI-SQUARE

The Chi-square statistic was used for testing the statistical significance of the cross-tabulation between availability and the combined retail formats and geographies for both local and national branded products. Table 35 below highlights that a chi-square test for association was conducted between luxury and necessity good availability and the combination of the four retail format/geographical quadrants. There was a statistically significant association between availability and the combination of retail format and geography for Luxury goods, $\chi(1) = 27.977^{a}$, $p = .000$ and Necessity goods, $\chi(1) = 32.587^{a}$, $p = .000$. This highlights that the combination of one of the distribution quadrants is clearly different to the rest.

TABLE 35 - CHI-SQUARE TESTS - PEARSON CHI-SQUARE

	Chi-Square Tests			
		Value	Df	Asymptotic Significance (2-sided)
Luxury	Pearson Chi-Square	27.977[a]	3	.000
Necessity	Pearson Chi-Square	32.587[a]	3	.000

CHI-SQUARE TESTS - PHI AND CRAMERS V

Based on a finding of difference above, further tests were run. Phi (φ) and Cramer's V are both measures of the strength of association of a nominal by nominal relationship. Table 36 outlines Phi and Cramers V list of effects. There was a weak association between Luxury goods' availability and retail format/ geography for all branded products, φ = 0.082, *p* = .000. There was a weak association between Luxury goods' availability and retail format/geography for all branded products, φ = 0.069, *p* = .000.

TABLE 36 - CHI-SQUARE TESTS - PHI AND CRAMERS V

	Symmetric Measures			
			Value	Approximate Significance
Luxury	Nominal by Nominal	Phi	.082	.000
		Cramer's V	.082	.000
Necessity	Nominal by Nominal	Phi	.069	.000
		Cramer's V	.069	.000

5.12 - LUXURY AND NECESSITY GOODS PRICE PREMIUM BY RETAIL.FORMAT/GEOGRAPHY

Hypothesis 4b: A luxury good's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 4c: A necessity good's ability to charge a price premium is related positively to retail format and geography.

Following the same segmented approach as above, the analysis was completed for price premium by aggregating luxury and necessity good segments. Seeing as though different product types were tested within the two segments, a direct comparison could not be made and therefore the price premium for luxury and necessity goods within the various retail format and geographical quadrants was examined separately.

UNIVARIANT ANALYSIS OF VARIANCE

The two-way ANOVA was used to determine whether there is an interaction effect between two independent variables on a continuous dependent variable (i.e., if a two-way interaction effect exists). In the case of this study, the dependent variable is price premium, with the two independent variables being the product category (Luxury versus Necessity goods) and retail format within the various geographies.

DESCRIPTIVES

Descriptive statistics were included in this analysis to get a better understanding of the information and to be able to compare the mean "Price Premium". Table 37 highlighted below demonstrates that modern retail formats for Luxury goods within both urban and rural areas are more expensive than traditional retail formats within both urban and rural areas. For Necessity goods in retail formats in rural geographies charge a higher price premium for their goods. Data is presented as mean ± standard deviation:

Price premium for Luxury goods (CWWS score) decreased from Modern Urban (*n* = 727, 21.0 ± 9.43), to Modern Rural (*n* = 584, 19.5 ± 9.15), to Traditional Urban (*n* = 575, 17.4 ± 8.1) to increase slightly for Traditional Rural (*n* = 512, 17.6 ± 7.9), in that order. This serves to highlight that mean “Price Premium” is higher in modern retail formats, which may be due to the demand within these formats. There is also a reduction in demand in traditional rural, suggesting that these markets may be more conscious of necessities than luxuries.

Price premium for Necessity goods (CWWS score) decreased from Modern Rural (*n* = 293, 30.6 ± 30.8), to Modern Urban (*n* = 375, 26.56 ± 26.91), to Traditional Urban (*n* = 239, 25.0 ± 26.1) increases slightly to Traditional Rural (*n* = 220, 28.9 ± 30.9), in that order. This serves to highlight that mean “Price Premium” is higher in rural geography, which may be due to the high cost to serve these formats.

TABLE 37 – DESCRIPTIVE STATISTICS

Dependent Variable:				
Product		Mean	Std. Deviation	N
Luxury	Modern Urban	21.01	9.43	727
	Modern Rural	19.48	9.15	584

	Traditional Urban	17.37	8.14	572
	Traditional Rural	17.59	7.93	512
Necessity	Modern Urban	26.56	26.91	375
	Modern Rural	30.62	30.76	293
	Traditional Urban	24.98	26.08	239
	Traditional Rural	28.84	30.86	220

LEVENE'S TEST OF EQUALITY

The results displayed in Table 38 below highlights the test of homogeneity of variances. This test was run to find out whether the assumption could be disproved. The assumption of homogeneity of variances was violated, as assessed by Levene's test for equality of variances (p = .000). Variances in the data differ, therefore normality within this data is questionable and was therefore verified by doing a CWWS score. However, given the robustness of the sample and that there is no other alternative test to a two-way ANOVA, the researcher continued with the analysis.

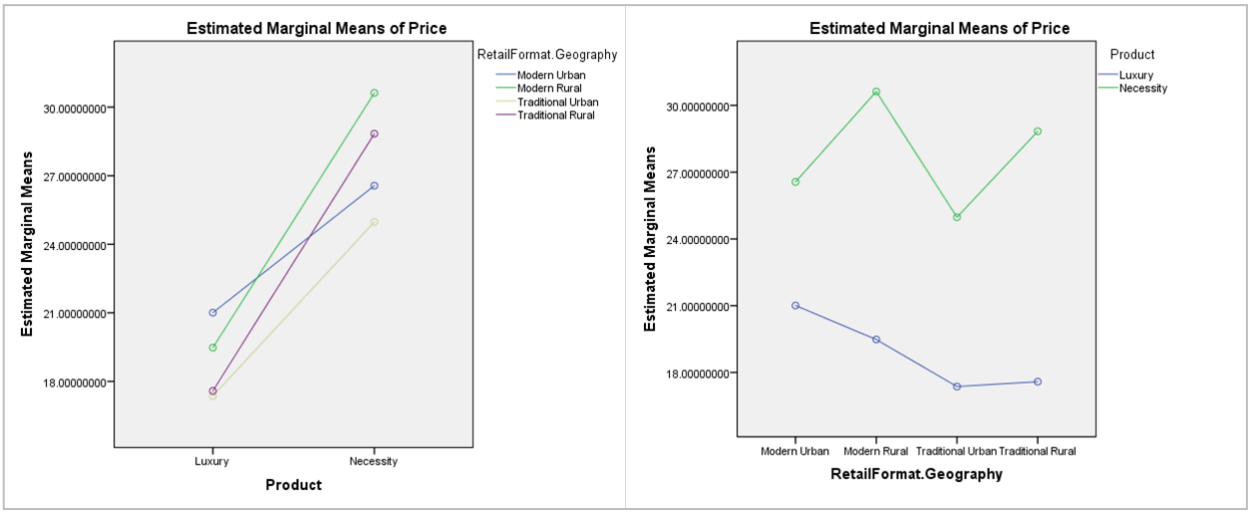
TABLE 38 – LEVENE'S TEST OF EQUALITY

F	df1	df2	Sig.
168.678	7	3514	.000

MARGINAL MEANS OF PRICE * RETAIL FORMAT.GEOGRAPHY

Figure 22 below visual depicts that price premiums for Luxury and Necessity goods vary according to retail format and geography. Means of Price for RetailFormat.Geography is disordinal and needs to be tested for statistical significance.

FIGURE 22 – MARGINAL MEANS OF PRICE * RETAIL FORMAT.GEOGRAPHY



TESTS OF BETWEEN – SUBJECTS EFFECTS

In order to determine whether the analysis had a statistically significant interaction effect, the Tests of Between-Subjects Effects was included in the analysis found in Table 39 indicates that there was a statistically significant interaction between price premium and retail format/geography for Luxury and Necessity goods:

Product: $F(1, 3514) = 186.914$, p = .000, partial η2 = .051.

Geography * Retail.Format: $F(3, 3514) = 5.999$, p = .000, partial η2 = .005.

