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How Brand Decisions for Durable Household Goods are made at the Bottom of the Pyramid

A research report submitted by

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For the degree MMSM

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ABSTRACT

The bottom-of-the-pyramid (BOP) market is a very large growing number of aspirational people, spread out all over the world, with Africa being the biggest BOP market in the world. This market presents a unique opportunity for companies wanting to increase their profits. However, companies have to be willing to take the risk in order to succeed and subsequently contribute to the global economy. The market is largely unexplored in Africa, and so there is a lack of academic research around consumer decision-making at the bottom-of-the-pyramid. This market constitutes the majority of people living in South Africa and so this study was conducted to contribute to research in this sphere, and aid marketers operating in this market.

The purpose of this study is to investigate how brand decisions for durable household goods are made by South Africa's bottom-of-the-pyramid markets. The relationship between brand awareness, brand recall and brand recognition with purchase intention will be investigated.

A survey method using a questionnaire was used for this study. People living in two South African townships, Soweto in Johannesburg and Soshanguve in Pretoria, were approached and 200 respondents were interviewed. Data was analysed using Confirmatory Factor Analysis and Structural Equation Modelling using SPSS and IBM Amos version 21.

The results of the study showed that brand recall has a significant impact on consumer's purchase intention, but brand awareness and brand recognition were found to have a negative relationship with consumer's purchase intention. Recommendations for future studies were made - that other variables like brand image and brand associations, that could affect purchase intent, be interrogated. Also recommended is an alternative approach to assess discriminant validity.

Key words: bottom-of-the-pyramid, brands, South Africa, brand awareness, brand recall, brand recognition, purchase intention, low-income markets

DECLARATION

I, Baleseng Dlamini, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management; Strategic Marketing at the University of the Witwatersrand, Johannesburg, South Africa. It has not been submitted before for any degree or examination in this or any other university.

Baleseng Dlamini

Signed at _____

On the _____ day of _____ 2020

DEDICATION AND ACKNOWLEDGEMENTS

This report is dedicated to my sons, Thulani and Nkosinathi Dlamini, my two heartbeats in human form, who give me a reason to continue living every day and giving of my best in everything that I do. I hope that watching me go through this process of improving myself through academics, will instil a strong work ethic in you, and that one day you will look back at this time in my life with pride, knowing that I did it for all of us.

My deepest appreciation goes out to my husband, Michael Dlamini, who supported my dreams and aspirations throughout the years that we have been together, and took on the role of both mother and father to our boys, so I could fulfil my lifelong dream of graduating with a Masters degree.

I would also like to thank my supervisor, Dr. Yvonne Saini, for her time and holding me to the highest standard right from the beginning of this process. Also, a big thank you to my amazing syndicate group members (Thuli Cele, Mashudu Lembede, Tafadzwa Chiswanda, Elmada Kemp and Verushka Naidoo) for all the support during this journey. Your efforts, hard work and dedication will never be forgotten. Lastly, thank you to Wits Business school for the opportunity to pursue my degree at a world-class institution.

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CHAPTER 1. INTRODUCTION

The purpose of this proposed research is to determine the factors that influence consumer choice of products amongst South Africans living in low-income communities. Whilst these people are known as the poor masses in South Africa, most academic theory refers to them as the bottom-of-the-pyramid (BOP) market and so the overarching concept used in this research will be BOP. Lack of academic literature about decision-making within bottom-of-the-pyramid markets prompted this research. Most literature on low-income markets within developing countries, is based on experiences from India (Prahalad & Hammond, 2002) and Brazil (Barki & Parente, 2010), so there is generally a lack of academic theory on this subject in South Africa, and I am hoping to make a contribution towards this. The bottom-of-the-pyramid constitutes the majority of people living in South Africa, and so it is imperative that studies are conducted in this market to get a better understanding of consumer behavior which will assist both businesses and academics alike. I believe that by doing a deep dive on this subject, I will be assisting brands operating in the durable household goods sector, for example Samsung, LG, Russell Hobbs, Bosch and others, to get a better understanding of this market and hopefully improve their marketing efforts aimed at the masses in South Africa. It could also assist them to create possible new products for this market, as I will identify where the gaps are. For the purposes of this research, I will focus on durable goods or products in the household. I will interview people living in South African townships, which is where the urban low-income communities reside, to ascertain their consumer behavior with regards to household products.

1.1 Context of the study

According to Statistics South Africa, there are just over 56 million people living in South Africa, consisting of just over 15 million households. In 2015, 18.8% of South Africans lived below the international poverty line of US$1.9 a day. Of these, 47%

were black Africans, 23% were Coloreds, just over 1% were Asian and less than 1% were Whites (The World Bank, 2018).

In South Africa, the average household income sits at R119,542 per annum, however for black Africans, this average is almost half of that, sitting at R69,632 making this group the poorest of all groups.

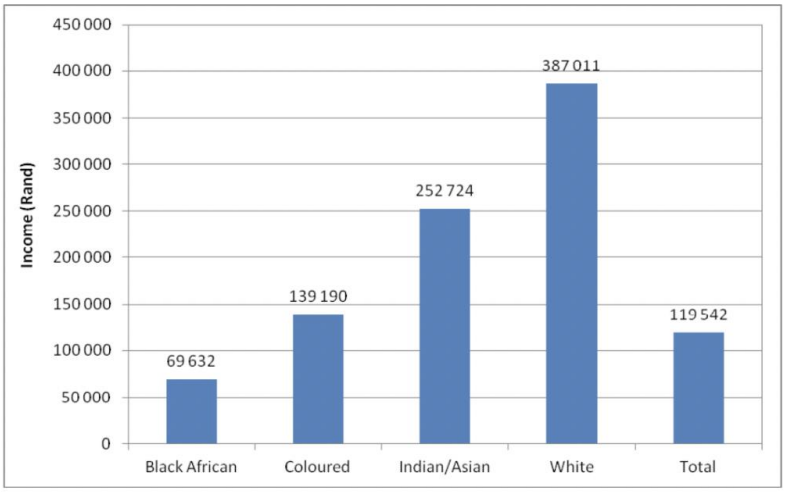
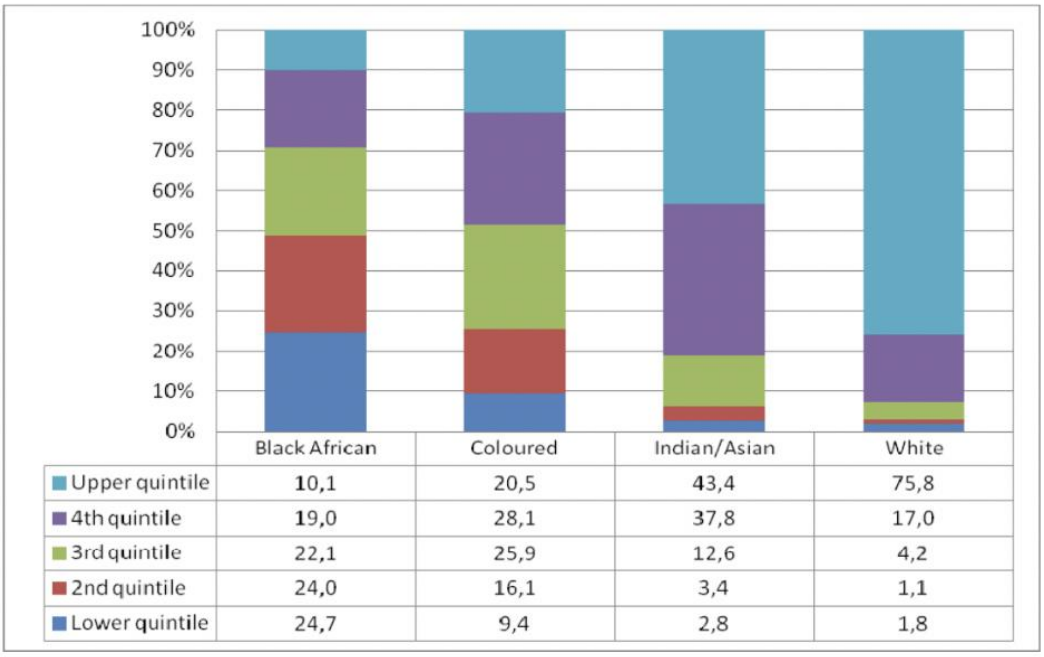


Figure 1: Average annual household income by population group of household *(Statistics South Africa, 2011)*

Almost half (48.7%) of the black African population group earns less than R10,000 per month, whilst only 25% of coloureds and less than 10% of Asians and Whites. It can therefore be inferred from this information, that the majority of poor South Africans are black Africans.

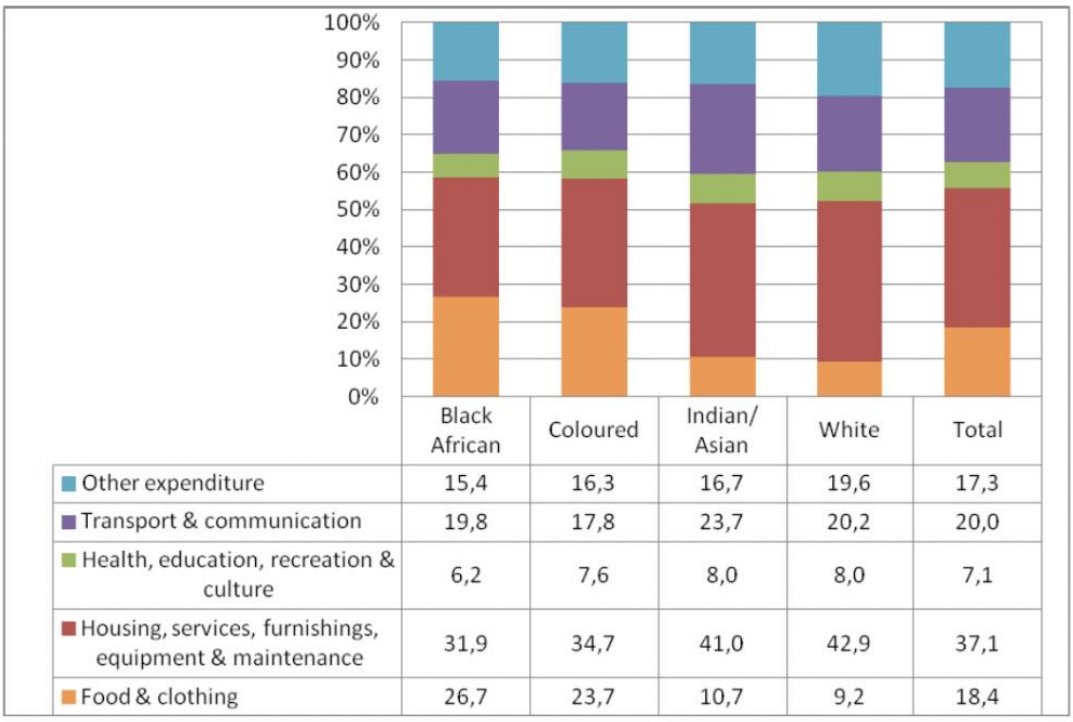


	Black African	Coloured	Indian/Asian	White
Upper quintile	10,1	20,5	43,4	75,8
4th quintile	19,0	28,1	37,8	17,0
3rd quintile	22,1	25,9	12,6	4,2
2nd quintile	24,0	16,1	3,4	1,1
Lower quintile	24,7	9,4	2,8	1,8

Figure 2: Percentage distribution of households by per capita income quintiles and population group of households *(Statistics South Africa, 2011)*

Notes: Upper quintile: R57 100 and above, 4th quintile: R21 003 – R57 099, 3rd quintile: R9 887 – R21 002, 2nd quintile: R4 544 – R9 886, Lower quintile: Up to R4 543

About a third of the household income within the Black African group is spent on household services, furnishings, equipment and maintenance. This is a significant amount of money considering that a large number of South Africans are in this group, and therefore warrants further analysis.



	Black African	Coloured	Indian/ Asian	White	Total
Other expenditure	15,4	16,3	16,7	19,6	17,3
Transport & communication	19,8	17,8	23,7	20,2	20,0
Health, education, recreation & culture	6,2	7,6	8,0	8,0	7,1
Housing, services, furnishings, equipment & maintenance	31,9	34,7	41,0	42,9	37,1
Food & clothing	26,7	23,7	10,7	9,2	18,4

Figure 3: Percentage distribution of annual household consumption expenditure by population group of households *(Statistics South Africa, 2011)*

1.2 Problem statement

There is very little academic information available around brands and decision-making within South Africa's bottom-of-the-pyramid. This current lack of information is where the topic for this study was derived from, in an effort to investigate how brand decisions for durable household goods are made in South Africa's low-income markets. More than 50% of purchasing power comes from developing countries, with Africa being the most dominant BOP region in the world. However, most research of this nature was conducted in markets like Brazil and India. Whilst these qualify as developing countries, there is very little information on the biggest BOP region, which is Africa. Food, housing and household goods are the three most important product categories that BOP markets spend their money on. In Africa it was found that as incomes increase, so does the

consumption of household goods (Guesalaga & Marshall, 2008). This trend is evident in South Africa as well, where low-income communities are in large numbers, as provided by Statistics South Africa (2015). Money is tight in these markets, and so the home is where this market spends their money as they cannot afford luxuries like going on holiday. However, brands are very important, and I believe it would be interesting to find out why this is so. In this paper I will be investigating what determines consumer decision-making in South Africa's low-income markets when purchasing brands for the household. I believe that with this study, I could be making a contribution towards information available around brands and bottom-of-the-pyramid. I am focusing on low-income markets, specifically people earning less than R10,000 as they constitute a large portion of the South African population, 48,7% as provided by Statistics South Africa (2015). According to Chipp et al (2012), this number is even higher, sitting at 69.5% making it two-thirds of the South African population, a very large number of people. This difference could be a reflection of an improvement in South Africans' standard of living over the years, however, this is still a very large number of people living in low-income markets. Focusing on this market could benefit many brands as the large numbers mean potential large volumes in sales and profits. It is a market that simply cannot be ignored.

1.2.1 *Main problem*

To investigate what determines consumer decision-making in low-income markets when purchasing brands within the household sector, and its related constructs. Aaker (1991) defined brand equity as the set of components linked to a brand that either add to or subtract from the value provided to a consumer. Using Aaker's brand equity model, it has been proven that there is a direct causal relationship between brand equity and purchase intention. Therefore, marketing managers should concentrate their efforts on those brand equity components that have the ability to increase consumers' intention to purchase a brand. Brand equity contributes to a company's long-term profitability (Jalilvand et al, 2011). Companies need to invest in marketing strategies and activities that add value, which will

translate into purchase behaviour (Cobb-Walgren et al, 1995). The long-term success of all marketing efforts for a brand is affected by brand knowledge, which is defined in terms of brand awareness, brand recall and brand recognition by consumers. Brand knowledge and its associated components of awareness, recall and recognition are important as they influence what comes to mind when a consumer thinks about a brand (Keller, 1993).

