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Marketing to the South African Informal Sector through Distributors

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A Research Report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, Johannesburg, in partial fulfilment of the requirements for the degree of Master of Business Administration.

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ABSTRACT

The use of distributors as a channel in the marketing of fast moving consumer goods into the informal sector is a phenomenon that is of interest to manufacturers, distributors themselves, retailers wholesalers and Spaza shop owners.

Drawings from international and local studies, the literature focused on the marketing mix elements (4 P's - Price, Place, Product and Physical evidence), and also on the key success factors of marketing to the informal sector through the use of distributors.

Qualitative research was conducted using semi–structured interviews with 30 respondents who are all involved in marketing fast moving consumer goods (FMCG) to the informal sector through distributor operations. The data from these interviews was analysed to reveal key themes. The key findings of this research are as follows:

- In the case of the marketing mix elements, more emphasis was found to be put on price and product than on place and promotion.The new insight was that good personal relationships are equally important.
- For the key success factors, new insights included customer and shopper research, clustering and segmentation of stores, developing demand creation programmes, agreeing joint business plans, developing a go-to-market strategy and a long term investmenst strategy.

A nine step model is proposed to guide marketers in implementing key success factors when utilising distributor operations serving the informal sector.

DECLARATION

I, Tshimangadzo Boy Mudau, declare that this research report is my own, unaided work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Tshimangadzo Boy Mudau

26th February 2013

DEDICATION

I would like to dedicate this research report to the following people for their contributions:

To my family, my wife, Patience and our children Thendo and Mpho for their love and support through the many hours that I spent working on the research report. To my late father and mother, I am grateful for the good values that you have infused in your children and for all your hard work under very difficult and oppressive circumstances. To my brothers, my only sister, and the entire Mudau family. **Ndaa !**

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