Product * Geography.Retail.Format: $F(3, 3514) = 5.102$, p = .002, partial η2 = .004.

There is also a very low R-squared score of .059 which indicates that the model explains very little of a significant portion of the variability of the response data around the “Price” mean.

TABLE 39 - TESTS OF BETWEEN – SUBJECTS EFFECTS

Dependent Variable: Price						
Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	68558.077[a]	7	9794.011	31.262	.000	.059
Intercept	1609361.596	1	1609361.596	5136.986	.000	.594

Product	58557.991	1	58557.991	186.914	.000	.051
RetailFormat.Geography	5637.933	3	1879.311	5.999	.000	.005
Product * RetailFormat.Geography	4795.433	3	1598.478	5.102	.002	.004
Error	1100897.801	3514	313.289			
Total	2845572.427	3522				
Corrected Total	1169455.878	3521				
a. R Squared = .059 (Adjusted R Squared = .057)						

TESTS OF SIMPLE MAIN EFFECT (RETAILFORMAT * GEOGRAPHY)

Seeing as though the analysis had a few statistically significant interaction effects, as a follow up method the simple main effects were reported in Table 40. The simple main effect of product on mean "Price premium" score for retail formats/geographies is statistically significant,

Modern Urban $F(1, 3514) = 24.402$, $p = .000$, partial $\eta^2 = .007$

Modern Rural $F(1, 3514) = 77.314$, $p = .000$, partial $\eta^2 = .022$

Traditional Urban $F(1, 3514) = 31.166$, $p = .000$, partial $\eta^2 = .009$

Traditional Rural $F(1, 3514) = 62.185$, $p = .000$, partial $\eta^2 = .017$

This suggests that all four distribution quadrants have an effect on mean “Price Premium”, which is further proved as per the descriptive statistics section (Table 37) above.

TABLE 40 - TESTS OF SIMPLE MAIN EFFECT (RETAILFORMAT * GEOGRAPHY)

Dependent Variable: Price							
RetailFormat.Geography		Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Modern Urban	Contrast	7644.834	1	7644.834	24.402	.000	.007

	Error	1100897.801	3514	313.289			
Modern Rural	Contrast	24221.571	1	24221.571	77.314	.000	.022
	Error	1100897.801	3514	313.289			
Traditional Urban	Contrast	9763.845	1	9763.845	31.166	.000	.009
	Error	1100897.801	3514	313.289			
Traditional Rural	Contrast	19481.968	1	19481.968	62.185	.000	.017
	Error	1100897.801	3514	313.289			

Each F tests the simple effects of Product within each level combination of the other effects shown. These tests are based on the linearly independent pairwise comparisons among the estimated marginal means.

TESTS OF SIMPLE MAIN EFFECT (LUXURY VS. NECESSITY)

Table 41 demonstrated a statistically significant interaction effect, when simple main effects were reported. The simple main effect of retail formats/geography on mean "Price premium" score for product is statistically significant.

Luxury $F(3, 3514) = 5.964$, $p = .000$, partial $\eta^2 = .005$

Necessity $F(3, 3514) = 5.360$, $p = .001$, partial $\eta^2 = .005$

Given the statistical significance of these numbers, this assists in proving that all four distribution quadrants have an effect on mean “Price Premium” across all retail formats/ geographies.

TABLE 41 - TESTS OF SIMPLE MAIN EFFECT (LUXURY VS. NECESSITY)

Dependent Variable: Price							
Product		Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Luxury	Contrast	5605.475	3	1868.492	5.964	.000	.005

	Error	1100897.801	3514	313.289			
Necessity	Contrast	5037.918	3	1679.306	5.360	.001	.005
	Error	1100897.801	3514	313.289			

Each F tests the simple effects of RetailFormat.Geography within each level combination of the other effects shown. These tests are based on the linearly independent pairwise comparisons among the estimated marginal means.

PAIRWISE

Following up a statistically significant result with a post hoc analysis improves the robustness of the study. Therefore, the researcher considered the differences in mean "Price Premium" scores, which has been presented by way of the **Pairwise Comparisons** table, shown below in Table 42. All pairwise comparisons were run for each simple main effect with reported 95% confidence intervals and *p*-values Bonferroni-adjusted within each simple main effect.

Luxury goods in Modern Urban areas mean "Price Premium" score was 3.63 (95% CI, 1.0 to 6.3) higher than Traditional Urban, a statistically significant difference, *p* = .001 and 3.42 (95% CI, .7 to 6.1) higher than Traditional Rural, a statistically significant difference, p = .005. This again just further highlights that for Luxury goods mean “Price Premium” is higher in modern formats, which may be due to higher demand or mark-up by the retailer.

Necessity goods in Modern Rural areas mean "Price Premium" score was 4.05 (95% CI, 4.1 to 7.7) higher than Modern Urban, a statistically significant difference, *p* = .020 and 5.64 (95% CI, 1.6 to 9.7) higher than Traditional Urban, a statistically significant difference, p = .002. These results highlight how necessity goods could have a higher mean “Price Premium” in rural areas, due to the higher cost to serve.

TABLE 42 – PAIRWISE (SUMMARISED VERSION)

Dependent Variable:							
Product			Mean Difference (I-J)	Std. Error	Sig.[b]	95% Confidence Interval for Difference[b]	
						Lower Bound	Upper Bound
Luxury	Modern	Modern	1.527	0.984	0.724	-1.069	4.123

	Urban	Rural					
		Traditional Urban	3.639*	0.989	0.001	1.027	6.25
		Traditional Rural	3.420*	1.021	0.005	0.724	6.116
Necessity	Modern Rural	Modern Urban	4.056*	1.38	0.02	0.413	7.699
		Traditional Urban	5.643*	1.543	0.002	1.571	9.715
Based on estimated marginal means							
*. The mean difference is significant at the .05 level.							

SUMMARY

A combination of descriptive and inferential statistics were run to test mean "Price Premium" within the four distribution quadrants for Luxury and Necessity Goods.

These tests assisted in proving both alternative hypotheses:

- A luxury good's ability to charge a price premium is related positively to retail format and geography.

This allows them to charge a higher price premium within modern formats.

- A necessity good's ability to charge a price premium is related positively to retail format and geography. There is also a reduction in demand in traditional rural, suggesting that these markets may be more conscious of necessities than luxuries.

This allows them to charge a higher price premium within rural geographies.

5.13 CONCLUSION

Having provided a detail analysis and interpretation of the findings above, the study now moves to Chapter 6. This chapter will serve to substantiate the findings with the literature reviewed in Chapter 2.

CHAPTER 6: ANALYSIS OF RESULTS

6.0 INTRODUCTION

Chapter 5 presented the results of the study, looking exclusively at branded product availability from a global, category and individual brand perspective in relation to the four retail format/geographical quadrants introduced in Chapter 2. It also assessed collective availability for national versus local brands as well as luxury versus necessity goods. The results for branded product price premium were furthermore presented from a global, category and individual brand perspective. It also assessed price premium for national and local brands as well as luxury and necessity goods. Hypotheses for the research were formulated in Chapter 3.This chapter will examine the findings of the results from Chapter 5. Conclusions on each hypothesis are also stated in line with the findings of past research previously discussed in Chapter 2.

The findings for each hypothesis will be unpacked and concluded separately.

Hypothesis 1: Certain brands have the ability to manage retail channels and geographies better and are therefore more available across channel types in these geographies.

6.1 BRANDED PRODUCT AVAILABILITY BY RETAIL FORMAT/GEOGRAPHY

6.1.1 INTRODUCTION

The first hypothesis was core to this study in order to clarify the relationship between a CPG firm's ability to manage its branded products within various retail formats and geographies. The hypothesis was informed by the literature where both Kumar et al., (2014) and Wilbur and Farris (2014, p. 154) found that "maintaining multiple channels of transaction with a customer is considered essential for sustained growth in a competitive environment." This thinking aligned to previous research, which concluded that the more distribution channels CPG firms were able to serve their products to, the greater the firm's share of the market (Wilbur & Farris, 2014). However, the lack of adequate infrastructure within certain rural areas could be why some CPG firms have continued to rely on distributing to the highly formalised sector within urban

geographies (Dholakia et al., 2012; Vachubu & Smith, 2010). Therefore, retail format and geography are variables that are likely to influence branded product availability within the CPG space. It would also appear that the traditional market is more dependent on necessities and has more competition from home production and unbranded goods as Sheth (2011) noted.