1.2.2 *Sub-problem*

1. To investigate the influence of brand awareness on purchase intention in low-income markets
2. To investigate the influence of brand recall on purchase intention in low-income markets
3. To investigate the influence of brand recognition on purchase intention in low-income markets

1.3 Significance of the study

The billions of people living at the bottom-of-the-pyramid (BOP) globally have proven to be a challenge for marketers, with most companies considering this market as the domain of NGO's (non-government organizations) and governments, and not for profit-making. However, marketing authors and experts like Prahalad, Hart, Hammond and others have proven that low-income markets are worth paying attention to for profit-making organizations. Whilst this market has income constraints, they consume to the tune of $5 trillion which makes them a very important market. They do not just consume goods to satisfy basic needs, they also consume luxury items to satisfy self-actualization needs. These products are usually bought by reducing consumption of goods that satisfy basic needs or by taking out a loan or by hire-purchase. These products are purchased at department stores during sales promotions when prices are reduced, or bought at factory stores where prices are usually lower. (Subrahmanyan & Gomez-Arias, 2008).

A study which was done in Brazil proves that BOP consumers want good quality products from leading brands, despite their low incomes. They consider brands as a symbol of status and integration in society, and are highly brand-loyal. The main reason for this brand-loyalty is that they simply cannot afford to make a mistake, the financial risk is too high. If the product they bought does not deliver on value, they do not have money to buy another one, and so well-known brands guarantee them of this value. Self-actualization is also a big thing amongst Brazilian BOP markets, who buy brands in order to satisfy their social and psychological needs. They believe that brands will ensure that they are respected, bringing them a sense of dignity (Barki & Parente, 2010). So, whilst research studies have been conducted in other low-income markets around the world like India and Brazil, very little has been done in South Africa. These 3 countries all have one thing in common, they are the world's leading emerging economies forming part of BRICS. This is an acronym that stands for Brazil, Russia, India, China and South Africa. These countries cooperate and engage on matters around sustainable, equitable and mutually beneficial development. South Africa was the last country to join in 2010, but the cooperation has been in existence since 2008. The invitation for South Africa was seen as recognition of the country's contribution to shaping the socio-economic rebirth in Africa (BRICS, 2018). It is therefore imperative that such research studies are also conducted in South Africa, as they not only contribute towards the country, but there is a responsibility to the whole continent of Africa.

People living in low-income markets are in large numbers and they seek to improve their lives. Chipp et al (2012) puts this number at 69.5% of the South African population earning R10,000 or less per month. This is the majority of people living in this country, and therefore it makes sense to do a deep dive into this market. If one looks at Soweto for instance, which is the biggest township in South Africa, there are approximately 1,5 million people living in this township (Population, 2018). To debunk the myth that there is no money in townships, one only needs to drive around Soweto, or any other township for that matter, and it immediately becomes evident how many households have DSTV satellite dishes on their houses, a pay-tv service. Enter any township home, and you will be met with high-end

technological items and brands such as LG television sets, Samsung fridges, Russell Hobbs microwaves, kettles etc. Even people that live in informal settlements have their homes decked out in these items. Luxury items and popular brands are the norm in the townships, people generally have an unquenchable thirst for brands. With the fall of apartheid, many previously disadvantaged South Africans were suddenly included in the economy, and one would assume that there has been a lot of catching up to do, but the question is: why the need to buy brands and luxury items? How are brand decisions for household goods made in low-income markets? This is the question I intend to answer.

1.4 Delimitations of the study

- The research study was only conducted in low-income markets in South Africa
- The study did not critique the brands' current communications strategies and their influence on low-income markets
- Participants were limited to people that earn R10,000 per month or less

1.5 Definition of terms

For the purposes of this research, the following important terms will be used and therefore require definition upfront:

- Low-income consumers – are the millions of South Africans earning less than R10,000 per month. They are mostly Black Africans living in townships and peri-urban dwellings, and they constitute about half of the 56 million people living in South Africa. An acceptable construct for scholarly reviews on this subject is the concept of bottom-of-the-pyramid markets

- Brands – names of luxury household products, as perceived by consumers, which represent quality and affluence

- Household products – personal property in the form of tangible durable products used in the home

1.6 Assumptions

- Respondents will agree to answer interview survey questions honestly and accurately

- Respondents will be involved in the decision-making of the households with regards to brands consumed

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

A number of disciplines were used to summarize literature from strategic brand management, bottom-of-the-pyramid and consumer behavior. The research was limited to articles published in the English language, with focus on brands and consumer behavior and their related constructs. The search was done using keywords which appear in the title, abstract and citations.

2.2 Theoretical grounding and background discussion

This study has theoretical roots in the domains of brands, bottom-of-the-pyramid markets, as well as consumer behavior. Understanding consumer behavior is integral to successful marketing strategies as a company will produce a product tailor-made for the consumer and one that satisfies their needs and wants.

2.3 Brands

A brand is a name, symbol or design, or a combination of all of the above, which is intended to identify the goods and services of a company and differentiate them from those of competitors. Brands are important to the company because they serve as a means of identification, source of competitive advantage, a means of legally protecting unique qualities and a signal of quality for customers. To the consumer, brands are important because they are a promise and pact with the producer of a product and reduce the risk and cost of searching as the producer of the product is known. (Erdem et al., 2016). To build a brand, marketers need to establish who the brand is in order to create awareness, then establish what the brand has to offer in order to create favorable and unique brand associations, then ascertain feelings or responses about the brand, and lastly convert responses into loyalty relationships between customers and the brand (Keller, 2003).

A brand exists in the mind of the consumer, it reflects the perceptions and habits of consumers. Therefore, it is important for companies to educate consumers about what the product is, what it does and why consumers should care. Branding is about helping consumers organize their knowledge about products such that it helps them during the decision-making process, which in turn results in the company reaping financial benefits. In order for the consumer to choose a company's brand, consumers have to be convinced that there are meaningful differences amongst the brands in a category. It is therefore imperative for companies to engage in meaningful and targeted brand and communication strategies. Innovation is important, as that helps brands to stand out from the crowd. Understanding consumer motivations and desires is also important as that helps brands to create something that's appealing to consumers. (Erdem et al., 2016).

Brands have various functions – they are indicators of what a firm has to offer. To the customer, a brand is an indicator of quality and helps to simplify choice by building trust. Brand positioning is all about differentiating the brand in the mind of customers, and establishing competitive superiority (Keller & Lehman, 2006). Brand resonance is the relationship that customers have with a brand and the extent to which they feel they work well together or have a rapport. The level of affinity created can result in loyalty. (Keller, 2003). Consumers have different relationships with brands, including behavioral interdependence and love. To manage a brand properly, marketers should have a clear understanding of their brand equity as well as customer perceptions (Keller & Lehman, 2006).

2.3.1 *Brand Equity*

Brand equity is about creating value in such a way that it benefits the company. Strong brands ensure loyalty, inelastic consumer response to price increases and less vulnerability to competitors' activities. The power of a brand lies in the consumer and their experience of the brand over time. Therefore, the marketer of a brand needs to ensure the consumer has great experiences with the brand in order to change behavior. Brand equity is the bridge for marketers to get to

consumers (Keller, 2003). When consumers are familiar with and trust a brand, they react favorably to the brand, this is known as customer-based brand equity. It is therefore imperative for marketers to understand that marketing programs for a brand should be determined by the brand knowledge and recall in the mind of the consumer (Keller, 1993).

2.3.2 *Brand Knowledge*

Brand knowledge is important because it influences what comes to mind when a consumer thinks about a brand. The associative network memory model views knowledge as consisting of a set of nodes and links. The nodes consist of saved information and they are connected by links with different strengths. A process of spreading the information from one node to the next determines the extent of retrieval in memory. So, brand knowledge consists of a brand node linked to a variety of associations, therefore the strength of association between the brand node and all linked nodes determines what is retrieved from memory. Brand knowledge can be measured through brand awareness in terms of recall and recognition (Keller, 1993)

2.3.3 *Brand Awareness*

Brand awareness refers to the likelihood that a brand name will come to mind with ease when thinking of a particular product category. Brand awareness as a construct refers to the performance of brand recognition which is a consumer's confirmation of previous exposure to a brand, and brand recall which is the consumer's ability to generate the brand from memory once provided with a cue. Brand recognition is measured in order to ascertain top-of-mind availability of the brand in one's memory. Brand recall is measured in order to ascertain if a brand can be retrieved from a consumer's memory (Keller, 1993).

2.3.4 *Brand Extensions*

Purchase intent for a brand depends on how established the brand is in the consumer's mind (Barrett et al., 1999). Keller and Aaker's (1990) model obtained insights on how consumers form attitudes toward brand extensions, that is, a well-known brand name entering a new product category. Companies normally do this because they believe it lessens the risk associated with establishing a new brand from scratch. The attitude-based brand extension model's findings were that the factors influencing the success of the extension are attitude toward the original brand, fit between the original product class and the extension as well as perceived difficulty of making the extension. Subsequent studies supported this notion, and put more emphasis on quality of the original brand having the biggest impact on the attitude towards the extension. Consumer's perceptions of the overall quality of the original brand results in consumer's willingness to either try the extension or not (Barrett et al., 1999). Promotional activities help to build brand knowledge and the resulting brand equity determines consumer purchase behaviour.

2.3.5 *Brand Image*

Brand image refers to how consumers perceive a brand, or the brand associations that consumers hold (Keller, 1993). It deals with the ways in which the brand attempts to meet customers' psychological or social needs. Brand imagery is about how people think about a brand conceptually instead of what they believe the brand actually does. Imagery refers to the more intangible aspects of the brand such as personality, heritage and experiences. The extent of brand image is determined by how strongly the brand is linked with a brand association, how valuable is the association to customers and how unique the brand is identified with the association. Brand associations are measured in order to provide insights into the key dimensions that produce the different consumer responses (Keller, 2003).

2.3.6 *Brand Responses & Judgements*

This refers to the way that customers feel about a brand, and can be either from the head or from the heart. Customers use personal opinions and evaluations to judge brands, based on the brand's performance and imagery associated with the brands. There are 4 types of brand judgements: Brand quality, Brand credibility, Brand consideration and Brand superiority. Brand feelings involve those induced by the marketing activities of the brand, and how the brand makes customers feel about themselves and others. These feelings range in the level of intensity, and can be either positive or negative. Different types of feelings are warmth, fun, excitement, security, social approval and self-respect. Brand feelings have to be positive in order to positively impact on consumer behavior. (Keller, 2003)

2.3.7 *Investment in brands and results*

Marketing spend is an investment in consumers and their experiences of a brand. It is therefore imperative that marketing budgets are properly planned and implemented, in order to ensure that the consumer has good experiences of a brand and is knowledgeable about a brand. It is not about the amount spent, but rather about the quality of the investment in brand building. Money needs to be spent wisely when brand building in order to get the desired result. Marketers need to be cognizant of the fact that power lies in the hands of the consumers, based on their knowledge about a brand, they decide how best to respond. (Keller, 2003)

2.3.8 *The role that marketing communications plays in building brands*

Marketing communications role is to create brand knowledge and equity, however, it has to be created and the manner in which this is created can come in different forms and still have the same result. So, advertising alone will not solve everyone's problem, a combination of public relations, social action, packaging, merchandising and service is required. Sometimes advertising is not even required. Therefore, it is imperative that marketers evaluate all possible marketing communication options

available out there in order to select that which is best suited for their brand. Marketers also need to consider the fact that the different options available offer different strengths so it is usually better to use a mix of the available options. It is also important to note that brand equity created has to be measurable (Keller, 2003).

2.4 Bottom-of-the-pyramid (BOP)

According to Prahalad and Hammond (2002), bottom-of-the-pyramid consists of approximately four billion consumers globally earning less than US$2000 per year. Rangan et al., (2011) further segmented this market into three groups: 1 billion living in extreme poverty, 1.6 billion people living in subsistence economies and 1.4 billion people living in low income communities. Whilst Prahalad and Hammond (2002) believe that serving the BOP markets can be profitable, there are critics to this thinking. Karnani (2007) says that people with low incomes spend 80% of their incomes on food, clothing and transport and therefore have no money left to spend on luxuries. This means that BOP markets cannot be served profitably. Pitta et al., (2008) reconcile these opposing views. They say that it is true that BOP consumers have low incomes, however, they decide how this money is spent. Some people living at the bottom-of-the-pyramid receive help in the form of social grants from government, but also have access to micro-loans, making up their personal incomes. Whilst most of this income goes towards essential goods like food, BOP markets also buy products for the household that provide entertainment, with television being the most popular for things like sport, dramas and movies. Television is both an aspirational product, as well as a status symbol in this market (Subrahmanyan & Gomez-Arias, 2008). Most African countries do not have well developed financial systems, which makes it difficult to analyze earnings and savings. The best way to measure bottom-of-the-pyramid is through household assets. In this market, household assets are accumulated in an effort to improve standard of living. It has been found that people in middle to high class communities tend to have higher asset accumulation and so the low-class communities or

bottom-of-the-pyramid who aspire to move up in class and improve their lives, tend to accumulate household assets and goods (Ncube & Shimeles, 2012).

2.4.1 *Aspirational consumption at the bottom-of-the-pyramid*

Aspirations and life goals are the main ingredients towards a happy and meaningful life. Feelings, thoughts and behaviors are all associated to the things that we value, hence attaining these goals relates to our aspirations as human beings. Extrinsic goals are those that depend on the feedback received from others, and are therefore pursued to this end. These extrinsic goals include the need for popularity and acceptance, and people pursuing them are in search of status symbols and fashion. People living at the bottom-of-the-pyramid are most likely to pursue extrinsic life goals with the aim of gaining social status. BOP markets aim to be on equal footing with the society they live in, and believe that the accumulation of material things will help them to achieve this. The gap between the haves and the have-nots in society is quite big, and this results in BOP markets feeling dissatisfied. They accumulate material things to compensate for this dissatisfaction, or put in another way, BOP markets compensate for their lack of status in society by accumulating socially visible products. Research conducted in India indicates that BOP markets express their choices for goods based on culture and the norm within the community they live in (Gupta, 2016). However, it is important to consider BOP markets from a more holistic point of view, not just as consumers, but also as producers. Bottom-of-the-pyramid markets might have little in terms of money and resources, however there exists abundance in other areas of their lives, most notably community relationships, inventiveness and creativity. It is therefore important to create markets that focus on eradicating poverty, economic development and environmental sustainability (Mason, 2013). Research conducted in India suggests that aspirational behaviour in BOP markets is driven by the need to improve well-being and personal growth. Durable goods are the second most aspired category of goods, after dependable shelter. Participants believe that

acquiring these durable goods would help to improve the well-being of their families (Gupta, 2016).

2.4.2 *How the bottom-of-the-pyramid has evolved over time*

Over the years, BOP markets have been described in different ways by different authors, from income to regions to buying power and affordability. What has become clear is that there is huge variance in defining of the bottom-of-the-pyramid, and therefore it is important for authors to articulate the poverty levels, degree of seclusion from mainstream markets as well as location, in order to explicitly enunciate who and what they are analysing. The concept of BOP has evolved dramatically over time, and it has become clear that in order to succeed in BOP markets, there are trade-offs that need to be made between social impact, profitability and environmental impact (Kolk et al., 2014). This evolution extends to expanding of the BOP concept to a multi-dimensional construct that includes lack of education, material scarcity, vulnerability, marginalisation and voicelessness as per the World Bank (2000). There is also a need to broaden the empirical base outside of India and South America, and do research in Africa, to be more representative (Kolk et al., 2014).