6.1.2 DISCUSSION OF RESEARCH RESULTS

Holistic view of all 37 branded products

Table 6 presents the results of the degree of overall branded product availability in each of the retail format/geographical quadrants. Although availability scores were close to 50% across three of the four quadrants, the Traditional Rural quadrant had the lowest availability scores at 38.8%. This could indicate a higher cost to serve this quadrant due to limited infrastructure, the dispersed nature of the population and possible lack of demand due to the proliferation of unbranded competition (Lenartowicz & Balasubramanian, 2009; Sheth, 2011). The Chi-square test (Table 7) confirmed there was a statistical significance between the four quadrants. This speaks to what Lenartowicz and Balasubramanian (2009) term, the “last mile”, which is the key challenge of getting goods to the final consumer. Kashyap (2012) suggests that firms need to build dedicated rural teams within the various regions and look to utilise the villagers to distribute their products. However, these findings still highlight that distributing to rural areas is still a challenge.

By individual branded product within each category

1kg washing powder

Table 9 highlights that within this product category there could still be a heavy reliance on distributing to Modern Urban formats, while both retails formats in both rural and urban geographies have largely been neglected as per the availability results: Modern Rural (38%), Traditional Urban (34.9%) and Traditional Rural (25.4%). Omo displayed the highest percentage of availability across all four retail format/geographical quadrants (Table 12), which could speak to a very deliberate distribution strategy by Unilever, the company which owns both Omo and Skip. Omo could be the flagship brand within this market and by default get distributed the most widely, whereas Skip uses more of a targeted high-end approach to distribute its products. This thinking aligns to an article published in the *Financial Mail* (Mokgata, 2013), where, given the entry of Ariel, Unilever has been forced to shuffle its marketing strategy to protect its

market share. It is traditional retail practice to place brands in appropriate channels in order to maximise demand; this appears to be true within emerging markets as well. MAQ was found to be most available in traditional formats in both urban and rural geographies. This aligns to their distribution strategy, which has been on focused on serving the Bottom of the Pyramid market segment through traditional format retailers in mostly rural areas neglected by competitors (Mphalala & Chipp, 2015).

Traditional formats, however, are not yet fully accessed by most brands, suggesting that as a format it is either too hard to serve or does not constitute sufficient demand or disposable income to serve.

20 pack cigarettes

When looking at the availability results (Table 9) for 20 pack cigarettes, modern retail formats in both rural and urban scored the highest levels of availability. This could highlight the difficulty of distributing to traditional formats. One reason for the depressed levels of availability could be the role of the illegal cigarette trade. The Tobacco Institute of Southern Africa says 23% of the local cigarette manufacturing and distribution trade is made up of illegal products (Koyana, 2015). Thus, similar to Sheth's (2011) contention that marketers compete with home production, they could also compete with illegal and fake products.

When looking at availability from an individual brand perspective, Peter Stuyvesant and Dunhill were seen to be more widely available in Modern formats, which suggest that more work needs to be done in building a route to market capability within rural areas. Nevertheless, with disposable income issues as well as illegal cigarettes, it may not be fiscally worth it. Neuwirth (2012) suggests that brands looking to enter rural markets need to first look at ways in which they might unlock the latent desires of the products. This can be done through educating consumers on the product, looking at ways to make it more affordable and building brand trust by reasserting perceptions of quality (Neuwirth, 2012, p. 28). This may be best done through enlisting the help of rural communities (Kayshap, 2012). Ultimately, this might assist cigarette brands combat the illegal cigarette trade but also build a larger distribution footprint with traditional retailers in rural geographies. However, firms should also to be mindful of the issue of disposable income within this market, which would limit the ability to purchase certain products especially if they are seen as a luxury.

2L Soft drinks

The results displayed in Table 9 and Table 12 suggest that this category is widely and well distributed. Yoo et al,. (2000) believe that the ability to distribute to multiple outlets will greatly reduce consumers' search costs and therefore increase its value and profitability. When looking at this from an individual brand perspective, Coke_2L **91.3%**, Fanta_2L **90.5%**, Sprite_2L **86.5%** and Crème Soda_2L **80.7%** are equally distributed through all four quadrants. The Coca-Cola Company is widely known for building successful partnerships with bottling and canning operations, distributors, fountain wholesalers and some retailers. This franchised strategy “to localise parts of the production of its soft drinks and build distribution and sales infrastructure through partnerships with domestic companies in developing countries could be a reason for its widespread availability” (Yadav, Stapleton & Van Wassenhove, 2013, p. 51). Coca-Cola also ranks 11th in the 2015 Gartner annual Supply Chain Top 25, which is telling of its distribution prowess (Gartner, 2015). Twizza is the lone local brand which is not well distributed at 32.4%, and is largely unavailable in most retail formats and geographies. Kakati and Ahmed (2014) attribute this lack of availability to the fact that local brands are often only marketed in relatively small and restricted geographical areas, limiting their national presence.

750ml cooking oil

The results presented in Table 9 demonstrate that cooking oil was the least widely distributed, compared with other categories: Modern Urban **27.90%**, Modern Rural **28.10%**, Traditional Urban **28.60%** and Traditional Rural **27.90%**. Neuwirth (2012) highlights that pull factors such as high brand awareness, high product demand and low costs to serve are three factors that contribute to distribution success. Given that cooking oil is often seen as a commoditised product, creating a strong brand with an effective distribution network might be counter to the profitability of the product. d’Lite **16.7%** is the least available, however, this is a local brand and as highlighted above these are often restricted geographically. Alternatives to cooking oil, such as subsistence farmed animal fat, may provide unbranded competition and see consumers as producers (Sheth, 2011).

2.5kg maize meal

Table 9 and Table 12 present an overview of the results of maize meal availability in each of the retail channels and geographies. The results demonstrate that maize meal barring in the Traditional Rural **34.8%** is widely available. When looking at the

individual brands, Modern retail formats displayed the highest availability scores. Given that this product is also largely commoditised, the cost to serve people within traditional formats might not make financial sense for their products. The influence of consumers as producers as highlighted above could also be a factor given that maize might be relatively easy to farm and seen as a staple in these consumers diet.

155g tinned fish

Table 9 demonstrates that tinned fish is largely unavailable in all formats, Modern Urban **58.3%**, Modern Rural **66.7%**, Traditional Urban **67.7%** and Traditional Rural **69.9%**. This result is surprising as such tinned fish is generally viewed as a staple protein for many Africans. Table 12 highlights that LuckyStarPilchards_155g **79.1%** is most widely available with GlenryckPilchards_155g **4.9%** and SaldanhaPilchards_155g **20.2%** being very unavailable. This could be attributed to the level of marketing spend that Tiger Brands places behind Lucky Star, which is R40 million annually (Adex, 2015). This would not only help to build brand awareness, it would drive demand within the various retail channels. With such advertising spend, a large corporate should back this up with strong distribution. Wilbur and Farris (2014, p. 154) highlight that an increased distribution capability can help to generate consumer awareness and alter consumers' perception positively of the retailer and brand. This could be a reason for Tiger Brands' success in building a multi-channel distribution capability, as the combination of pull strategies through advertising may work toward attracting consumers and thus creating demand, combined with push strategies that aim to deliver the right product, at the right place, at the right time yields both high levels of availability and potential sales.

6.1.3 SUMMARY

Consistent with the literature reviewed in Chapter 2, retail format and geography are both factors that affect availability and therefore certain brands will be better at managing distribution than others. The Traditional Rural quadrant holds significant distribution challenges for the majority of brands researched. Neuwirth (2012, p. 37) suggests that a brand's success in rural markets is largely in its ability to activate customers, deliver products and maintain products. Given the results in Chapter 5, certain branded products from the Coca-Cola company, cigarette brands Peter Stuyvesant and Dunhill, as well as the Unilever brand Omo all demonstrate strong availability in all four quadrants, which might suggest that they have been successful in

implementing what Neuwrith (2012) suggested. This is further supported by both Coca-Cola ranking 11th and Unilever ranking 3rd in the 2015 Gartner annual Supply Chain Top 25 (Gartner, 2015), which is telling of their distribution expertise. Where setting up two or more distribution channels is possible, firms would need to consider this as a means to reach multiple customers given that the geographically dispersed nature of consumers can prove difficult (Kumar et al., 2013). It is clear that some long-standing multinationals are getting distribution right.

Hypothesis 2: Better brand management of retail channels and geographies leads to the ability to charge a price premium across channel types in these geographies.

6.2 BRANDED PRODUCT PRICE PREMIUM BY RETAIL FORMAT/GEOGRAPHY

6.2.1 INTRODUCTION

The literature reviewed in Chapter 2, Section 2.3.1 suggested that a consumer's willingness to pay a price premium could be product form, segment and trade-off dependent (Barki & Parente, 2010; Kumar et al., 2013). This behaviour was largely attributed to quality perceptions whereby consumers were often willing to pay more for leading brands than risk product failure (Barki & Parente, 2010; Beneke et al., 2013). When looking at the interaction of price premium within certain retail formats and geographies, the Brazilian and Indian academics found that consumers have often been willing to pay a price premium for products due to the personal service received from shop keepers in the more informal channels (Dholakia et al., 2012; Lenartowicz & Balasubramanian, 2009). However, this has not been true of all markets, as in South Africa these price premiums have often been a factor that has caused "out-shopping" behaviour, where consumers travel distances for the quality, variety and pricing discounts prevalent in modern retail formats (Chen et al., 2012; Strydom, 2011). Indeed the results here demonstrated a lower premium for traditional channels in many instances. Considerations of disposable income, unbranded (Sheth 2011) and illegal competition and home production (Sheth 2011) may be the factors that drive these prices down.

This second hypothesis is the second key component of this study to better understand the relationship between price premium and the four retail format/geographical quadrants.

6.2.2 DISCUSSION OF RESEARCH RESULTS

Holistic price premium by retail format/geography

Table 14 and 15 present the descriptive statistics highlighting that price premiums for all 37 branded products do vary according to retail format and geography. These results served to highlight how modern formats were more expensive than traditional formats, which is counter to the price discount strategies highlighted in previous research (Chen et al., 2012). The variance in price could have largely been driven by the effect of bulk buying practices, which have become commonplace among many traditional format retailers, although this needs to be investigated. Foreign ownership that is now prevalent within informal retailers has witnessed better pricing by traditional retailing as the foreigners buy together. Liedeman et al., (2013) investigated why certain migrant groups had been able to take control of the spaza market so swiftly and successfully. One of his findings was the role of social networks, which had enabled group purchasing to secure discounts and operational economies of scale. Such practices would drive prices down. Moreover, in a study of spaza shops conducted by Charman et al., (2012) it was found that many of the foreign shops appeared to have positioned their business to compete directly with established South African businesses. These two reasons could help to explain why traditional format retailers charged less of a price premium.

By individual branded product within each category

In order to better understand which brands are able to manage their price premium across format and geography, the researcher looked at the six branded product categories as well as the individual branded products within those categories.

1kg washing powder

Table 20 demonstrates that in the washing powder category, Modern formats in rural areas are close on R2.34 more expensive than traditional formats in urban areas, and more expensive than Traditional formats in rural areas at R5.40. The Omo and Skip brands could be seen to charge a price premium for their branded products within Modern formats across both geographies, which could indicate a deliberate pricing strategy. This is counter to previous research, which found price premiums to be higher in traditional retail formats (Barki & Parente, 2010; Dholakia, 2012) and might suggest that prices within Traditional formats might be being discounted given intra channel competition from modern formats as well as the inter channel competition.

20 pack cigarettes

Table 20 presents the results of the degree of price premium for cigarette 20 packs in each of the retail channels and geographies. Both Chesterfield and Dunhill were found to charge a price premium in modern formats however were priced lower within traditional formats. This might speak to Sheth's (2011) argument around unbranded competition, which would serve to lower these prices in an attempt to create demand. As discussed above, this discrepancy might be caused by the selling of discounted illegal knock-off cigarettes. This is an interesting finding as it introduces a new variable into Sheth's (2011) argument of unbranded competition in the form of contraband. This, by its nature, would drive the price of cigarettes lower, creating a price premium discrepancy between retail formats.

2L soft drinks

Table 20 highlights that for all four Coca-Cola branded products, the mean "Price Premium" is higher in traditional formats in both geographies, contrary to previous findings. Coca-Cola is known for its rigorous price setting and monitoring practices as well as the implementation of a robust cost to serve model (SABCO, 2008). Pricing and promotional initiatives in the Coca-Cola business are local and are governed by the OBPPC (occasion, brand, price, pack, channel) architecture in a given local geography (Bhushan, 2011). This might help to explain why traditional formats charge a higher price premium due to a greater cost to serve and that the Coca-Cola brand premium that could be commanded in these rural areas. Coca-Cola itself has one of the highest brand equities in the world and thus the brand unlocks a premium regardless of channel (Hollis, 2011). Yoo et al. (2000) believe that the ability to distribute to multiple outlets will greatly reduce consumers' search costs and therefore increase its value and profitability. This may explain the Coca-Cola Company's ability to charge a price premium for its branded products through the extensiveness of its multi-channel distribution model. Contrasting this with the pricing practices of Twizza, whose premium remained relatively stable through the four retail format/geographical quadrants. Given that local brands often attempt to imitate national brands with "me too at a cheaper price" strategies, this would possibly restrict Twizza from being able to charge a price premium, given the lack of quality perceptions (Kumar & Steenkamp, 2007). Twizza also lacks the brand equity of Coca-Cola and given the value, quality perceptions that many low-income consumers hold, this could be a reason for a lower premium (Barki & Parente, 2010; Özsomer, 2012)

750ml cooking oil

The results in Table 20 demonstrate that the price premium for cooking oil holistically is relatively standardised across all retail formats and geographies. d'Lite is the only brand that visually displays a difference in mean "Price Premium", however given its small sample, these results should be interpreted with caution. Given the commoditised nature of these products as well as numerous cooking oil brands on the market, pricing premiums might be limited due to the lack of differentiation.

2.5kg maize meal

Similar to the results for 750ml cooking oil, the results for mean "Price Premium" of 2.5kg maize meal remain relatively standardised across all four distribution quadrants. There was a slight variability in price premium when examining Ace versus White Star, which highlighted that within modern formats these brands do charge slightly more. Once again, the reduced price premium found in the traditional formats might have largely been due to the bulk buying practices of those retailers as highlighted by Liedeman (2013). Thus the current research extends the literature by noting that not only is there home production, that could impact pricing; moreover competition is not only unbranded but competition exists within the channel itself, between vendors. This potentially would drive prices down. Once again this is counter to previous research regarding price premiums in informal channels (Barki & Parente, 2010). Sheth (2011) looks at low infrastructure development and as such not all markets have similar infrastructure and it may be better in certain areas than others even within the same market. Strydom (2011) highlighted that South Africa has a better developed retail distribution infrastructure to other emerging markets, hence preventing traditional retailers from charging a price premium, forcing them to discount their products in order to remain competitive.

155g tinned fish

The results in Table 20 demonstrate that the price premium for branded tinned fish is relatively standardised across all retail formats and geographies. Nevertheless, there are many varieties of unbranded tinned fish, placing the discussion away from brand towards Sheth's (2011) branded versus unbranded competition. The question may lie in, when there is sufficient disposable income for consumers to switch from a commodity to a branded good, would they do it.