2.4.3 *Bottom-of-the-pyramid in the South African context*

In the South African context, bottom-of-the-pyramid consumers should be viewed from a collectivistic perspective (Chipp et al., 2012). South Africa has a unique phenomenon called ‘ubuntu’ which can be defined as interconnectedness, a concept that outlines that ‘I am because you are’ (Gade, 2011). Brands that ignore this philosophy do so at their own peril, the costs can be very high. (Mangaliso & Mzamo, 2001). Ubuntu is a thought system which represents the values and beliefs of South Africans. Ubuntu informs people’s decision-making within the low-income group, and therefore it becomes important to consider the collective instead of the

individual when considering the South African low-income consumers. So, whilst individual incomes are low, household spending power becomes substantial when one considers the collectivistic nature of this market. In one household, a few people might be receiving the government grant and perhaps one is employed which results in a few sources of income emanating from one household. The collectivistic orientation of this market means there is joint decision-making with regards to how this money is spent. This extends to the brands consumed in each household. If one considers the large numbers of people within the low-income market, it suddenly becomes evident just how big their spending power is, and why brands need to consider a collectivist approach when dealing with low-income consumers (Chipp et al., 2012).

According to Chip et al. (2012), the South African population can be segmented into 4 clusters based on income ie. Foundation, Core, Buttress and Apex represented in a pyramid as follows:

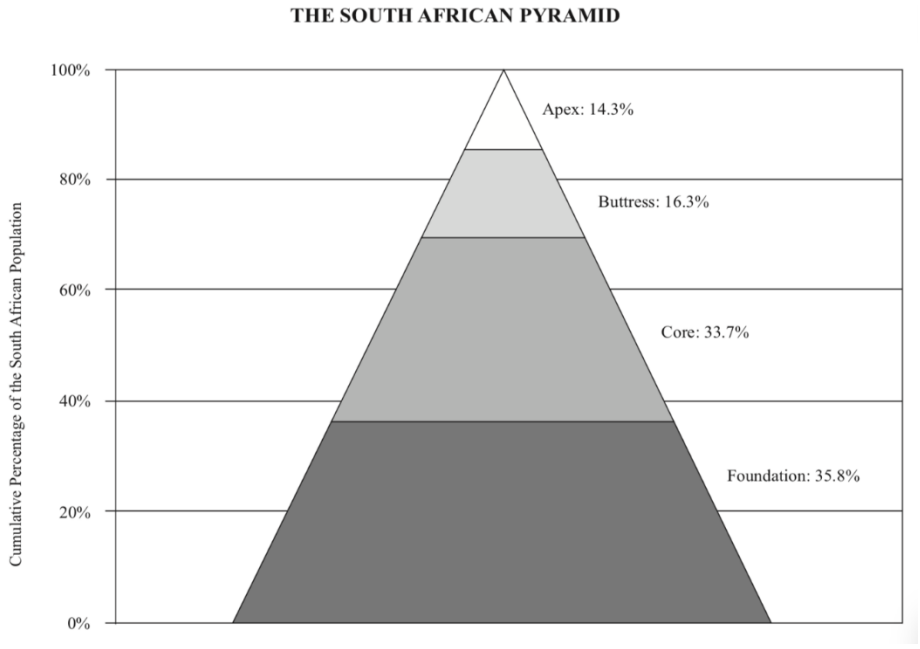


Figure 4: The SA Pyramid – Clusters based on income *(Chipp et al., 2012)*

The Foundation level symbolizes the BOP market in South Africa, which earns an average personal income of R43.73 per day and represents 35.8% of the population. However, due to the collectivistic nature of the South African low-income group, one needs to consider the average household income, which sits at R68.99 per day or R2069.60 per month. Although the income seems low, the market comprises over a third of the total South African population, making it a very large market with considerable spending power. For the purposes of this study, I will be interviewing people that earn R10,000 and below, which means I will be including the Core level as well. The Core level earns an average household income of R4664.16 per month and represents 33.7%. It can be deduced from this information that the low-income market in South Africa is represented by 69.5%, a substantially large number of consumers (Chipp et al., 2012).

2.4.4 *Strategies for serving BOP markets*

The long-term prospects of serving the bottom-of-the-pyramid markets are attractive as they present probability of rapid growth due to low market penetration levels (Chipp et al., 2012). To fully leverage this potential, the following strategies need to be implemented - changing the mindset of management through training in order to see the potential of this market, make structural changes in the company that include divisions or units focused solely on the BOP market, namely, research and creative ideas, find a model that will improve the lives of the community, and lastly to mitigate risk, consider partnerships with others who are already operating in the market as they have more experience (Prahalad & Hammond, 2002).

Low-income markets present a phenomenal opportunity for companies to seek fortunes whilst bringing prosperity to the poor. The opportunity lies in the billions of poor people all over the world who are aspirational. Big corporations willing to take the risk and develop sustainable products that uplift people can only benefit from this exercise as this is a growing market. Improving people's lives is to give them a chance of a better life and is important for stability of the global economy and the continued success of these big corporations. The unwillingness of most managers to want to work in these markets means it is largely unexplored. The bottom-of-the-

pyramid poses an interesting challenge - how to combine low cost, good quality, sustainability and profitability. It is not business as usual, companies have to be willing to change their business models by producing large volumes with small profit margins. Standard Bank's success in the early years post-apartheid is a clear indication of the successes possible through changing a company's business model. They introduced banking to South Africa's townships by encouraging people with a regular income to open bank accounts. The company introduced ATM's in the townships and employed people that spoke local languages to teach people how to use them. They also took huge risks by introducing a loan program to low-income clients, effectively borrowing money to people with no collateral and in some cases, no formal address. There are other examples across the world of banks extending credit to the poor in order to improve their lives, for example Shore Bank Corporation in the troubled South Side of Chicago, USA, as well as Graneem Bank in India. All these companies have gained immense success to their bottom line. Companies with foresight and those willing to take the risks stand to make fortunes by investing in this market. The trick is to tailor-make products for the market, not replicate what works in the Western world. It is important to note that cheap and low-quality products will not work, therefore the type of business manager required to lead this initiative must possess a combination of entrepreneurial skills, creativity, tolerance for ambiguity and courage. The bottom-of-the-pyramid is a large untapped market, so it is imperative that research is carried out to establish what products are required, as well as the conditions, traditions and lifestyles of the market (Hart, 2008).

Assumptions that there is no money in low-income markets, or that the bottom-of-the-pyramid consumers are only concerned with fulfilling their basic needs, and therefore do not buy luxury items are all false (Prahalad & Hammond, 2002). This is evident in South African townships where low-income markets where owning a tv set, with a pay-tv option is becoming a norm. People living in South Africa's townships are also big consumers of expensive furniture and clothing. The South African government provides free housing to the previously disadvantaged, and so it can be assumed that people at the bottom-of-the-pyramid who have incomes,

have a higher spending power as they do not need to worry about buying houses. As unemployment is very high in this market, people also find creative ways of earning an income like running spaza shops (informal convenience shop), renting out part of their homes etc. It has also been found that in places such as Mumbai, India, buying a house is an unrealistic dream, and so people spend their income on things that provide instant gratification and improve the quality of their lives, hence the market for products like TV sets and pressure cookers is very high. With urban migration at its highest levels in recent years, bottom-of-the-pyramid areas have become densely populated, offering a very large market (Prahalad & Hammond, 2002).

2.5 Consumer Behaviour

Consumer behavior is a discipline that deals with how and why consumers purchase goods and services. It is a study of the process that consumers use to select and buy products that will satisfy their needs. Customers are essential to any organization, without them there would be no business, and therefore no organization, which is why it is important to understand what goes into making their buying decisions. These decisions often involve a number of steps and are influenced by a number of factors including lifestyle, demographics and culture (Roger D. et al., 1995).

Successful marketing strategies are based on explicit consumer behavior theory and research, and therefore a deep dive into consumer behavior can help to reduce the chances of failure. In order to stand out from the crowd in a competitive environment, an organization needs to provide its customers with more value than that provided by competitors. However, this value should be considered from the customer's perspective. A marketing strategy should outline the marketing mix that will provide customers with superior value, whilst generating a profit for the company (Blackwell R. & Miniard W., 1995).

2.5.1 *Attribution*

In consumer behavior studies, attribution refers to the causes of decision-making, or causal inferences. People make decisions based on motivations, information or prior beliefs. Motivational needs are mostly self-serving, and related to the protection of one's self-esteem. Therefore, companies can help people to arrive at attributions by influencing consumers' motivations. Information can be in the form of other consumers' response towards or endorsement of a product, and so controlling the information available to consumers can help with attribution. Lastly consumer's pre-existing beliefs or assumptions contribute towards attribution, and so it can be beneficial to create certain beliefs about their products (Folkes, 2008).

2.5.2 *Self-concept*

This can be referred to as how one perceives themselves, and how they would like to be seen. The latter is also known as social self-concept, which is how one presents themselves in order to determine how others see them. Therefore, self-concept is of value to an individual, and consumers will purchase, display or use goods that communicate or enhance self-concept. Consumers can be defined in terms of the meanings that products have for them. Products have an image determined by physical characteristics, packaging and price, and these images often form the stereotype of a typical user (Grubb & Grathwohl, 1967).

2.5.3 *Situation variables*

A situation represents a time and place in which certain behaviors can be expected from people, irrespective of the person present. The environment that one finds themselves in, often determines their behavior. This environment is broad, and can include the geographical area as well as the society, and the conditions that exist in this environment. Situations signify momentary encounters with the elements of the total environment that a person is exposed to. These situations determine behavior (Belk, 1975).

2.5.4 *Purchase intention*

Purchase intention refers to a consumer's plan or desire to buy a product. A consumer's purchase intention is influenced by both external as well as internal factors namely, trigger, outcome expectation, recommendation and personal association. Trigger refers to anything that stimulates the purchase action for a branded product. Outcome expectation refers to the consumer's anticipated result from purchasing of the branded product. Recommendation refers to the endorsement received from a reliable source that influences the consumer's decision to purchase a branded product. Personal association refers to the emotional relationship that a consumer has with the brand, that will determine their purchase intention. A consumer's purchase intention depends on whether the branded product fulfils their wishes, expectation or needs. If they are satisfied with the product, they are most likely to become a regular buyer of that brand (Shahid et al., 2017).

2.6 Sub-problem: The influence of brands on purchase intent for durable household goods in low-income markets

A brand with higher equity generates greater liking and inclination as well as purchase intention. Brand knowledge created by advertising, results in preference. It has been established that for high involvement products, like durable household goods, brand name is one of the many features that consumers consider when deciding to purchase a product (Cobb-Walgren et al., 1995). The Brand Extension model by Aaker & Keller (1990) states that the positive characteristics associated with a brand benefit it from an awareness point of view. So, if consumers associate a brand with quality, any extensions of the brand will be perceived as such. However, the extension needs to fit the product class or complement the original brand in order for this to be effective. Consumer's attitude towards a brand determines the likelihood of them trying an extension of the brand (Aaker & Keller, 1990). To measure brand equity, one needs to consider the four dimensions, that is brand loyalty, perceived quality, brand associations and brand awareness. Brand

loyalty relates to customer relationship, as a loyal customer helps to negate price competition and it is a barrier to entry. Perceived quality is associated with price and usage of the brand. Brand association relates to differentiation or unique characteristics of the brand, which involves value, personality and organizational associations of the brand. Brand awareness reflects the prominence of the brand in the customer's mind, which affects perceptions and attitudes, and ultimately purchase intention. The levels of awareness are brand recognition and brand recall. Recognition speaks to knowledge of the brand and opinion about the brand. Recall speaks to top-of mind awareness and dominance of the brand in the consumer's mind (Aaker, 1995). These three constructs – brand awareness, brand recognition and brand recall, will be measured in an effort to establish the influence of brand knowledge on decision-making or purchase intent for durable household goods within bottom-of-the-pyramid markets.

2.6.1 *Brand knowledge and its impact on brand awareness, brand recall and brand recognition*

Brand knowledge refers to the expressive and assessment-based brand-related information in a consumer's mind. This knowledge can be tangible which is more product-related information, or it can be intangible meaning that it is not related to the physical product. Brand knowledge is where brand equity originates from. Marketers must have a deep understanding of, and understand how to combine various marketing activities in order to create optimal positioning in the minds of consumers, as brand knowledge affects how consumers will respond (Keller, 2003). The brand equity model states that customer-based brand equity is what determines brand knowledge and how consumers will respond to brand marketing efforts (Keller, 2003). This brand knowledge occurs when the consumer is aware of the brand, meaning they hold positive associations about the brand in their memory. Brand knowledge refers to whether a consumer knows the brand and its brand image. Brand awareness is imperative when creating brand image because when a brand is accepted and established in the memory of a consumer, it is easier to attach unique brand associations. To ensure the effectiveness of marketing

campaigns, brand awareness is one of the factors to consider when building brand knowledge (Esch et al., 2006). Advertising plays a major role in brand knowledge, and frequent advertising placements have a positive effect on brand awareness (Matthes et al., 2007). This brand awareness has 2 different levels, namely brand recall and brand recognition. A brand that is advertised by explicitly communicating the product benefit has higher brand recall as consumers will easily retrieve the brand name from memory (Keller et al., 1998). A consumer's brand knowledge is influenced by brand recognition and evaluations of the brand (Yoo, C., 2014). Brand knowledge can be measured by including questions that refer to unfamiliar or unknown brands in the research instrument to test whether respondents know their brands (Graef R., 2007).

2.7 Hypothesis development

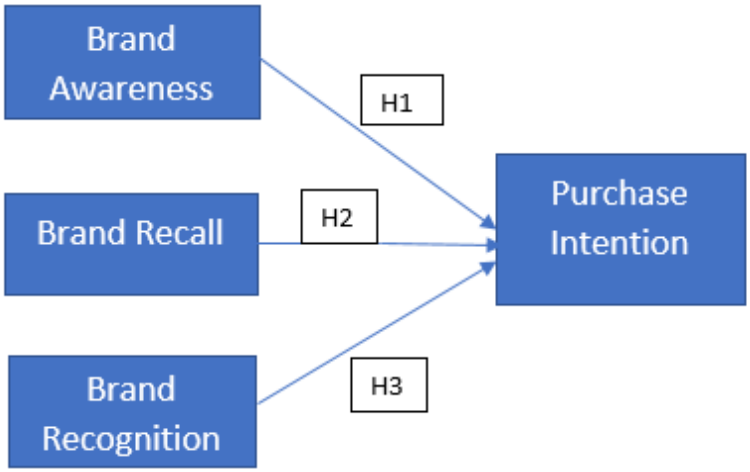


Figure 5: Conceptual framework for the proposed study

2.7.1 *Measuring brand awareness and its impact on purchase intention*

Brand awareness is at the foundation in the measurement of brand equity as it is a prerequisite for a consumer's buying decision (Keller, 1993). Brand awareness influences a consumer's confidence in their purchase decision, as a result of prior knowledge about the brand (Keller, 1991). It not only informs the consideration set, it also influences perceptions and attitudes, which drive brand loyalty. There are several levels of brand awareness, which range from mere recognition to dominance, the latter being a situation where the brand is the only one remembered by the consumer (Aaker, 2009). In low-income markets, it has been found that brand knowledge is driven by brand awareness (Human et al., 2011). For brand awareness to take place in low-income markets, genuine bottom-of-the-pyramid marketing strategies need to be applied, which encompass integration and inclusivity of the local community (Payaud, 2013). Marketing activities targeted at the bottom-of-the-pyramid need to be ethical in order to avoid exploitation of this vulnerable market. Consumer behavior in bottom-of-the-pyramid markets is often affected by aspirational needs (Jaiswal & Gupta, 2015). This aspirational consumption results in BOP markets spending a relatively bigger portion of their income on brands that have higher brand awareness as opposed to those that are lesser known (Gupta & Tandon, 2018). Brand awareness results in a strong brand, and a company with a strong brand benefits in that promotions are more effective and the brand is insulated from competition. Therefore to measure brand awareness, one would need to look at advertising elasticity, price premiums as well as sensitivity to competitor prices (Guliyev, 2016). Brand awareness is also measured by how quickly a consumer can retrieve brand elements that are saved in his or her memory. In the case of durable goods, brand awareness is important in a consumer's perceived risk assessment, which means that it is very important that brand awareness is created (Keller, 1991). A high level of awareness and familiarity with a brand results in customer based brand equity (Jalilvand et al., 2011).