6.2.3 SUMMARY

The literature reviewed in Chapter 2 highlighted that in certain markets, consumers were often willing to pay price premiums in traditional retail formats due to the personalised service (Barki & Parente, 2010). Conversely, modern retailers often focus on the elements of price and quality to lure consumers into their stores (Moore & Carpenter, 2006; 2008). The literature also covered the role that geography plays in influencing price premium, where distribution challenges in these markets would often increase a CPG firm's cost to serve, which would inevitably increase the price premium (Neuwirth, 2012; Payaud, 2014). The results received proved that within many categories this was not the case (washing powder, cigarettes, cooking oil, maize meal and tinned fish). Prices were either higher in both modern retail formats and urban geographies or standardised across all four distribution quadrants. This speaks to what Zielke and Komor (2015) believe that price elasticity could differ between product groups and that customers do, in fact, react differently to the prices of functional and hedonic products. The soft drinks category was the only set of brands where this was not the case; that traditional retail formats within both urban and rural areas displayed a higher mean “Price Premium”. As highlighted above, this could be attributed to the Coca-Cola Company’s distribution proficiency, which allows them to charge a price premium.

The results of the observation succeed in supporting the alternative hypothesis regarding the link between certain brands' ability to charge a price premium in various retail formats and geographies.

Hypothesis 3a: A national brand versus a local brand’s availability is related positively to retail format and geography.

6.3.1 INTRODUCTION

This next hypothesis focuses on national versus local brand availability within the various retail formats and geographies. The hypothesis was informed by the literature whereby one of the defining characteristics of national versus local brands is their national distribution intensity compared to the regionally based nature of many local brands (Özsomer, 2012). Nguyen et al., (2011, p. 230) argued that “the more intensive the distribution of a brand, the greater the opportunities for consumers to become aware of the brand, and subsequently purchase it.” However, as previously mentioned,

there is a duality of distribution difficulties when CPG firms attempt to bring their products to market. In certain cases, the lack of adequate infrastructure affects the ability to distribute (Chakravarthy & Coughlan, 2011). Whereas in other markets, such as South Africa, a better developed retail distribution infrastructure largely negates this challenge (Strydom, 2011). Therefore, retail format and geography are variables that are likely to influence a national versus local brand's ability to distribute, which may have an effect on availability. Nevertheless, certain products and brands appear to battle getting traditional rural right. The results of the research presented in Chapter 5 are analysed and discussed below.

6.3.2 DISCUSSION OF RESEARCH RESULTS

Availability by retail format/geography

Table 20 and 21 present the results of the degree of national versus local brand availability in each of the retail channels and geographies. As discussed in Chapter 5, there are high weightings of national brand availability across the four quadrants: Modern Rural **56.7%**, Modern Urban **60%** and Traditional Urban **54.3%** being over **50%**. Traditional Rural was the only channel where national brand were less available at **45.6%**. This could possibly be attributed to the distribution challenges of undeveloped infrastructure in some of the rural areas that national brands may experience (Sheth, 2011). When observing local brand availability scores, these are somewhat lower in each of the retail formats/geographies, with Modern Rural **24.6%**, Modern Urban **26.1%**, Traditional Rural **25.8%** and Traditional Urban **29.2%**. This aligns to the literature in Chapter 2, where Kakati and Ahmed (2014) commented that local brands traditionally are marketed in a restricted geographical area and often do not have a national presence.

6.3.3 CONCLUSION

Consistent with the literature reviewed in Chapter 2, retail format and geography are both factors that affect availability and therefore, national brands, due to their larger distribution footprint, would be better at managing distribution than others. Wilbur and Farris (2014) found that the more distribution channels a product was found in, the greater the brand's market share. These results may have also been a reflection of disposable income available to these consumers. Therefore, given the results discussed above, Hypothesis 3a can be accepted.

Hypothesis 3b: A national brand's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 3c: A local brand's ability to charge a price premium is related positively to retail format and geography.

6.4.1 INTRODUCTION

The literature reviewed under Section 2.6.3 suggested that national brands continue to be more appealing for publically visible goods as they contain a higher aspirational value than local brands (Batra et al., 2000; Dimofte et al.,, 2008). These national brand value perceptions have been evidenced as translating into a consumer's willingness to pay a price premium as evidenced in previous research done in both Brazil and South Africa (Barki & Parente, 2010; Bevan-Dye & de Klerk, 2012). As discussed in literature reviewed, local brands often try counter these quality perceptions through employing cheaper pricing strategies (Beneke et al., 2013; Kumar & Steenkamp, 2007). To this end, the two hypotheses stated above aimed to test whether price premium between national and local brands was influenced by retail format and geography. The findings of the study presented in Chapter 5 are analysed below.

6.4.2 DISCUSSION OF RESEARCH RESULTS

National and local brand price premium by retail format/geography

From a national brand perspective, Table 28, demonstrates that these brands are more expensive in Modern Retail Formats across both urban and rural areas than traditional formats in the same geographies. As highlighted above, this could be due to a combination of factors, including the bulk buying practices of informal retailers (Liedeman et al., 2013) and a better developed retail distribution infrastructure in both urban and rural areas, which would allow formal retailers to charge higher premiums on branded goods for convenience (Strydom, 2011). Other suggestions could link to broader economic factors, such as the rapid urbanisation of the South African population, which would consequently drive up demand in urban areas as well as increasing levels of disposable income within the market (Chipp et al., 2012; Dobbs, Remes & Schaer, 2012).

A similar pattern can be seen when observing the mean "Price Premium" for local brands. These brands were also found to be more expensive in Modern Retail Formats

across both urban and rural areas than traditional formats in the same geographies. This price premium could be attributed to the local specificity of these brands, which Özsomer (2012) believes could result in contextual strengths such as perceptions of uniqueness, originality and pride, which could allow these brands to charge a price premium. This finding is inconclusive and difficult to justify as a core part of a local brands value proposition is a cheaper pricing strategy (Kumar & Steenkamp, 2007). However, as per the potential factors affecting national brands, could be attributed to local brands.

6.4.3 SUMMARY

The study was able to prove that both alternative hypotheses may be accepted, as national and local brands price premiums were both, to a large degree, influenced by retail format and geography.

Hypothesis 4a: A luxury good versus a necessity good's availability is related positively to its scarcity within various retail formats and geography.

6.5.1 INTRODUCTION

Similar to Hypothesis 3a, this next hypothesis focuses on availability within luxury versus necessity goods in relation to the various retail formats and geographies. The hypothesis was informed by the literature, whereby one of the defining characteristics of luxury goods is its subjective or natural scarcity (Reyneke et al., 2011). This implies that these brands are either unaffordable or difficult to find. Natural scarcity may be brought on by the numerous distribution difficulties faced by CPG firms attempting to bring their product to these emerging markets (Kumar et al., 2014; Sheth, 2011). Therefore, retail format and geography are variables that are likely to influence national versus local brands' ability to distribute, which may have an effect on availability. The results of the research presented in Chapter 5 are analysed and discussed below.

6.5.2 DISCUSSION OF RESEARCH RESULTS

Availability by retail format/geography

Table 35 and 36 highlight the degree of luxury versus necessity goods' availability in each of the retail channels and geographies. There was a high weighting of luxury good availability within all four distribution quadrants for Modern Rural **60.8%**, Modern

Urban **60.6%**, Traditional Rural **50.9%** and Traditional Urban **59.6%**. The soft drinks and cigarette categories were defined as luxury goods within the consumer packaged goods stable. Both of these categories are known for their distribution processes as well as high brand equity scores, which could be a reason for the high availability scores (Hollis, 2011). When observing necessity goods availability scores, these are somewhat lower in each of the retail formats/geographies with Modern Rural **36.2%**, Modern Urban **40.7%**, Traditional Rural **31.6%** and Traditional Urban **37.1%**. These findings are counter to the literature with regard to natural scarcity, as well as subjective scarcity as proved in the results above, where luxury goods were cheaper than necessity goods in all retail formats and geographies (Reyneke et al., 2011). This could indicate that availability nuances differ according to category and product type, especially with regard to consumer packaged goods.

6.5.3 CONCLUSION

Although retail format and geography are both factors that affect availability, the subjective and natural scarcity of luxury goods was disproved in this context, with luxury goods being more prevalent than necessity goods as well as less expensive in the various retail formats and geographies. This could be attributed to these brands distribution strength, which through increased demand for their products often allows them to lower their prices from a cost leadership perspective. Therefore, given the results discussed above Hypothesis 3b is accepted.

Hypothesis 4b: A luxury good's ability to charge a price premium is related positively to retail format and geography.

Hypothesis 4c: A necessity good's ability to charge a price premium is related positively to retail format and geography.

6.6.1 INTRODUCTION

Section 2.6.4 suggested that luxury goods are those which are out of the ordinary in terms of daily living needs, which implies that perceptions of luxury are individualistic in nature (Reyneke et al., 2011). Product scarcity and price premium may also be two determining factors as to how brands are classified into either luxury or necessity categories. To this end, both hypotheses aimed to test whether price premium for

luxury and necessity goods was influenced by retail format and geography. The results of the study presented in Chapter 5 are analysed below.

6.6.2 DISCUSSION OF RESEARCH RESULTS

Luxury and necessity goods price premium by retail format/geography

Table 37 found that luxury goods in Modern Urban areas mean “Price Premium” is higher in modern formats, which may be due to higher demand, higher disposable income or mark-up by the retailer. These could also demonstrate that format has more of an influence on mean “Price Premium” than geography. Therefore, luxury brands need to spend more effort developing relationships with both informal and formal retailers. Lenartowicz and Balasubramanian (2009, p. 62) suggest that firms looking to enter retail channels in developing economies need to keep in mind the neighbourhood store’s dual nature – commercial and social. Beyond retailing, companies can also consider how they can build other kinds of profitable but socially embedded institutions in developing markets. Necessity goods in Modern Rural areas meant the "Price Premium" score was higher in rural areas, which could be due to the higher cost to serve within these areas. These could demonstrate that geography has more of an effect on mean “Price Premium” than retail format for necessity goods.

6.6.3 CONCLUSION

The study did prove that the hypothesis may be accepted as luxury and necessity goods' mean “Price Premium” were both to a large degree influenced by either retail format or geography. Therefore, the hypotheses 4b and 4c can be accepted. When looking at the results in detail, necessity goods' mean price was far higher than those of luxury goods, which means it was influenced more by these two variables. The results of this observation succeeded in supporting the stated hypotheses and therefore both hypotheses can be accepted.

6.7 OVERALL SUMMARY

The results highlighted in Chapter 5 were analysed and explained in this chapter as well as substantiated by academic literature found in Chapter 2. Eight hypotheses were tested, with all seven hypotheses being accepted. The results highlighted the affect that retail format and geography have on branded product price premium and

availability. The preceding chapter draws various conclusions from the results received in Chapter 5 and are all based on the finding.

CHAPTER 7: CONCLUSION

7.1 INTRODUCTION

This chapter will recap the objectives of the research and provide various insights with regard to the effect that retail format and geography have on branded product price premiums and availability within the South African market. The aim of this chapter is to consolidate all the discussions results and interpretations into a cohesive and summarised set of findings. It will also provide recommendations for future business implementation before concluding on the limitations and implications for future research.

7.2 RESEARCH BACKGROUND AND OBJECTIVES

Although the subject of marketing in emerging markets continues to be highly topical, empirical research concerning individual fields of the marketing mix, especially in the way of distribution, have only recently started to receive attention from researchers such as Venkatesan et al. (2015), Kumar et al. (2014), and Dholakia et al. (2012). More importantly, there has been no research to date within an emerging market context that focuses on the effect of modern and traditional formats on brands within rural and urban geographies. The aim of this study was to bridge this gap by developing a better understanding of the effect that various distribution channels across geography have on a branded product's availability and ability to charge a price premium. This was done from a holistic, category and individual brand perspective. The research also aimed to go a step further by attempting to better understand the effect that these same distribution channels have on price premium and availability when grouping the individual brands into either local or national brands, and luxury or necessity goods.

The research objectives were laid out as follows:

1. To establish the degree to which a brand’s interaction with specific retail format and/or geography has an influence on its availability.
2. To establish the degree to which a brand’s interaction with specific retail format and/or geography has an influence on its ability to charge a price premium.

3. To establish the degree to which local versus national brands interact with retail format and/or geography and if these environments are influencing on their availability.
4. To establish the degree to which local and national brands interact with retail format and/or geography and if these environments are influencing on their ability to charge a price premium.
5. To establish the degree to which luxury versus necessity goods interact with retail format and/or geography and if these environments are influencing on their availability.
6. To establish the degree to which luxury versus necessity goods interact with retail format and/or geography and if these environments are influencing on their ability to charge a price premium.

7.3 KEY FINDINGS AND RECOMMENDATIONS

As highlighted in the objectives, the study examined branded product price premium and availability from a global, category and individual brand perspective in relation to the four distribution quadrants. The findings will be unpacked according to these three levels, covering availability and then price premium.

Objective 1 - Availability:

- From a holistic perspective, the study found that the Traditional Rural quadrant poses the greatest distribution challenge, as availability scores were lowest with regard to this quadrant. This aligned to various extant emerging market literature pertaining to the challenges of infrastructure development (Anand & Monin, 2013; Chakravarthy & Coughlan, 2011; Kumar et al., 2014; Sheth, 2011). So to conclude a brand's interaction with retail format across geography does affect availability.
- From a category perspective, the soft drinks, washing powder and cigarette categories all displayed the highest levels of branded product availability across all four quadrants. This is testament to their distribution prowess within the South African market. These are also strong brands with established equity with sizable promotional budgets, multinational in their make-up and have all been operative in the market for many years.
- A deeper analysis uncovered that certain branded products were particularly effective in managing the four distribution quadrants from an availability

perspective, these brands were found to be within the Coca-Cola stable, the British American Tobacco stable (Peter Stuyvesant and Dunhill), as well as the Omo brand from Unilever. Each of these brands have a long-established history with South Africa, Unilever (1890), Coca-Cola (early 1930s) and Peter Stuyvesant (1957). Not surprisingly in line with Neuwirth's (2012) recommendation it would seem that these CPG firms have been successful in developing strong and integrated supply chains, with distributors, warehouses and retailers alike collaborating as one entity in order to deliver products successfully to these markets in a cost-effective manner. New entrants may thus find it difficult to establish strong supply chains across formats they are not accustomed to and do not have the relationships along the value chain. This is most evident in the Coca-Cola franchise model, with bottling and distribution partnerships with Amalgamated Beverage Industries (ABI) and the South African Bottling Company (SABCO).Coca Cola has been successful for many years in keeping rivals out of certain markets namely through the strength of its distribution network, which has allowed them to own the market (Vrontis & Sharp, 2003).

Objective 2 - Price premium:

- A holistic analysis of all the branded products yielded some interesting findings in that modern retail formats proved to be more expensive than traditional retail formats across geography. This countered numerous emerging market literature regarding the price premiums within traditional retail formats (Barki & Parente, 2010; Chakravarthy & Coughlan, 2011; Dholakia et al., 2012; Lenartowicz & Balasubramanian, 2009).
- From a category perspective, price premium was found to be higher in modern formats for 1kg washing powder, 20 pack cigarettes and 155g tinned fish, and standardised across channels for cooking oil and maize meal. Thus certain necessity goods are more price inelastic than luxury good categories such as cigarettes and soft drinks. The soft drinks category was the only category where traditional retail formats across geographies charged a higher price premium. However, it should be noted that this was driven solely by the four Coca-Cola brands. This proved Zielke and Komor's (2015) assertion that price elasticity could differ between product groups, however, more importantly, proved that

price premiums were influenced across the four retail format/geographical quadrants.

- From an individual brand perspective, the various Coca-Cola brands (Coke, Sprite, Fanta and Crème Soda) were the only four brands which were consistently able to charge a price premium with traditional retail formats across geographies. This not only highlights their distribution effectiveness but also the strength of their brand management practices in implementing the OBPPC (occasion, brand, price, pack and channel) management across geography and retail format.

Objective 3 - National versus Local Brand Availability

- Consistent with the literature reviewed in Chapter 2, the extensive distribution capability that define national brands played out in the results, with them being most widely available in all four quadrants, compared to local brands which are more localised to a specific region. Wilbur and Farris (2014) found that the more distribution channels a product was found in, the greater the brand's market share, which supports the findings of this study.