Hypothesis

H0: *There is no relationship between brand awareness and purchase intention*

H1: *There is a positive relationship between brand awareness and purchase intention*

2.7.2 *Measuring brand recall and its impact on purchase intention*

Brand recall refers to unaided brand knowledge which influences consumers' purchase decision. It is the consumer's ability to retrieve the brand from memory when given a cue (Keller, 1991). Anything linked to memory for a brand is also known as brand association. This link or association is stronger when it is based on exposure to a brand's communications. Brand associations are valuable to consumers as they aid in the purchase decision, and contribute to the formation of brand equity which results in positive memories and recall for the brand. (Jalilvand et al., 2011). In bottom-of-the-pyramid markets, brand recall increases through direct relations with consumers and localized marketing activities (Chandra & Fatma, 2014). Availability of a brand saves bottom-of-the-pyramid markets both monetary and non-monetary costs, thereby resulting in a relationship with the brand. Advertising also plays a role in building this brand relationship which augments brand recall. Within bottom-of-the-pyramid markets, where there are macro-environmental constraints, word-of-mouth is the most effective promotional strategy to aid in brand recall (Parvin, 2013). The traditional marketing mix needs to be re-engineered for bottom-of-the-pyramid in order for true brand recall to happen (Chandra & Fatma, 2014). Brand recall is measured by the consumer's ability to remember the brand when provided with a product category (Chandon P. 2003) and (Guliyev, 2016).

Hypothesis

H0: *There is no relationship between brand recall and purchase intention*

H2: *There is a positive relationship between brand recall and purchase intention*

2.7.3 *Measuring brand recognition and its impact on purchase intention*

Brand recognition prescribes the decision or choice that a consumer makes, which means that recognized objects are usually chosen over unrecognized ones, regardless of any other available information (Goldstein & Gigerenzer, 2005). Hauser (2011) said that recognition is an important first step in the decision-making process, therefore there is a strong link between brand recognition and consumer choice of product. The consumer's ability to recognize the brand when they see a picture of it, is brand recognition (Guliyev, 2016). In bottom-of-the-pyramid markets, brand knowledge is linked to brand recognition or associations of the brand in the mind of the consumer. Product or brand attributes are stored in the consumer's memory, which aids in brand recognition (Parvin, 2013). Visual communication and marketing activities are most effective for brand recognition within bottom-of-the-pyramid markets (Ver Loren van Themaat et al., 2013). Bottom-of-the-pyramid markets recognize brands that they see on media platforms such as television, and they want to acquire this dream (Sadri & Sadri, 2011). Brand recognition reflects a consumer's ability to confirm previous exposure to a brand. It is measured by exposing consumers to a stimulus, for example a brand name, then asking them if they have seen it before (Chandon P. 2003).

Hypothesis

H0: *There is no relationship between brand recognition and purchase intention*

H3: *There is a positive relationship between brand recognition and purchase intention*

2.8 Conclusion of Literature Review

Marketing authors and experts like Prahalad, Hart, Hammond and others have written about and proven that low-income markets are worth paying attention to for profit-making organizations. Whilst this market has income constraints, they consume to the tune of $5 trillion which makes them a very important market. Bottom-of-the-pyramid markets do not just consume goods to satisfy basic needs, they also consume luxury items to satisfy self-actualization needs. (Subrahmanyan & Gomez-Arias, 2008). They consider brands as a symbol of status and integration in society, and are highly brand-loyal. They also buy brands in order to satisfy their social and psychological needs. They believe that brands will ensure that they are respected, bringing them a sense of dignity (Barki & Parente, 2010).

2.8.1 *Brands and consumer behaviour*

The power of a brand lies in the consumer and their experience of the brand over time. Marketers of brands must invest in consumers and their experiences of the brand in order to get desired results. Marketers need to be cognizant of the fact that power lies in the hands of the consumers, based on their knowledge about a brand, they decide how best to respond. The idea is to build brand resonance, which is the relationship that customers have with a brand and the extent to which they feel they have a rapport with the brand (Keller, 2003). But before this, consumers need to have knowledge about the brand, which can be measured through brand awareness, brand recognition and brand recall. It can therefore be inferred that brand knowledge will lead to awareness, recognition and recall for the consumer (Keller, 1993).

Aaker's (1991) model is the most popular brand equity model used in branding research, and it states that there are four components of brand equity, that is brand awareness, brand association, perceived quality and brand loyalty. He also states that whilst brand awareness builds the liking created by brand knowledge, the differentiating tool is actually perceived quality (Aaker, 1991). Jalilvand et al (2011) went further and explored the effect of these dimensions on consumer's purchase

intention. They found that there is a direct causal relationship between brand equity and consumer's purchase intention. Therefore, the four brand equity components, if increased, can contribute positively to consumer's intention to purchase a brand (Jalilvand et al., 2011).

2.8.2 *Brands and bottom-of-the-pyramid*

There are a number of reasons why big corporations with big brands are reluctant to invest in bottom-of-the-pyramid markets – assumptions are that people do not have money and only spend on goods that satisfy their basic needs like food and shelter. There are also assumptions that the market is riddled with corruption, lack of infrastructure and illiteracy, which makes it impossible to do business profitably. The assumption that there is no money is false. Whilst individual incomes are low, there is a large number of people which therefore makes the aggregate buying power quite large. In the same way, it is incorrect to assume that the bottom-of-the-pyramid is only concerned with fulfilling their basic needs as it has been proven that poor people buy luxury items (Prahalad & Hammond, 2002). In the South African context, it has been found that big brands have been serving the BOP market for years, and that as income increases, the demand for durable goods increases, which include music systems and television sets, as opposed to vacuum cleaners, laptops and dishwashers in the affluent markets. Also, purchasing durable goods is a high-involvement activity and is likely to involve a number of people within the household (Chipp et al., 2012).

Another misconception is that BOP markets are behind in terms of technology. The penetration of cell-phones and the rapid growth of the internet in Africa is proof that this is incorrect. BOP markets are ready and willing to adopt new technologies to improve their lives, and the lesson for big corporations is that there should be no hesitation in deploying advanced technologies in these communities. Companies gain threefold by serving the poor, namely, a new source of revenue which results in growth for the company, as well as greater efficiencies and developments around innovation (Prahalad & Hammond, 2002).

Despite popular belief that bottom-of-the-pyramid consumers do not need advanced technological products, this market has consistently proven that they easily adopt new technologies as it helps to improve their lives. This is because basic services that are taken for granted in developed economies, such as water and electricity continue to be everyday struggles for this market. It is also important to consider culture when doing research in these markets. Community is important, and so high participant involvement will guarantee successful research initiatives. This involves the inclusion of families as well as neighbors in the process of gathering data, which not only serves as sources of data, but can also help with identifying solutions. Successful organizations operating in bottom-of-the-pyramid markets achieved their success by identifying the needs of the market and developing tailor-made marketing strategies to meet those needs. This involves heavily investing in research, which can be expensive in the beginning, but profitable at a later stage. Vodacom is one such example locally. The company started offering phone services to bottom-of-the-pyramid markets, where unemployment is high and therefore a solution with entrepreneurial opportunities is ideal. They penetrated this market through phone-shops for local entrepreneurs, which made the Vodacom service widely available, and the company managed to reap huge profits (Viswanath et al., 2008).

CHAPTER 3. RESEARCH METHODOLOGY

In this chapter, the author identified the research methodology for the study. The research approach, design, population and sample were addressed. The author delved deeper into the process for data collection and analysis that was used, as well as considered the potential limitations, reliability and validity of the methods that were used.

Research is a scientific search for knowledge on a specific topic, it is an investigation for pertinent information on a specific topic (Dalgleish et al., 2007). Low-income markets are mostly found in developing countries, which have very diverse levels of development and lifestyles. This is why doing research in developing markets contributes to marketing science, it challenges conventional ways of doing things (Burgess & Steenkamp, 2006).

3.1 Research approach / paradigm

In this study, the author adopted a constructivist paradigm, an approach that intends to understand the human experience and believes that reality is socially constructed (Mackenzie & Knipe, 2006). Research can be either qualitative or quantitative. Quantitative research aims to validate relationships in an effort to develop concepts that contribute to theory (Williams, 2007). The author also relied on the respondent's views of the situation being studied, which is a qualitative method of collecting data. Qualitative research is used when observing reality and interpreting what was experienced, with the aim of developing a theory. Quantitative research is used when one starts off with a theory and then tests the validity of this hypothesis to either confirm or disconfirm it (Newman & Ridenour, 1998). For the purposes of this research, the author conducted a quantitative method of research, which is a statistical research approach that creates meaning through the unbiased collection of data (Williams, 2007), as well as the qualitative method which involves studying people in their natural environment and attempting to make sense of phenomena based on personal stories. Both qualitative and quantitative methods can be used effectively in the same research project, with an emphasis placed on one due to the

nature of the problems being studied (Murray Thomas R. 2003). So, the author blended both methods with a strong focus on the quantitative method of research, and the qualitative method used to support the theory. Increasingly researchers are combining both qualitative and quantitative methods, to create a third form called mixed methods (Bryman, 2012). The mixed method refers to an approach that relies on pragmatism (Maree, 2007). Mixed methods are used to expand the scope of research to offset the flaws of one approach on its own. Responses to the open-ended qualitative questions help to augment and explain any contradictions that may exist and provide clarity (Driscoll et al, 2007). Both approaches were applied concurrently, so they were integrated within one questionnaire.

3.2 Research Design

Research design is the outline of the process to be followed from collection to the final analysis of data, it constitutes the theoretical structure within which the research is conducted. Reliability of the results is dependent on the research design, therefore it constitutes the blueprint and foundation of the project. A good research design is one that is flexible, efficient, economical and appropriate (Dalgleish et al., 2007). A research design can also be described as an operational plan that details the various processes to be undertaken in order to complete a study (Kumar R., 2019). A quantitative research method is characterized by standardized questionnaires that are administered to individuals or households who have been identified usually through random sampling (Choy, 2014). In qualitative research we aim to analyze data to learn about the meaning behind a problem, and the best way to gather such information is through open-ended questions grouped into themes or categories (Lewis, 2015). Face-to-face interviews were conducted as they allow a researcher to immerse themselves in the world of the respondents, and it allows flexibility as the researcher is able to react based on visual cues (Sturges & Hanrahan, 2004). A structured face-to-face interview survey was employed for this proposed research. Structured interviews refer to those where respondents are exposed to the same questions in order to control responses so that output can be reliably compared (Bernard, 2006). In a structured interview,

each respondent is asked a prepared series of questions (Brace, 2008). The advantages of using a structured interview are that the interviewer has control over the topic and format of the interview, but it can also include prompting if required (Kajornboon, 2012). The interviewers were proficient in South African vernacular languages and conducted the interviews in an appropriate language where necessary, to make it easier for respondents to express themselves in a language they are comfortable with.

3.3 Population and sample

3.3.1 *Population*

A population can be defined in different ways, based on a number of demographical factors such as socio-economic class, behavior, geography, age and gender (Hawkins et al., 2007). The population for this study consisted of respondents who reside in South African townships, and who have a household income of R10,000 or less per month from either formal or informal employment, or earning a government grant. Two different South African townships were selected to offer variation. The townships of interest were Soweto in Johannesburg and Soshanguve in Pretoria, with 40% of the respondents residing in Soweto and 60% of the respondents residing in Soshanguve. The respondents were 18 years or older, and lived in a permanent housing structure, with branded household furnishings. They had to be decision-makers within the household. The study excluded students with no income, people working in research, and people with a household income of over R10,000 per month. Participation of respondents was on a voluntary basis.

3.3.2 *Sample and sampling method*

For research aimed at estimating a proportion from a sample to a larger population, it is best to collect data from a large, unbiased and randomly selected sample (Bernard, 2006). The sample should be large enough to capture experiences but

not so large that the answers become repetitive, so there is a need to be guided by the concept of saturation. Theoretical saturation refers to a point where all constructs are fully accounted for and the relationships between them are tested and validated, and a theory has emerged. Sufficiency of sample size will be measured by the depth of the data instead of frequencies, therefore respondents should be selected based on people that best represent the research topic (Uggla, 2006).

Due to the sheer number of people that fall within the population group in consideration, a smaller group of people representative of the larger group was interviewed. Choosing a correct sample size can influence the detection of major differences or relationships, whilst minimizing errors (Bartlett et al., 2001). Selecting a sample size tends to be a trade-off between different factors such as time and budget constraints (Bryman, 2012). Taking into consideration time and budget constraints for this study, a reasonable sample size was considered to be 200 randomly selected respondents. The idea was to approach people who are likely to have the required information and willing to share it. The interviewers resided in the townships of interest so were part of the community, ensuring that an element of trust was established between the interviewer and the respondents.

Elements of both quota sampling and purposive sampling were used. (O'Reilly & Parker, 2013). Quota sampling is about deciding upfront on the subpopulations of interest (Bernard, 2006) and in this case the author was looking at the Black African group living in South African townships. Purposive sampling entails deciding the purpose that you want communities to engage (Bernard, 2006), and for this study, it was to establish how brand decisions for durable household goods are made in low-income markets. The response rate was extremely high, with 93% of the 223 people approached choosing to participate in the study. 8 people had to be excluded as they did not qualify, either by not residing in the household on a full-time basis, or not being a decision-maker in the household or working in research already, which resulted in a total of 200 qualifying respondents. People working within the research industry are more likely to have behavioral characteristics different from the general public (Barr D. & Birn R. 2008) hence they were excluded.

3.4 The research instrument

There are three main types of data collection instruments available to researchers namely; face-to-face interviews, observation and self-completion questionnaires (Bryman, 2012). Face-to-face interviews have been used for many years in empirical studies as one of the primary means of collecting data. Interviews work especially well for research that aims to investigate experiences, orientations and beliefs (Talmy, 2010). Interviews allow for respondents to express themselves and discus their perceptions from their point of view (Kajornboon, 2012). This makes it the perfect research instrument for this study, as the aim is to ascertain the respondents' views on how they make decisions for household goods. The advantages of using face-to-face interviews for this study are that they provided highly personalized data and opportunities to probe further.

An interview guide was used, which is a list of questions that the interviewer needs to cover during the course of the interview, and must be clear with no ambiguity (Kajornboon, 2012). The interview guide forms an integral part of the study as the way the questions are phrased, including the language used, determines the quality of answers received. The questions must be easily understood by the respondents, not take too much of the respondents time and not require too much effort to answer (Brace, 2008). To measure customer-based brand equity, five elements of brand equity have to be considered, and those are performance, social image, value, trustworthiness and commitment (Guliyev, 2016). These are best measured using an attitudinal scale, like the Likert scale. So for the questions measuring attitude, Likert-type items was used, which are single questions that use features of the original Likert response alternatives (Boone, Boone, & Virginia, 2012). The questions asked were derived from a questionnaire used by Jalivand et al in their 2012 journal titled 'The Effect of Brand Equity Components on Purchase Intention'. Samsung was used as the brand of focus as it is well-known and widely-used within the South African context. The interview guide that was used to collect data is in Appendix A.

The questions were divided into Sections as follows:

Section A - Qualifying questions

These questions allowed respondents to indicate whether they have a household income of R10,000 or more, what line of work or industry they work in and if they are decision-makers in the home. This was done to exclude anyone earning above the R10,000 threshold and to also ensure that there were no people working within the research industry who are likely to respond differently to attitudinal questions or have behavioral characteristics different from the general public according to Barr & Birn (2008). To avoid wasting time for both interviewer and respondents, and to reduce possibility of manipulation around the income question, respondents were given 3 options to choose from: R1,000 - R10,000, R11,000 - R20,000 and R21,000 and above

Section B – Screening questions

These questions were around general demographic information, such as respondents' employment status and age. This is to screen people to determine if interviewee is in quota. It is advisable to clarify this at the beginning of the interview to avoid time wastage as well as the need to falsify data. Also important to note that asking for more personal data than is required may be considered intrusive by the respondent, and could result in premature termination of the interview (Barr and Birn, 2008).

Section C – Brand related questions

This last section delved into the hypothesis that there is a relationship between brands and purchase intent, therefore questions aiming to measure each construct of brand awareness, brand recognition and brand recall were in this section. Behavioral questions were asked first as they are easier to answer and relate to fact, followed by attitudinal questions to avoid risk of contradiction between behavior and attitudes (Barr and Birn, 2008). A 4-part Likert-scale was used, with 5 questions

for brand awareness, 3 questions each for brand recall and brand recognition, and lastly 8 questions for purchase intention.

3.5 Procedure for data collection

3.5.1 *Collection method*

There are three different types of data collection according to Bryman (2012), namely; structured, semi-structured and unstructured. The structured method enables a researcher to assess the concepts and constructs that are the focus of the study. The other advantage of a structured approach is that it provides responses that can be quickly coded and computed (Bryman, 2012). For the purposes of this study, a structured data collection method was utilized, which consisted of a questionnaire with pre-determined questions asked to all respondents. A sample of 200 people were interviewed.

3.5.2 *Respondents identification*

Interviewers went out in the field, approaching people living in low-income households in South African townships. Respondents were given a summary of what the study is about and asked if they are interested in participating. To qualify, they had to have a household income of less than R10,000 per month, and be decision-makers in the home.

3.5.3 *Ethical considerations*

According to Bryman (2012), there are four main ethical principles to be considered in research. The first one is whether there is an invasion of privacy, which entails making efforts to protect respondents' private information at all costs. This was achieved by not asking respondents for their names thereby ensuring anonymity and assuring them that the information they provide is strictly confidential. The second ethical consideration is whether there is any harm to the respondents, which

can be physical or psychological. This was achieved by ensuring that the interviews were conducted by members of the community thereby establishing trust, and that the interviews were conducted in the comfort of respondents' homes. The third ethical consideration is whether consent was established upfront or not. Consent was acquired by the interviewers asking potential respondents if they would be interested in participating, thereby obtaining consent or permission upfront. The last ethical consideration is whether deception has been eliminated. This was achieved by the interviewers disclosing upfront what the research was about and that the research is for academic purposes. Therefore, in terms of the ethical considerations described by Bryman (2012), all considerations were adhered to. All of these considerations were taken care of in the interview introduction (Appendix A).

3.6 Data analysis and interpretation

This study was conducted to test the influence that the constructs of brand awareness, brand recall and brand recognition have on decision-making when purchasing durable household products in low-income markets. The hypotheses was tested using factor analysis, which is a method used to identify observed variables based on experience or empirical evidence. According to O'Rourke N. et al (2013) the causal structure of a factor analysis assumes that the variations among the observed variables is caused by latent variables that influence the observed variables. For this study, it is assumed that low-income communities believe that brands bring them status and satisfies their self-actualization needs – these are latent factors that cannot be measured. Structural Equation Modeling was used to identify the causal relationships between the variables. The statistical package, SPSS, was used to analyze and interpret the results of the study. SPSS is a popular program, taught at many universities. SPSS has the added advantages of being user friendly and versatile as it allows for different types of data analysis and output (Arkkelin, 2014).

3.7 Validity and reliability of research design

3.7.1 *Validity*

Validity aims to establish whether a study is truly measuring what it is intending, as well as confirming the truthfulness of the results (Golafshani, 2003). Validity refers to the determination of the degree to which researchers' claims correspond to the reality as per the respondents' truth. There are 2 approaches to validity, transactional validity is grounded in active engagement between the participants and the researcher using relevant techniques. The transformational approach is more radical and challenges the more traditional research techniques, resulting in social change (Cho & Trent, 2006). This study engaged in transactional validity as the plan was to interact with respondents to ascertain what influences brand choices for household goods, so engagement without the need to change the world is important in this instance. The purpose of this study is to identify causal relationships through truth-seeking. Credible findings will be determined by the empirical data gathered (Cho & Trent, 2006). Validity for this study was confirmed through causality-based triangulation, wherein the information was converged to form themes.

3.7.2 *Reliability*

Reliability refers to consistency in the results generated from a study and a sample that accurately represents the total population. Reliability evaluates quality, which is important in order to generate understanding of a confusing concept (Golafshani, 2003). To assess reliability of the constructs, the Cronbach Alpha was used.

3.8 Pilot testing

A pilot study was conducted beforehand to identify any issues with the questionnaire. Pilot studies are preparation tests conducted with a small representative sample to identify the presence or existence of any problems with

the research instrument (Blanche et al., 2006). A sample for a pilot study must be representative of the target population to ensure accuracy, and a group of between 10 and 15 people is acceptable for a feasibility study of this nature (Johanson & Brooks, 2010). For the purposes of this research, 15 people that represented the sample specifications stipulated for this study were interviewed for the pilot study.

3.8.1 *Methodology for the pilot study*

The pilot study was conducted with a sample of friends, acquaintances and family for convenience purposes. Some of the interviews were done face-to-face and some of them on the phone as it was not possible to reach everyone, due to some residing outside of Gauteng province and some participants having other commitments and not able to meet up. The respondents for the pilot survey resided in different townships in South Africa, namely Soweto, Soshanguve and Tembisa in Gauteng province, as well as Meqheleng in the Free State province. All respondents were informed upfront that the survey was for academic purposes and that they formed part of a pilot study. There were 6 people from Soweto, 5 people from Soshanguve, 2 people from Tembisa and 2 people from Meqheleng, resulting in a total sample of 15 people.

3.8.1 *Feedback from the pilot research*

Majority of the respondents found the survey easy to understand. However, one particular question under Brand Recall seemed confusing for a few of the respondents (BRC2). These respondents did not realise that the two questions (BRC1 and BRC2) meant exactly the same thing, with BRC2 asking the question in a negative manner. However, given that the majority of the respondents did not have an issue with the question, and the high reliability results, the question was retained in its original format and instead it was highlighted to the interviewers before going out into the field so they could explain it to respondents. The respondents that were interviewed on the phone found the questionnaire too long,

however, since the actual research was going to be done through face-to-face interviews, this was disregarded.

3.8.2 *Reliability results of the pilot study*

Reliability was tested during the pilot study by examining the Cronbach's Alpha coefficients. A Cronbach's Alpha of 0.6 or below implies that the questions are not reliable. In research, we aim for a Cronbach's Alpha of between 0.7 and 0.9 which is sufficient to good. The initial questionnaire was formulated by the author and had an average Cronbach's Alpha of 0.3 which is insufficient. The research instrument was then revised, and derived from a questionnaire used by Jalivand et al in their 2012 journal titled 'The Effect of Brand Equity Components on Purchase Intention'.

The results of the pilot testing related to the main questionnaire, that is, Section C of the interview guide or questionnaire. The report indicated that there were no exclusions, so everyone responded and was not excluded. The average Cronbach's Alpha was 0.9 which means the questions are reliable. Reliability indicates that the interviewees would answer the question the same way if asked the same question again tomorrow.

3.9 Limitations of the study

A limitation in a research study refers to bias that a researcher cannot control, and which could improperly affect the research results. Researchers need to include limitations in their studies to avoid less informed people placing unwarranted credit on a study's findings (Price & Murnan, 2004). Socially oriented research allows one to challenge accepted truths and to stretch ourselves as researchers to not accept things at face value. Social changes motivate people on a personal level, but can also change a society as a whole (Lambert, 1992). It is therefore imperative that we consider both the good and the bad of any research study. Researchers should be aware of the limitations of the research approach they choose to use, whatever the method employed (Kirkwood et al., 2013).

Limitations of this study include:

- The survey was only open to participants residing in low-income communities within the Gauteng province
- Respondents are not always truthful in their responses and may respond based on how they wish to be perceived, therefore information may be biased

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

In this chapter, the results obtained from the 200 respondents surveyed are presented. The study was aimed at Black African people, earning a household income of less than R10,000 per month, and residing in South Africa's urban low-income markets within the Gauteng province. The demographic profile of the respondents is presented first, followed by the main findings from the study by testing each hypothesis. Furthermore, Confirmatory Factor Analysis and Structural Equation Modelling follows. The analysis was conducted using SPSS and IBM Amos version 21.

4.2 Descriptive statistics: demographical profile of the respondents

4.2.1 *Gender*

The gender distribution of the respondents is summarised in Figure 6. It can be noted that almost two-thirds of the respondents were female (66%) compared to 34% male respondents. This indicates that majority of the decision-makers when it comes to durable household goods in the home are female.

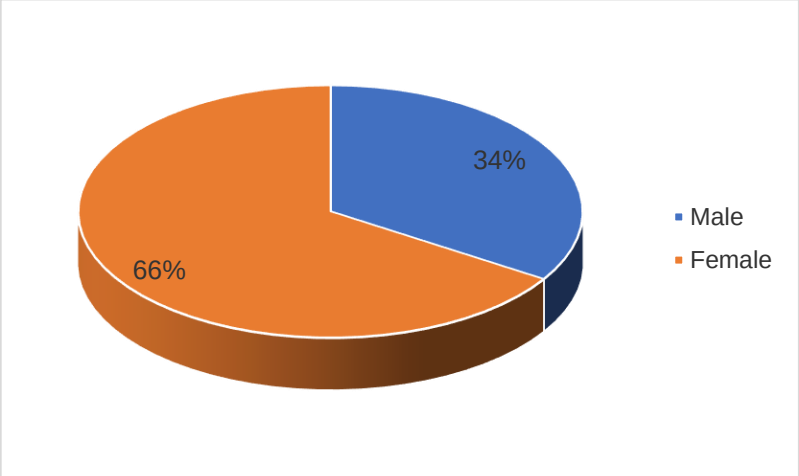


Figure 6: Respondent gender

4.2.2 *Age*

Figure 7 illustrates the age distribution of the sample. Most of the respondents were within the 35-49 age group (42%), followed by the 25-34 age group (35%). This means that over three quarters of the respondents were between the ages of 25 and 49. There were only 5% in the 18 – 24 age group, and 18% in the 50+ age group.

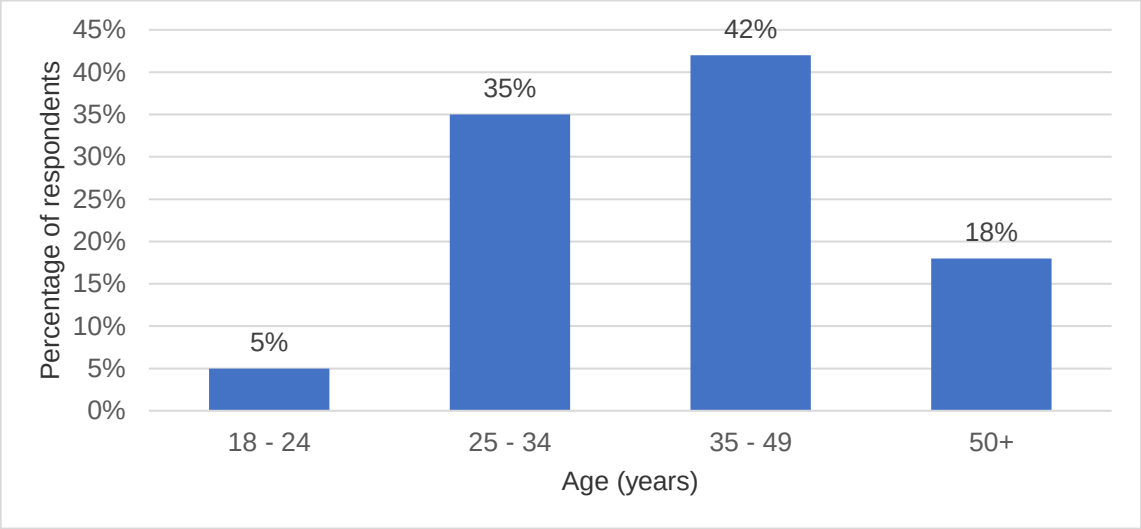


Figure 7: Respondent age

4.2.3 *Family members*

It can be noted from Figure 8 that majority of the respondents have 4 or less family members in the households, 76% in total. 32% of the sample was from families with 1 – 2 people in the household, 44% had 3 – 4 people in the household while 20% had 5 – 6 people and 5% had 6 people or more in their households. This indicates that the family structure within urban low-income market consists mostly of smaller families of 4 or less people.

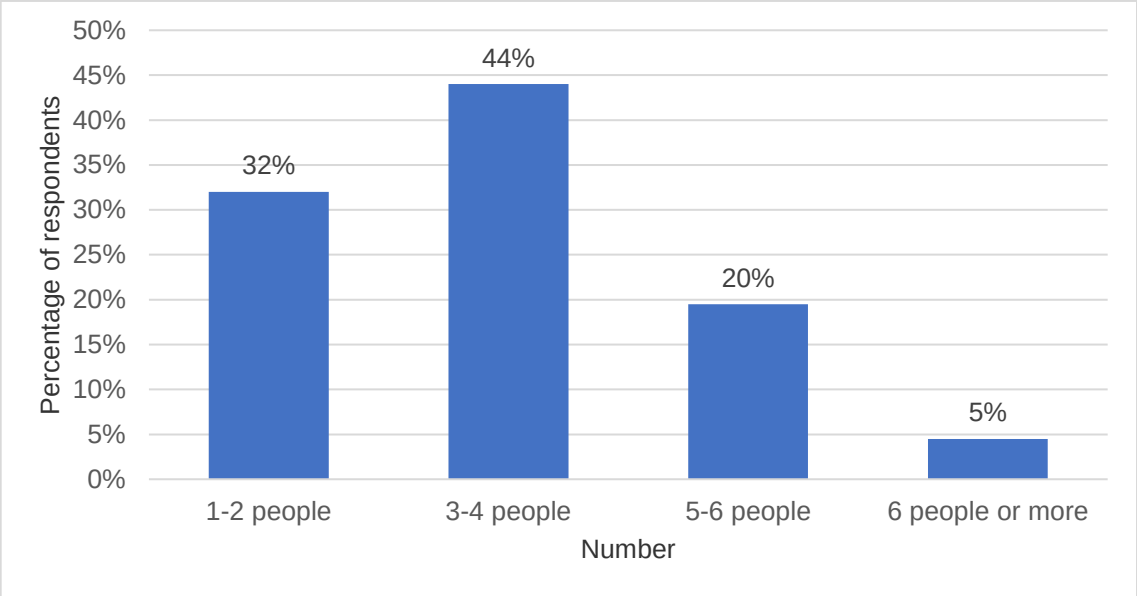


Figure 8: Number of people in Household

4.2.4 *Employment status*

Close to two thirds of the sample were employed (65%) followed by 20% who were self-employed and then 15% that relied on the social grant from the government, known as the South African Social Security Agency or SASSA grant. The results are presented in Figure 9.