Objective 4 - National versus Local Brand Price Premium

- Similar to the price premiums for the individual brands studied, a higher mean “Price Premium” was found to be charged in modern retail formats compared to traditional formats across various geographies. As highlighted in Chapter 6, this could be due to various socio-economic reasons, the bulk buying practices of traditional retailers, a better developed retail infrastructure that allows modern formats to charge higher premiums, and the rapid urbanisation of the South African population, which would consequently drive up demand (Liedeman et al., 2013; Prinsloo, 2014; Strydom, 2011).

Objective 5 - Luxury versus Necessity Good Availability

- Counter to literature pertaining to luxury goods, such goods proved to more widely distributed than their necessity good counterparts across retail formats (Reyneke et al., 2011). Yet these were more prevalent in urban than in rural areas. An interesting finding was that necessity goods were all under 40% availability across the four distribution quadrants. This is thought-provoking in

that one would expect necessity goods to be widely distributed across these formats and geographies. This could be attributed to consumers being producers of unbranded products themselves – given that a large part of the rural South African market is still subsistence in nature which may provide competition to retailed goods (Sheth, 2011). This indicated that availability differs according to category and product type, especially within the CPG sector. Although retail format and geography are both factors that affect availability, the subjective and natural scarcity of luxury goods was disproved in this context, with luxury goods being far more prevalent than necessity goods as well as less expensive in the various retail formats and geographies.

Objective 6 - Luxury versus Necessity Good Price Premium

- The study's last set of findings found luxury good's mean "Price Premium" higher in modern formats across geography versus traditional retail formats. From a necessity good perspective, mean "Price Premium" was found to be higher in rural geographies across retail formats. Given the low availability of necessity goods within this geography, one could infer that distribution capabilities for these goods is largely undeveloped and unsupported which would drive a higher cost to serve. Therefore, the study did prove that luxury goods and necessity goods' price premiums were both, to a large degree, influenced by retail format or geography.

7.4 CONTRIBUTION TO THE LITERATURE

The study contributed to marketing literature within emerging markets especially from a distribution point of view. The findings counted previous literature pertaining to the difference in price premium charged within modern versus traditional retail formats. Where it was thought traditional format retailers charge higher prices for goods, this was disproved across rural and urban geographies. This indicates that CPG firms looking to enter these markets need to be aware of the nuances that exist within the various retail channels. This is especially true within channel competition whereby price might be a differentiating factor. The study also highlighted that traditional rural remains the most underserved quadrant, due to the distribution challenges of getting product to these markets but also due to the effect of unbranded competition within this quadrant. This helps to validate Sheth's (2011) assertion with empirical evidence that unbranded competition does exist in these channels and should not be discounted. This study also

adds to Sheth's (2011) argument introducing a new factor for consideration in the form of contraband (illegal cigarettes) which also limits a CPG firm's availability and ability to charge a price premium. Lastly, it was proved that brand equity plays an important role both from a push and pull factor perspective – role of large promotional spend, coupled with an extensive distribution capability makes for a powerful combination.

7.5 RECOMMENDATIONS TO BUSINESS

As developed markets become increasingly saturated, the allure of emerging market expansion and profitability will continue to attract the entry of CPG firms (Kumar et al., 2014). However, firms should be warned not to enter these markets blindly using developed world practices (Chakravarthy & Coughlan, 2011; Kumar et al., 2014; Sheth, 2011). The literature is only beginning to focus on the individual elements of the marketing mix, this study seeks to assist firms specifically from a distribution point of view when it comes to branded product availability and price premium.

The following recommendations have been gleaned from the research findings unpacked above:

- The Traditional Rural quadrant still poses distribution challenges from an availability standpoint. In accordance with thinking by Kashyap (2012), firms need to look at ways to build dedicated rural teams with the intention of developing a new rural distribution network by utilising the villagers. By default this will build a more inclusive marketing approach which would make firms more responsive to market needs and changes but most importantly make their products more available in these areas.
- As evidenced in the study, certain CPG firms were better at managing product availability across the four distribution quadrants than others. In line with research undertaken by Neuwirth (2012), a firm's success is often based on its ability to build strong and integrated supply chains, with distributors, warehouses and retailers alike collaborating as one entity in order to deliver products successfully to these markets in a cost effective manner. However, these brands have been in the South African market for no less than 50 years, which has allowed them to develop these relationships over time. Thus is may be difficult for a new brand to penetrate.
- From a price premium perspective, it was evidenced that modern format retailers often charged a higher premium to that of traditional format retailers

within both urban and rural geographies. As highlighted above, this finding counters numerous emerging market literature, regarding the price premiums charged within traditional retail formats (Barki & Parente, 2010; Chakravarthy & Coughlan, 2011; Dholakia et al., 2012; Leinartowicz & Balasubramanian, 2009). Firms operating in the South African market would do well to better understand the nuances of developing in the informal retailing space as within channel competition between spaza shops could be assisting to drive prices lower in these formats in order to stay competitive with each other as well as modern format retailers. As discussed by Liedeman et al., (2013), the coordinated effect of the bulk buying practices of many spaza shops is starting to drive the price down on many goods that have traditionally been expensive due to the lack of economies of scale within these retail formats. These businesses are also starting to pick strategic locations to compete head on with modern retailers, which in turn has potentially made the spaza owners far more competitive both from a price and location point of view. No longer can firms rely on adding an additional premium to their products from a cost to serve perspective. Firms will need to look at ways to reduce their cost to serve these formats, if they are to be considered from a product offering point of view.

- The informal retail sector in certain ways is becoming more formalised, as evidenced in this research from a price premium perspective, as well as in research undertaken by Liedeman et al., (2013). These businesses are often foreign owned and use clan-based social networks to enable a more competitive business model. Liedeman et al., (2013, p. 1) listed the advantages that these networks provide in the way of “access to cheap labour (recruited from Somalia); enforcement of contractual agreements by the network, with clan elders overseeing business deals; strategic investment in geographical areas to establish Somali strongholds; group purchasing to secure discounts and operational economies of scale; and facilitating micro-finance by organising investments and business partnerships.” These networks could provide firms with the ability to distribute to multiple outlets due to their connected nature, which may assist in regulating price premium. This highlights the importance of relationships within these markets, aligning to research undertaken by Leinartowicz and Balasubramanian (2009) where it was recommended that CPG firms need to keep in mind the neighbourhood store’s dual nature – commercial and social – and consider the “soft” aspects of their relationships with small retailers. Their research found that when formal contracting took a

backseat, the success of implementing successful retailing strategies become evident. Firms looking to operate in this context will not be able to ignore these informal retailers and would do well to establish relationships from a price premium and availability.

- When looking at national and local brands, as well as luxury and necessity goods, the same could be said regarding price premium. Each of the amalgamated categories were found to be higher in modern format retailers, which requires firms to start paying more attention to traditional format retailers. From a necessity goods perspective, geography also played a role from a distribution perspective.

7.6 LIMITATIONS

Although the literature in this study broadly covered the key characteristics of emerging markets, the actual study was limited to South Africa, which is not representative of the entire emerging market population. This also makes the findings unreliable to generalise upon the wider emerging market population.

Given the proliferation of both modern and traditional retail formats within rural and urban areas of South Africa, the research study was only able to undertake 272 observations within the nine South African provinces, given the time limitations. This limits the findings of the research, as although 28 different retail formats in both rural and urban areas were covered in each of the nine South African provinces, the researcher was unable to extrapolate the various insights across the entire population of retail formats. A greater sample size in each province would have allowed the research to generalise its findings across the entire country.

The research took the form of a quantitative study that involved numerical measurement and a robust analysis approach (Zikmund et al., 2008). This allowed for the developing of insight into the effect that traditional and modern retail formats within various geographies have on a branded product's availability and ability to charge a price premium. This method required much interpretation and analysis. However, without qualitative research, many inferences and findings were unable to be further unpacked in order to discover and garner more concrete insights.

The collection method was undertaken through electronic observational forms administered by ten Executrac researchers based in each of the nine South African

provinces. This type of observational method was visible in nature. The number of researchers involved in this data collection process increased the threat of subjectivity and certain data being misrepresented. A distortion of measurement could have resulted in observer bias (Zikmund et al., 2008). Therefore, this bias may have affected the validity of the sample and ultimately the findings. The reliability of the data would have been improved by additional observations within the various retail formats given that the Reef and Skip washing powder brands were largely unavailable in all formats and therefore discounted completely from the study.