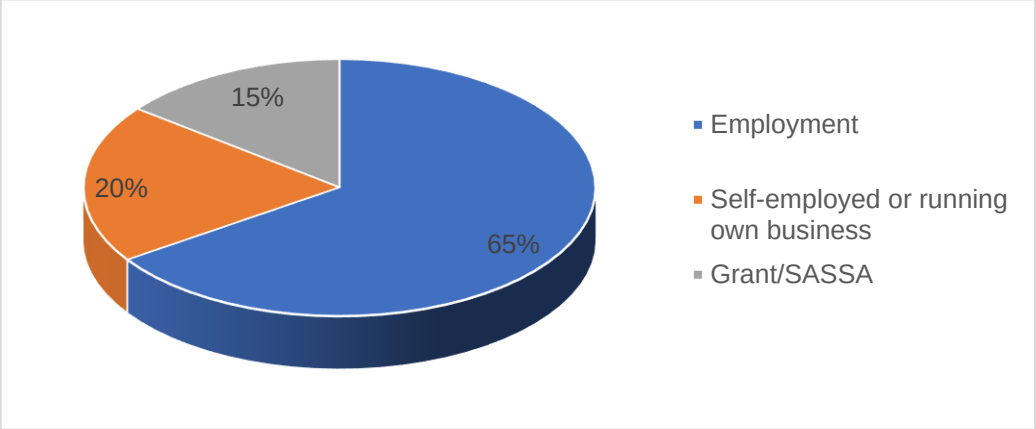


Figure 9: Employment status

4.2.5 *Industry working in*

With regards to employment, respondents were given a selection of industries to choose from, in an effort to eliminate anyone working within the research industry. This is in line with previous studies that indicated that people working in research are more likely to display different behavioural characteristics from ordinary people, and therefore likely to manipulate results (Barr & Birn, 2008). Out of the 4 industries presented, retail was the most popular, with 20% of the respondents saying that they were employed in that industry. 6% worked in Banking and 5% were in the media industry. The other 63% of the sample did not work in any of the presented industries. The results are presented in Figure 10.

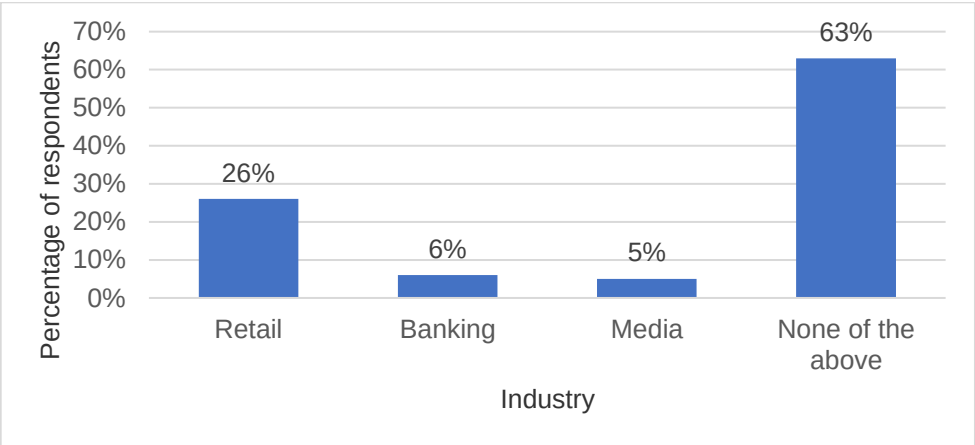


Figure 10: Industry working in

4.3 Reliability and Validity

Confirmatory factor analysis (CFA) was conducted using IBM Amos version 21 to assess the validity and reliability of the constructs. The CFA tested for Divergent validity, the variable BRC2 (I have difficulty with imagining Samsung in my mind) was reversed (1=4,2=3,3=2,4=1) because it was negatively worded.

The composite reliability (CR) measure was used to assess the reliability while Average Variance Extracted (AVE) was used to assess convergent validity and discriminant validity was assessed using the Maximum Shared Variance (MSV).

The model with all the constructs and items as they had been hypothesised by the research is show in Figure 11.

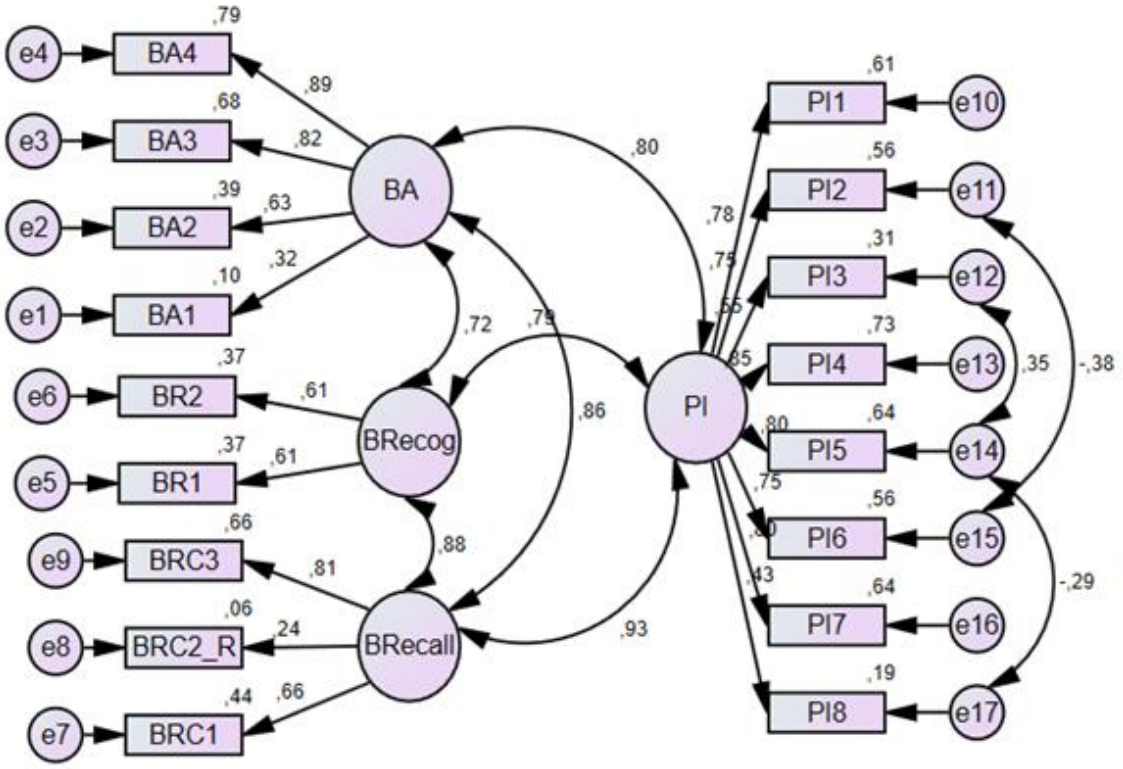


Figure 11: CFA Model with standardised Regression weights as hypothesised by research (before Pruning)

Some items had standardised regression weights also referred to as factor loadings that were as low as 0.24 and thus were pruned from the model so that the model can have a better fit.

The pruned model is shown in Figure 12.

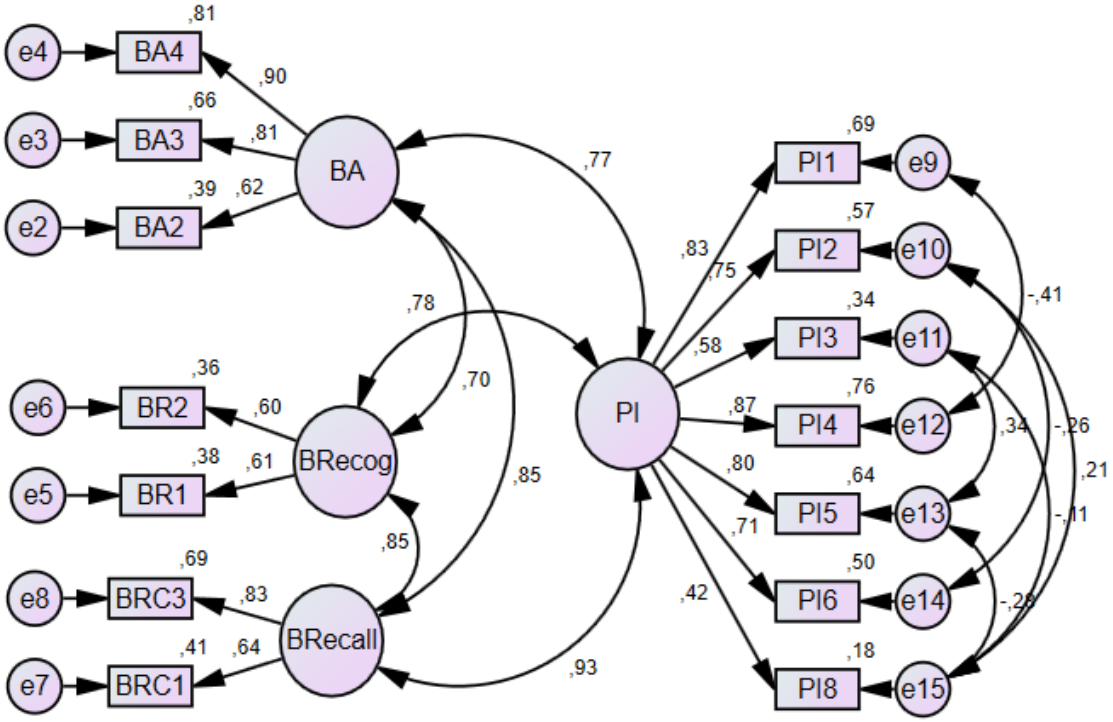


Figure 12: Final CFA Results: Standardised Regression weights: After Pruning

Notes: BA – Brand Awareness, BRecog – Brand Recognition, BRecall – Brand Recall, PI – Purchase Intent

Figure 12 shows that all the items had a factor loading above 0.4. A summary of the factor composition after pruning the model is summarised in Table 1

Items		Factor Loading	CR	α
	Brand Awareness		**0.828**	**0.815**
BA2	I can recognize Samsung among other competing household goods brands	.625		
BA3	I consider Samsung as a quality brand	.811		
BA4	The likelihood that Samsung is reliable is very high	.902		
	Brand Recognition		**0.540**	**0.521**
BR1	Brands are important to me	.614		
BR2	Samsung is easily recognizable among competing brands	.602		
	Brand Recall		**0.709**	**0.682**
BRC1	I can quickly recall the logo or symbol for Samsung	.644		
BRC3	When I think quality household products, I think of Samsung	.831		
	Purchase Intention		**0.881**	**0.854**
PI1	I consider myself as loyal to the Samsung brand	.830		
PI2	I believe having Samsung in my house gives me status	.752		
PI3	I would not buy any other brands if Samsung is available	.584		
PI4	Samsung is one of my preferred brands	.869		
PI5	Samsung is always my first choice	.799		
PI6	I am willing to recommend Samsung to others	.707		
PI8	I consider buying a brand I have never heard of before as being risky	.419		
CFA Fit Indices: x^2 = 221.429 (65); x^2/df = 3.407; RMSE = .110; CFI = .901; TLI = .862; GIF = .861; NFI = .868				

Table 1: Final CFA Results

It can be noted that the Brand Awareness construct retained 3 items, while the Brand Recognition and the Brand Recall had 2 items each while Purchase Intention retained 7 items.

The validity and reliability results are summarised in Table 2.

	CR	AVE	MSV	MaxR(H)
Brand Recognition	0.540	0.370	0.716	0.540
Brand Awareness	0.828	0.621	0.716	0.874
Brand Recall	0.709	0.553	0.857	0.746
Purchase Intention	0.881	0.523	0.857	0.910

Table 2: Reliability and validity

The CR values were all above the minimum required value of at least 0.7, with the exception of Brand Recognition that had a CR value of 0.540. This shows that there was reliability for 3 constructs and Brand Recognition could not be pruned further as it had only 2 items left in the construct. This was already an improved construct from the initially hypothesised construct that had 3 items. One item had already been pruned to improve reliability and validity.

For there to be convergent validity the AVE should be at least 0.5. The results revealed that the recognition construct was problematic again when it comes to convergent validity as the AVE value was 0.37, which fell short of the minimum requirement.

Discriminant validity is achieved if the MSV value is less than the AVE value. It can be noted that discriminant validity was not met for all the constructs as MSV values were greater than the AVE values. Pruning the model further could not improve the divergent validity.

The correlation matrix of the constructs is summarised in Table 3 below.

	1.	2.	3.	4.
1.Brand Recognition	.608			
2.Brand Awareness	.703	.788		
3.Brand Recall	.846	.846	.743	
4.Purchase Intention	.775	.774	.926	.724

Table 3: Correlation Matrix

The cross-loadings among the constructs had cases where the square root of each construct's AVE was slower than its correlation with other constructs. Thus, the Fornell-Larcker criterion for discriminant validity was not met. The analysis went further irrespective of this Fornell-Larker criterion for discriminant validity not being met because according to Henseler et al (2014), the criteria is not reliable.

The model fit indices for the final model are presented in Table 4.

Absolute Fit Indexes	**Acceptable Value**	**Value**	**Outcome**
GFI	>0.9	0.861	Slightly below acceptable range
AGFI	>0.9	0.775	Slightly below acceptable range
RSMEA	RSMEA<0.08	0.110	Slightly above acceptable range
NFI	>0.9	0.868	Slightly below acceptable range
NNFI (TLI)	>0.9	0.862	Slightly below acceptable range
CFI	>0.9	0.901	Acceptable
CMIN/DF	< 5	3,407	Acceptable

Table 4: Model Fit Indices

Notes: GFI – Goodness of Fit, AGFI – Adjusted Goodness of Fit, RMSEA – Root Mean square Error Approximation, CFI – Comparative Fit Index, NFI – Normed Fit Index, TLI – Tucker Lewis Index

The results on the model fit indices shows that RSME and CFI were within acceptable range. The rest of the indices were close to achieving the required acceptable range but were all slightly below the acceptable range. This indicates that the model was not a very good fit for the data. Further pruning the model did not improve the indices.

Model pruning was conducted until pruning further could not improve the model. Ishiyaku et al, (2017) applied less stringent cut-offs for indices such as NFI ≥ 0.8, AGFI ≥ 0.80, and Chi square/df < 5.0. If these were to be applied, then the model was had acceptable goodness of fit. Future research can be done to establish how this model can be improved on. Having a perfect model was not an objective of this study.

Structural Equation Modelling Results

A Structural Equation Modelling (SEM) model was fitted with the items that were retained in the CFA model and including direct relationship arrows for hypothesis testing. The results are presented below.

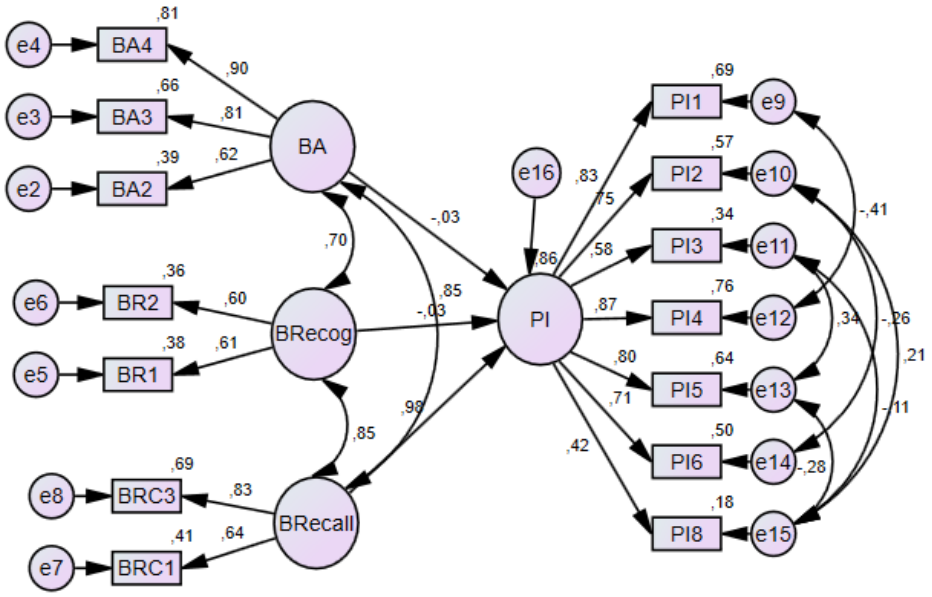


Figure 13: SEM Model - Standardised Regression weights

Notes: BA – Brand Awareness, BRecog – Brand Recognition, BRecall – Brand Recall, PI – Purchase Intent

Hypotheses / Path Analysis	Standardized Estimates	T-value	Hypothesis Supported
Brand Recall ⟶ Purchase intentions	,978	2,220**	Yes
Brand Awareness ⟶ Purchase intentions	-,032	-,143 ns	No
Brand Recognition ⟶ Purchase intentions	-,029	-,106 ns	No
SEM Fit Indices: x^2 = 221.429 (65); x^2/df = 3.407; RMSE = .110; CFI = .901; TLI = .862; GIF = .861; NFI = .868 **P < 0.05; ns represents not significant.			

Table 5: SEM Model - Standardised Regression weights

As was observed for the CFA model fit indices for SEM were acceptable according to less stringent cut-offs (Ishiyaku et al., 2017). Future research can be done to establish how this model can be improved on.

4.4 Hypothesis Testing

4.4.1 *Results Pertaining to Hypothesis 1 (H1): There is a direct positive relationship between brand awareness and purchase intention*

H0: There is no relationship between purchase intention and brand awareness.

H1: There is a direct positive relationship between purchase intention and brand awareness.

The results shown in table 5 indicates that the relationship between brand awareness (β = -0.032, t-value = -0.143, p-value > 0.05) and purchase intention was not significant. The relationship was not significant because the p-value was greater than 0.05. This indicates that there was no sufficient evidence to reject the null hypothesis. It is thus concluded that there is no relationship between purchase intention and brand awareness.

4.4.2 *Results Pertaining to Hypothesis 2 (H2): There is a direct positive relationship between brand recall and purchase intention*

H0: There is no relationship between purchase intention and brand recall.

H2: There is a direct positive relationship between purchase intention and brand recall.

The results shown in table 5 indicates that there was positive and significant relationship between brand recall (β = 0.978, t-value = 2.220, p-value < 0.05) and purchase Intentions. The relationship was positive because the coefficient for Brand recall (β = 0.978) was greater than zero and it was significant because the p-value was less than 0.05. Thus, the null hypothesis was rejected in favour of the alternative hypothesis. It is thus concluded that brand recall has a significant impact on purchase intention.

4.4.3 *Results Pertaining to Hypothesis 3 (H3): There is a direct positive relationship between brand recognition and purchase intention*

H0: There is no relationship between purchase intention and brand recognition.

H3: There is a direct positive relationship between purchase intention and brand recognition.

The results shown in table 5 indicates that the relationship between brand recognition (β = --0.029, t-value = -0.106, p-value > 0.05) and purchase Intentions was not significant. The relationship was not significant because the p-value was greater than 0.05. This indicates that there was no sufficient evidence to reject the null hypothesis. It is thus concluded that there is no relationship between purchase intention and brand recognition.

4.5 Summary of results

The main research problem of this study was to investigate how brand decisions for durable household goods are made in South Africa's low-income markets. Descriptive Statistics was conducted to analyse the demographics of the sample, and it was established that most of the respondents were females, between the ages of 25 and 49, were employed and their household family structure consists of 4 people or less. Confirmatory factor analysis (CFA) was conducted to assess the validity and reliability of the constructs. The CFA tested for divergent validity, and variables reversed where necessary. Some items had factor loadings that were as low as 0.24 and thus were pruned from the model so that the model can have a better fit.

Three hypotheses were derived to address the research problem. Hypothesis 1 results found that the relationship between brand awareness and purchase intention is not significant, and therefore there is no relationship between purchase intent and brand awareness. Hypothesis 2 results found a positive relationship between brand recall and purchase intention; therefore, brand recall has a significant impact on purchase intent. Hypothesis 3 results found that the relationship between brand recognition and purchase intention was not significant and therefore there is no relationship between purchase intent and brand recognition.

CHAPTER 5. DISCUSSION OF RESULTS

5.1 Introduction

The results of the research on how brand decisions for durable household goods are made at the bottom-of-the-pyramid are discussed and interpreted in this chapter. The author also discusses the three (3) hypothesis tested, namely the relationship between purchase intention and brand awareness, brand recall and brand recognition. Observed trends are also discussed, based on the literature, responses to the survey questions and statements, as well as findings from the descriptive analysis. Literature from previous studies is also taken into consideration.

5.2 Demographic profile of the respondents

It is important to understand the research results in the context of the demographical profile of the respondents in order to ascertain the potential impact that things like age, gender and employment status have on the research findings. With regards to gender, 66% of the respondents were female, and only 34% were male. One of the qualifier questions at the beginning of the interviews, was to ascertain whether respondents are decision-makers in the home or not. Judging by the high percentage of female respondents, it can be deduced that females make most of the decisions in the home with regards to household goods. This is supported by previous studies done, that women, both single and married, make most product purchase decisions in the home (Masting T., 2004).

Previous studies have indicated that economically active South Africans are between the ages of 18 and 65 (Senekal et al., 2003), and in this paper, these are the people that were targeted. Majority of the respondents in this study, 77% to be exact, were between the ages 25 and 49. Economically active consumers present opportunities for marketers as they purchase products. What was interesting is that contrary to popular belief, people in low-income communities don't always have big

families. Three quarters of the respondents had 4 or less people in each household. This could be unique to urban families, as it is a well-known phenomenon that in South African rural families, the idea of a nuclear family is a foreign concept, people usually live with extended family and so numbers in each household tend to be big. With regards to employment status, 65% of the respondents were employed and the rest were either self-employed or earning the government social grant. Retail was the most popular industry amongst those stipulated, with 25% of the respondents employed in that sector.

5.3 The impact of brand awareness on purchase intention

Brand awareness was hypothesized as having a direct positive effect on purchase intention; however, the results did not support this hypothesis. It was found that the relationship between brand awareness and purchase intent was not significant with regards to durable household goods in South Africa's low-income markets. This is inconsistent with previous research done by Aaker (1995) which states that brand awareness is one of the dimensions that affects perceptions and attitudes in the consumer's mind, and ultimately impacts on purchase intention (Aaker, 1995). Other authors also agree that brand awareness alone is not enough to influence purchase intent, and that for long-lasting brand success, other variables like brand trust and brand satisfaction should be taken into consideration (Esch et al., 2006). Therefore, whilst brand awareness is important in consumer decision-making, it is not sufficient on its own to influence purchase intention.

5.4 The impact of brand recall on purchase intention

The study confirms the hypothesis that brand recall has a direct positive effect on purchase intention. It was found that brand recall has a significant impact on a consumer's decision to purchase durable household goods. This is consistent with previous research conducted by Jalilvand et al. (2011) which stated that brand associations in a consumer's mind, brought on by recall for the brand, aid in a consumer's purchase intention. So, at the stage that a consumer decides to buy

durable household products, their recall of a brand will influence their decision to purchase.

5.5 The impact of brand recognition on purchase intention

Brand recognition was hypothesized as having a direct positive effect on purchase intention; however, the results did not support this hypothesis. It was found that the relationship between brand recognition and purchase intent was not significant with regards to durable household goods in South Africa's low-income markets. This is consistent with previous research conducted which states that brand recognition alone does not affect purchase intent. Marketers need to invest additional resources that will aid brand recognition so that it translates into purchase intent (DeGaris, L., 2016).

5.6 Brand knowledge and popular brands used or desired

The study contained two questions pertaining to preferred brands in an effort to establish brands liked and why people purchase certain brands and not others. The questions consisted of a guide in the form of a list of brands as well as an open-ended question. It was observed that most people in this market are conscious of brands for durable household goods. Brand knowledge is a reflection of the existence of perceptions and attitudes about a brand in the consumer's mind (Aaker, 1995). So, if a person knows a brand, they are also likely to be able to retrieve it from memory. The respondents also preferred the more expensive brands over the more cost-effective brands offering exactly the same quality. The belief is that the expensive brands are of a higher quality. Brands like Samsung, Smeg and LG were preferred over more affordable brands like Whirlpool, Kenwood and Defy. This is consistent with prior research indicating that when purchasing products that are not bought frequently, such as durable household goods, a higher price means higher quality for most consumers. However, the findings from that same research related to price-quality relations, indicated that higher prices are actually poor indicators of quality. (Gerstner, 1985). When probed further during

the discussion on brands, it became apparent that when it comes to household goods, men are happier to discuss products like television sets and music systems, whilst women preferred to talk about those found in the kitchen like microwaves, kettles and toasters. Most of the women aspired to owning durable household goods that will make their lives easier like washing machines and dishwashers. The most popular brand names mentioned during the survey were Samsung, LG and Russell Hobbs.

5.7 Reasons for purchasing brands

Prior research on branding emphasises the importance of brand knowledge in consumers' purchase intent. Brand knowledge places power in the hands of consumers, it helps them in their decision making (Keller, 2003). Brand knowledge is measured through brand awareness, brand recall and brand recognition (Keller, 1993). Respondents were probed, based on their empirical or lived experiences, on their knowledge of brands and their personal reasons for having preference of certain brands over others, through an open-ended question. It became apparent through the study that there were 6 main reasons why consumers choose brands, namely reliability, quality, trust, status, affordability and familiarity (refer figure 14).

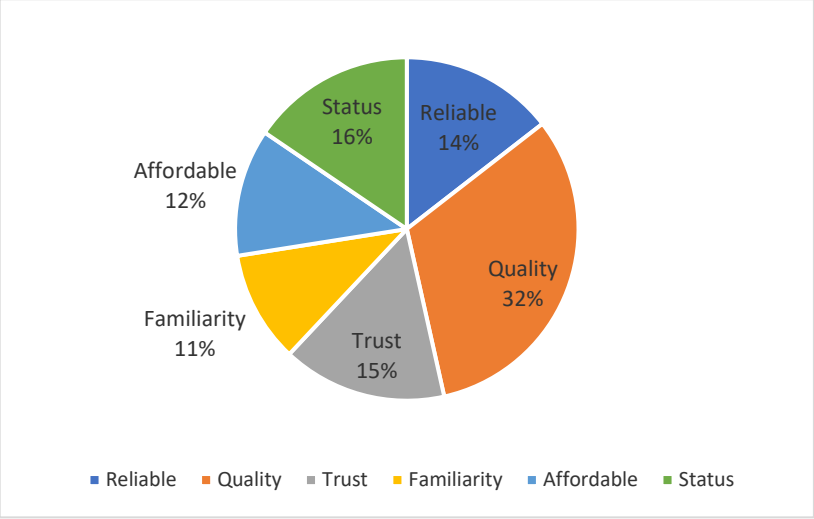


Figure 14: Reasons for buying branded household goods

Almost a third of the respondents (32%) considered quality as the main factor in their purchase intention for durable household goods, so they looked at things like performance and durability as equating to products that offer value. A lot of the respondents that spoke of quality mentioned long-lasting as an element of a quality product. This is supported by previous research done. Perceived quality is the differentiating factor when it comes to brand equity (Aaker, 1991). There is a direct causal relationship between brand equity and consumer's purchase intention (Jalilvand et al.,2011). As per a study done by Barrett et al. (1999), quality is one of the main factors that consumers evaluate before they buy a product. A few respondents also mentioned that if affordability was not an issue, they would purchase all the product lines available for the brand that they perceive as quality. This is in line with Aaker & Keller's model (1990) which states that if consumers associate a brand with quality, any extensions of that brand would be considered as a quality product. The model also states that product extensions should fit the product class, and this was evident during the survey when respondents mentioned that they would kit out their whole kitchen with the brand that they perceived as quality.

Status was the second most popular reason given for purchasing branded household goods, with 16% of the respondents mentioning it. Respondents that gave this reason mentioned factors like stylish, beautiful and trendy as the reasons for purchasing their selected brands. These respondents believe that these brands improved their social standing in the community. Prior research on bottom-of-the-pyramid studies found that people living in low-income markets pursue extrinsic goals like acceptance and popularity in search of status. They believe that accumulating socially visible or showy materials and products will compensate for their lack of status in society (Gupta, 2016). Barki & Parente (2010) also found that in Brazil, BOP markets buy brands for self-actualization reasons, they believe that brands will bring them respect, dignity and status.

Trust was the third most popular reason given for purchasing branded household goods, coming in very closely behind Status at 15%. People that said they would purchase brands because they trusted them mentioned things like previous

personal experience as being a factor in their decision-making. They believe that through experience, they have identified which brands are best in class and therefore have become loyal to those brands. Prior research done agrees with this concept, stating that trust is something that is built slowly over time as consumers gained experience (Cheskin, 1999). Brand trust is derived from past experience with a brand. Companies need to build brand trust by offering a level of value in order to enjoy substantial competitive advantages brought on by brand equity (Delgado-Ballester et al., 2005). Brand trust is clearly a very important factor in purchase intent, and companies would do well to practice a promise-centric approach when managing their brands, one that positions their brand as providing certain expectations, and consistently delivering on that promise.

14% of the respondents would purchase a brand because it is reliable. This group mentioned that they prefer to buy brands that have been tried and tested, brands that they saw around the house whilst growing up. Most of the older people in the sample, those that were 50 years and above, mentioned reliability as a factor they consider when purchasing durable household goods. They believe that usage over many years gives them confidence that the said brands are reliable and will be around for a long time to come. The younger people in this group, albeit in smaller numbers, mentioned that growing up and seeing their parents or families use said brands meant that the brands are reliable and so this would influence their purchase decision.