Only pricing and availability data were captured within the various retail formats. No sales data was available. Ultimately, this limited the type of findings that the researcher was able to glean from the study, given the lack of volume.

The research used two-way ANOVAs however the data was found not to be normally distributed, what is crucial to ascertain is whether this lack of normality is going to affect the results in a meaningful way. The sample size was robust and there are no nonparametric alternatives to a two-way ANOVA to compare the test results against. So the researcher went ahead with the tests.

7.7 IMPLICATIONS FOR FUTURE RESEARCH

This study focused specifically on the effect that various distribution channels had on a branded product's availability in those channels and its ability to charge a price premium. The research was approached purely from a brand's perspective and a more extensive study that includes both the brand and consumer's perspectives would allow for comparisons and contrasts between these two groups as well as highlight how brands could get customers to pay a price premium for certain goods and services. The inclusion of sales data in the analysis from both a modern and traditional format would also provide a holistic view on both a consumer's willingness to pay a brand premium and a brand's willingness to charge one.

This study focused specifically on branded products within the CPG space. There is an opportunity to extend this study to other industries in order to explore the effects that various retail distribution channels have on branded products within the financial service, telecommunications and durable goods arena from both a price premium and availability perspective.

The results of the study found there to be numerous pricing and availability differences according to the retail format and geography in which these brands were found. Further recommendations for future research would include a deeper analysis of the nuances within certain provincial and city/town formats to get a better understanding of the degree to which retail format and geography have an effect on pricing and availability within these channels.

7.8 CONCLUSION

Only recently has emerging market literature begun to focus on the individual areas of the marketing mix, most importantly distribution. This study on the effect of various distribution channels on a branded product's availability and ability to charge a price premium aimed to contribute towards emerging market distribution literature, more specifically, in a South African context.

The results found that certain branded products' availability and ability to charge a price premium were affected more by the various distribution channels found in the South African retail environment than others. The ability to manage one's own distribution capability plays a major role in the success of being accessible to consumers as well as their ability to charge a brand premium. This distribution prowess is clearly highlighted when comparing national to local brand availability. There were some differences in price premium within the various distribution channels when comparing local versus national brands and luxury versus necessity goods. Both luxury goods and national brands were found to charge less of a premium, indicating that within the CPG category price premium may not play as important a role. This is an increasing nuance given that both luxury goods and national brands maintain associations with quality, value and prestige (Danes & Lindsey-Mullikin, 2012; Reyneke et al., 2011).

Overall, the findings successfully addressed the objectives of the study by providing relevant distribution insights for CPG firms looking to enter the South African retail environment.

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APPENDIX 1 – OBSERVATIONAL FORM EXAMPLE

Category	Brand	Brand description	Metric	Question	Input
Cigarettes	Peter Stuyvesant	Peter Stuyvesant cigarettes Red (20 pack)	Availability	Is Peter Stuyvesant cigarettes Red (20 pack) available in the store?	Yes/No
			Price	What is the single unit selling price of Peter Stuyvesant cigarettes Red (20 pack)?	Price
		Peter Stuyvesant cigarettes Blue (20 pack)	Availability	Is Peter Stuyvesant cigarettes Blue (20 pack) available in the store?	Yes/No
			Price	What is the single unit selling price of Peter Stuyvesant cigarettes Blue (20 pack)?	Price
		Peter Stuyvesant cigarettes Menthol (20 pack)	Availability	Is Peter Stuyvesant cigarettes Menthol (20 pack) available in the store?	Yes/No
			Price	What is the single unit selling price of Peter Stuyvesant cigarettes Menthol (20 pack)?	Price
	Chesterfield	Chesterfield cigarettes Red (20 pack)	Availability	Is Chesterfield cigarettes Red (20 pack) available in the store?	Yes/No
			Price	What is the single unit selling price of Chesterfield cigarettes Red (20 pack)?	Price
		Chesterfield cigarettes Blue (20 pack)	Availability	Is Chesterfield cigarettes Blue (20 pack) available in the store?	Yes/No
			Price	What is the single unit selling price of Chesterfield cigarettes Blue (20 pack)?	Price
		Chesterfield cigarettes 2 in 1 (20 pack)	Availability	Is Chesterfield cigarettes 2 in 1 (20 pack) available in the store?	Yes/No
			Price	What is the single unit selling price of Chesterfield cigarettes 2 in 1 (20 pack)?	Price
	Dunhill	Dunhill cigarettes Red (20 pack)	Availability	Is Dunhill cigarettes Red (20 pack) available in the store?	Yes/No
			Price	What is the single unit selling price of Dunhill cigarettes Red (20 pack)?	Price
		Dunhill cigarettes Blue (20 pack)	Availability	Is Dunhill cigarettes Blue (20 pack) available in the store?	Yes/No
			Price	What is the single unit selling price of Dunhill cigarettes Blue (20 pack)?	Price
		Dunhill cigarettes Menthol (20 pack)	Availability	Is Dunhill cigarettes Menthol (20 pack) available in the store?	Yes/No
			Price	What is the single unit selling price of Dunhill cigarettes Menthol (20 pack)?	Price
Maize Meal	Iwisa	Iwisa maize meal 2.5kg	Availability	Is Iwisa maize meal 2.5kg available in the store?	Yes/No
			Price	What is the single unit selling price of Iwisa maize meal 2.5kg?	Price
		Iwisa maize meal 12.5kg	Availability	Is Iwisa maize meal 12.5kg available in the store?	Yes/No
			Price	What is the single unit selling price of Iwisa maize meal 12.5kg?	Price
	Ace	Ace maize meal 2.5kg	Availability	Is Ace maize meal 2.5kg available in the store?	Yes/No
			Price	What is the single unit selling price of Ace maize meal 2.5kg?	Price
		Ace maize meal 12.5kg	Availability	Is Ace maize meal 12.5kg available in the store?	Yes/No
			Price	What is the single unit selling price of Ace maize meal 12.5kg?	Price
	White Star	White Star maize meal 2.5kg	Availability	Is White Star maize meal 2.5kg available in the store?	Yes/No
			Price	What is the single unit selling price of White Star maize meal 2.5kg?	Price
		White Star maize meal 12.5kg	Availability	Is White Star maize meal 12.5kg available in the store?	Yes/No
			Price	What is the single unit selling price of White Star maize meal 12.5kg?	Price
Tin Fish	Lucky Star	Lucky Star Pilchards in tomato sauce 155g	Availability	Is Lucky Star Pilchards in tomato sauce 155g available in the store?	Yes/No
			Price	What is the single unit selling price of Lucky Star Pilchards in tomato sauce 155g?	Price
		Lucky Star Pilchards in hot chilli sauce 155g	Availability	Is Lucky Star Pilchards in hot chilli sauce 155g available in the store?	Yes/No
			Price	What is the single unit selling price of Lucky Star Pilchards in hot chilli sauce 155g?	Price
			Availability	Is Glenryk Pilchards in tomato sauce 155g available in the store?	Yes/No

APPENDIX 2 – ETHICAL CLEARANCE APPROVAL

Gordon Institute of Business Science
University of Pretoria

Dear Julian Dallamore

Protocol Number: **Temp2015-01945**

Title: **The role of distribution, brand and product forms (independent variables) as influencing factors on a brand's willingness to charge a price premium (dependent variable)**

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker

APPENDIX 3 – EXECUTRAC APPROVAL LETTER

EXECUTRAC
retail information solutions

Dear Sir/ Madam,

To whom this may concern:

RE: Consent to conduct research for Masters of Business Administration

I hereby give **Julian Westerford Dallamore** permission to conduct research on *the role of distribution as an influencing factor on price, finding out more about the consumer's willingness to pay a price premium for national brands.*

I have allowed Julian to utilise Executrac's resources and extensive distribution network of both modern and traditional retailers to garner data pertaining particularly to price points for particular brands across various product categories within both rural and urban areas.

If you have any concerns, please contact me directly, given the details provided below.

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