Whilst not significant, affordability also came up a few times during the study, with 12% of the respondents saying they would buy durable household goods purely based on whether they can afford them or not. This group of respondents were either dependent on the government grant as a source of income or were not interested in name brands. They were more practical in their approach to purchasing durable household goods, citing a reasonable price as the main factor that they consider before purchasing. Whilst most of them knew the name brands presented to them, they were simply not moved by them, and felt that as long as a product does the job, that is all that matters.

Lastly, being familiar with a brand was cited by 11% of the respondents as a reason to purchase a product. This group had similar characteristics to those portrayed by the Status group, as they mentioned that their friends and family had those brands in their homes, and so they would buy them to try fit in. They mentioned words like popular and well-known as factors that would sway them towards buying the brands that they selected.

5.8 The role of advertising in consumer's purchase intention

Businesses aid consumers in their decision-making by influencing their motivations. This can be achieved by controlling what information about their brands will reach consumers (Folkes, 2008). Brand knowledge and equity is built through advertising, and that knowledge results in liking for a brand and ultimately purchase intent. So should a marketer decide to stop investing in advertising, they should be prepared to lose brand equity over time, especially if competitors continue to advertise (Cobb-Walgren et al., 1995).

The results of this study reiterated the importance of brand recall in purchase intention, but also highlighted the importance of marketing efforts such as advertising, in aiding this brand recall. Matthes et at. (2007) mentioned that advertising plays a major role in brand knowledge, and that for it to be effective, advertising placements need to be frequent. Therefore, it is worth noting that advertising is not a once-off activity, it has to be implemented on a continuous basis in order for it to be impactful. Advertising can take on many forms, and a combination of both traditional media such as television, newspapers as well as radio and non-traditional media such as those offered by digital platforms, can be most effective in getting the message through to the desired target market. Previous research done has highlighted platforms like online advertising for offering the advantages of a virtual experience for products, as potential options that marketers should consider (Li et al., 2001). Messaging for advertising campaigns should take into consideration all aspects of the buyer's reasons for purchasing a product. For the low-income consumers studied, self-actualisation was one of the

main reasons given, and therefore marketers should take this into consideration when they develop their advertising messages. This is consistent with a previous study done that indicated that psychological brand benefits such as self-expression are very important to consider when developing advertising messages (Hartann & Apaolaza-Ibanez, 2011). However, Keller (2013) noted that for effective marketing communication efforts that will result in brand knowledge and equity, it is important for marketers to realise that advertising alone is not the solution, marketers must assess all the options available and select that which is best suited for their brand.

5.9 Purchase intention is a collective decision at the bottom-of-the-pyramid

Prior research in low-income communities found that this market has a collectivistic orientation when it comes to decision-making ((Chipp et al., 2012). This became apparent during the interviews when quite a few of the respondents mentioned that it was important that every member of the household is happy, and so everyone would be consulted. It is a culture or value system that governs decision-making in this market, including what to buy for the home. Ritchie et al (2011) found that culture is an important consideration for businesses wanting to or already doing business within low-income markets in order to succeed. Mzamo & Mangaliso (2001) have reiterated the importance of a culture such as ‘ubuntu’ or interconnectedness as being important for any business wanting to succeed in the South African context. Culture is something that businesses should not ignore as it determines people’s social behavior. South Africans, by nature, have a strong belief that everyone exists within a community, therefore everyone is connected. This bond ensures that people always show compassion and care towards the people they live with, which sometimes includes neighbors. This compassion is reflected in the concepts of sharing and humanity which are inherent in South Africans, and are crucial to consider for any company doing business in the country.

5.10 Summary

To summarise, the results of the study supported the hypothesis that brand recall has a positive impact on purchase intention at the bottom-of-the-pyramid, and disconfirmed the other two hypotheses. The study found that brand recognition and brand awareness did not have a significant effect on purchase intention. The research findings were discussed in relation to previous studies conducted, as well as observed trends from the discussions during the interviews. Demographic factors like age and gender were also discussed, and it was found that females are the main decision-makers with regards to household goods, and that most economically active South Africans are 25 years old and above.

CHAPTER 6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

In this chapter, the author presents the conclusions of the study. The findings from the research will be summarised and conclusions drawn. The managerial implications will be outlined, and recommendations made. Lastly the study limitations will be discussed and recommendations for future research made.

6.2 Conclusions of the study

The purpose of this study was to investigate how brand decisions for durable household goods are made in low-income communities. This was done by testing the relationship between brand awareness, brand recall and brand recognition with purchase intent. It was found that brand recall has a significant impact on purchase intention.

Consumers will purchase a brand that they are familiar with and know very well. In order to ensure this, companies need to constantly inform and remind the consumer about their brand through marketing efforts such as advertising. Some consumers will go as far as doing research on the brand, usually by asking friends and family, before purchasing a branded product (Shahid et al., 2017). Therefore, it is imperative that marketers take all of these factors into consideration when building their brands.

The results of this study have indicated that when consumers intend to purchase durable household products, quality is one of the main factors that they consider. Prior studies conducted by researchers such as Aaker (1991) and Barrett et al. (1999) have substantiated this fact, and proven that perceived quality is a differentiating factor and one of the main factors that consumers will evaluate before they purchase a product. Status is also a big thing amongst low income markets when deciding to purchase durable household goods. Prior studies done by authors such as Gupta (2016) and Barki & Parente (2010) confirmed this, and

stated that bottom-of-the-pyramid consumers believe that name brands bring them status. Brand trust came in a very close third after Status, and prior research done by Cheskin (1999) and Delgado-Ballester et al. (2005) confirmed the notion that previous experience with a brand results in consumer trust and is likely to sway consumers when purchasing household products. These three factors, that is quality, status and trust are therefore the main things that low-income consumers consider as valuable when purchasing durable household goods.

Brand recall, also referred to as unaided brand knowledge, impacts on consumers' purchase intent with regards to durable household goods. Prior research conducted by Jalilvand et al. (2011) has confirmed this fact, and noted that the brand associations linked to consumers' memory aid in the decision to buy.

Based on the review above, it is evident that there are opportunities within BOP markets. The myth that it is impossible to do business profitably in townships, where the low-income market resides, is debunked by the number of successful businesses operating in townships. People that understand the township realize this potential and have gained huge profits by doing business there. The opening of Maponya Mall in Soweto was a prime example of what is possible in a South African township. This 70,000 square meters structure is home to over 170 shops with a vast array of stores selling both local and international brands. The shops are frequented by mostly women, in LSM 5-7, majority from Soweto (Maponya Mall, website). The mall celebrated 10 years of existence in 2017, and has won several awards over the years, including the best mall in Gauteng (Soweto Urban, 2017). This proves, beyond reasonable doubt, that doing business in low-income markets can be successful and profitable.

6.3 Research implications

The findings of this research contribute to both the limited and existing literature in a South African context. It also contributes to the literature on the impact that brand awareness, brand recall and brand knowledge have on purchase intent. This study will benefit both academia and marketers alike, who can use the findings in support of their studies as well as their marketing efforts. The study confirms that brand recall has a major influence on purchase intent within low-income markets.

6.4 Managerial considerations and recommendations

The findings of this study provide useful considerations for marketers of durable household goods. These findings can help them in their marketing and communication strategies in terms of driving sales in a highly competitive market.

Low-income markets might have little in terms of resources, however they are in large numbers, representing about two-thirds of South Africa's population. Durable household goods are the second most aspired to and bought category of goods for Indian consumers in this market, after shelter, and in South Africa, a third of household income is spent on this category. Therefore, there is a huge market for durable household goods. Companies willing to take the risks and invest in low-income communities stand to make huge profits. However, it is important to note that low-quality products simply will not work.

The results of the open-ended question asking respondents why they buy certain brands indicated that quality, status and brand trust are the main reasons. Therefore, marketers should consider incorporating these 3 variables in their advertising campaigns. These factors represent value for low-income consumers when purchasing durable household products, and can help companies to enjoy major competitive advantages and profits. They should also be incorporated in product design to be more effective. It is important to identify the conditions, traditions and lifestyle of this market. The female demographic in the study mentioned that they prefer products that make their lives a little easier. With most

people in this market having to use public transport and travelling long distances from work to home on a daily basis, sometimes 7 days a week, they need products such as washing machines and dishwashers to make their lives easier. So, businesses operating within the durable household goods sector should consider producing more affordable and energy efficient products of this nature.

6.5 Limitations and future research

All research studies have limitations, and this one is no exception. The study focused on a sample of people living in 2 South African townships, in Gauteng. The country has many townships within the 9 South African provinces, and so this defined set could pose limitations in that the results cannot be generalised to the greater South African population living in townships across the country. The sample size is relatively small considering the millions of South Africans living in townships. This sample was used as a result of limited time and cost constraints as it would have been very costly to try to get to every single township. Future research could do a similar study in other townships, especially those outside the commercial hub of the Gauteng province to determine whether findings can be generalised to all townships in South Africa.

Test statistics such as model fit indices are often used to evaluate model fit in latent variable models (Yu, 2002). The model used in this study was not a good fit for the data, as observed by most of the indices not achieving the required acceptable range. Future research could explore a model that is a better fit for this market.

Discriminant validity is an acceptable prerequisite for analysing relationships between latent variables, and it was not met for all constructs in this study. It is commonly used in structural equation modelling and previous studies have shown that this approach does not reliably detect the absence of discriminant validity. An alternative approach based on multitrait-multimethod matrix is recommended to assess discriminant validity (Henseler et al., 2015). Future research should rather use this method to test discriminant validity.

This study did not broach the subject on how, despite the constrained financial resources within the bottom-of-the-pyramid markets, people are still able to buy expensive name brands. By observation, it can be inferred that most people in the market use credit facilities like lay-bye and instalment-based purchases, however, it would be interesting to actually test this theory. Future research could delve deeper into how people within BOP markets acquire durable household products, and how they manage to afford them considering the affordability constraints.

The study used a qualitative research method to test brand knowledge and preference of brands, then used the quantitative method to test the relationships between purchase intention and the 3 constructs of brand awareness, brand recall and brand recognition. Future research could explore a quantitative method to determine why people prefer certain brands over others.

Lastly, future research studies could explore the effect of brand knowledge on the 3 constructs considered in this study, namely brand awareness, brand recall and brand recognition. Brand equity originates from brand knowledge, and it affects how consumers will respond to marketing activities (Keller, 2003), therefore it will benefit marketers to understand the variables that impact on consumers' brand knowledge, that will eventually lead them to a purchase decision.

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APPENDIX A

Research Instrument

Face-to-face Interview

Interviewer: "Thank you for your agreeing to participate in this academic interview. My name is Baleseng Dlamini, and I am studying towards a Master of Management in Strategic Marketing at the University of the Witwatersrand. I am currently conducting research for my thesis titled: *How brand decisions for durable household goods are made in South Africa's low-income markets"*

"Please note that your participation is voluntary and you have the right to withdraw at any given time. This research is for academic purposes, so the information you provide will be kept strictly confidential and your identity will remain anonymous. The interview will take approximately 15 minutes out of your time. Do you have any questions?"

"We will now proceed with the interview. The questions are divided into 3 sections: Section A is for screening purposes to determine if you are the right person for this interview. Section B is to establish general demographic information about you like age and employment status. And lastly section C is about the brands in your home, what you buy and why.

SECTION A - QUALIFIER QUESTIONS (EXCLUSION QUESTIONS)

Q1: Is this your primary residence?

1	Yes
2	No

If not primary residence, interview is terminated

Q2: Do you do work in any of these industries? Please select A, B, C, D or E

1	Media
2	Research
3	Banking
4	Retail
5	None of the above

If working in research, interview is terminated

Q3: Please select 1, 2 or 3 with regards to household income per month

1	R1,000 – R10,000
2	R11,000 – R20,000
3	R21,000 and above

If income over R10,000 per month, interview is terminated

Q4: How many people are in your household? Select A, B or C?

1	1-2 people
2	3-4 people
3	5-6 people
4	6 people or more

Q5: Are you part of the decision-making process in the household?

1	Yes
2	No

If participant is not a decision-maker, interview is terminated

SECTION B – DEMOGRAPHIC INFORMATION (SCREENING QUESTIONS)

Q6: Do you have an income and what is the source of your income? Select A, B or C

1	Employment
2	Self-employed or running own business
3	Grant / SASSA

Q7: Male or Female?

1	Male
2	Female

Q8: Please select age group you fall under

1	18 - 24
2	25 - 34
3	35 - 49
4	50+

SECTION C – BRANDS (MAIN QUESTIONNAIRE)

Measure Brand Awareness – this section relates to the prerequisite for your buying decision

Question 9 intends to compare the more popular brands with same quality brands that are not as popular to establish whether people buy household products for the name brand or if they will opt for the same quality at a lower price

Q9. Please select 1 brand in each comparison set that represents your best preference?

LG vs. Hitachi
Bosch vs. Siemens
Hi-Sense vs. Phillips
Sony vs. NEC
Russell Hobbs vs. Delonghi
Toshiba vs. Defy
Smeg vs. Miele
Samsung vs. Whirlpool
JVC vs. Kenwood

Q10. Why did you select those brands?

The items in Question 11 are derived from a questionnaire used by Jalivand et al in their 2011 journal titled ‘The Effect of Brand Equity Components on Purchase Intention’

Q11. With regards to awareness of Samsung as a brand for household products:

	Strongly Disagree	Disagree	Agree	Strongly Agree
I am aware of Samsung as a brand for household goods				
I can recognize Samsung among other competing household goods brands				
I consider Samsung as a quality brand				
The likelihood that Samsung is reliable is very high				

Measure Brand Recognition – This section relates to the household products in your home and how the decision to buy them is made. These questions are derived from a questionnaire used by Jalivand et al in their 2011 journal titled 'The Effect of Brand Equity Components on Purchase Intention'

Q12. With regards to the recognition of Samsung as a brand for household products:

	Strongly Disagree	Disagree	Agree	Strongly Agree
Brands are important to me				
Samsung is easily recognizable among competing brands				
Samsung is a brand I would be willing to consider in future				

(Jalilvand et al., 2011)

Measure Brand Recall – this section relates to unaided brand knowledge. The questions asked are derived from a questionnaire used by Jalivand et al in their 2011 journal titled 'The Effect of Brand Equity Components on Purchase Intention'

Q13. With regards to your recall of Samsung as a brand for household products:

	Strongly Disagree	Disagree	Agree	Strongly Agree
I can quickly recall the logo or symbol for Samsung				
I have difficulty in imagining Samsung in my mind				
When I think quality household products, I think of Samsung				

(Jalilvand et al., 2011)

Measure Purchase Intention – this section relates to the plan or desire to buy a brand. The questions asked are derived from a questionnaire used by Jalivand et al in their 2011 journal titled 'The Effect of Brand Equity Components on Purchase Intention'

Q14. With regards to the likelihood of buying Samsung for your household goods:

	Strongly Disagree	Disagree	Agree	Strongly Agree
I consider myself as loyal to the Samsung brand				
I believe having Samsung in my house gives me status				
I would not buy any other brands if Samsung is available				
Samsung is one of my preferred brands				
Samsung is always my first choice				
I am willing to recommend Samsung to others				
I am willing to buy Samsung in future				
I consider buying a brand I have never heard of as being risky				

Thank you kindly for your participation in this academic survey