

**THE USE OF NEW COMMUNICATION STRATEGIES TO ENHANCE
MARKETING OF FAST MOVING CUSTOMER GOODS (FMCG)**

By

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ABSTRACT

THE USE OF NEW COMMUNICATION STRATEGIES TO ENHANCE MARKETING OF FAST MOVING CUSTOMER GOODS (FMCG)

The study was conducted with the purpose of surveying the nature, patterns and trends of the new communication strategies to enhance marketing of fast moving customer goods (FMCG). The researcher intended to investigate current consumer behaviour with respect to fast moving consumer goods FMCG and new communication strategies for marketing of FMCG. The study focused primarily on managing FMCG to increase its availability to rural communities with the hope of addressing poverty eradication and providing some avenues for job creation. This included an investigation into new media and technology to enhance the marketing of FMCG with the intention of making these goods more easily accessible to rural communities. The study also investigated current consumer behaviour with respect to fast moving consumer goods (FMCG) and new communication strategies for marketing of FMCG. Unravelling methods of making FMCG easily available to rural communities would be an alternate strategy to urbanise rural communities and reduce unemployment. FMCG forms a fundamental aspect of people's daily lives and is an ideal tool which can be used to manipulate industry to touch lives of all people throughout South Africa. The study offers thought provoking ideas on how to urbanise rural communities by using basic commodities which people use on a daily basis, and it further offers ideas for further research in this field. It also unravels contemporary methods of marketing basic commodities.

DECLARATION

*I, Vivian Sifiso Mbuyazi, declare that this dissertation: “The use of new communication strategies to enhance marketing of fast moving customer goods (FMCG)” **is my original work**. All sources contained herein, have been indicated and acknowledged by means of complete references.*

Vivian Sifiso Mbuyazi

Date

ETHICAL ISSUES

No person has been quoted without their permission. Respondents’ privacy has been respected. Proper acknowledgement is given to authors for the use of their work.

Vivian Sifiso Mbuyazi

Date

WRITING CONVENTIONS

The following conventions were used in this study:

- Subramanian, & Steinberg (2008:56). This means Subramanian, & Steinberg 2008: page 56.
- Illustrative graphics and table of figures are given in chronological order.
- Footnotes are not used in this study in order to allow an uninterrupted reading of the dissertation.
- Appendix is not used in this study in order to allow continuous interpretation of the dissertation.
- British English has been predominantly used in this dissertation.

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DEDICATION

This work is dedicated to my family, my father, Velenkosini, and my mother, Sizakele, who supported, and always served as an inspiration to me, and their unconditional love, care, moral and financial support.

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ACRONYMS

ABSA	African Bank of South Africa
BCE	Before the Common Era
BMW	Bayerische Motoren Werke
CDs	Compact Discs
CEO	Chief Executive Officer
CSI	Cooperate Social Investment
CODESA	Convention for a Democratic South Africa
DAO	Digital Asset Optimisation
ECT	Electronic Communication Technology
EOM	End of Month
EU	European Union
FMCG	Fast Moving Consumer Goods
GDP	Gross Domestic Product
HR	Human Resource
ICT	Information Communication and Technology
MTN	Medium-Term Note
MOM	Minister of Manpower
MFSA	Marketing Federation of South Africa
MDG	Millennium Development Goals
PR	Public Relation
PWC	Price Waterhouse Coopers
PM	Project Manager
PRS	Procedural Reasoning System
PMBOK	Project Manager Book of Knowledge
SEO	Search Engine Optimisation
SMO	Social Media Optimisation
SABS	South African Bureau of Standards
UK	United Kingdom
USA	United Sates of America

Chapter 1

ORIENTATION

INTRODUCTION

This study examines by what means electronic communication could be effectively used to improve the marketing of Fast Moving Consumer Goods (FMCG). Reasons as to what makes an item fast moving and what value it holds from consumers' point of view will be scrutinised. Most of the FMCG products are a necessity in rural communities would be evaluated to understand what constitutes FMCG and whether the concept of FMCG differs from one community to another.

MOTIVATION OF THE STUDY

The FMCG industry includes food and non-food everyday consumer products. According to FMCG (2010:57) these goods are usually purchased as an outcome of small-scale, consumer decision so they are heavily supported by advertising and promotions by the manufacturers. This includes an investigation into new media and technology to make FMCG available to rural communities. The study investigates current consumer behaviour with respect to fast moving consumer goods (FMCG) and new communication strategies for marketing of FMCG.

According to Hugo and Boggs (2008:67) supermarkets and retailers negotiate what constitutes FMCG. This depends on marketing and sales expertise. Marketing personnel use the media to promote certain items and create a high demand for certain goods which eventually become a necessity. There are times when some organisations do not have sufficient marketing personnel to implement the recommended marketing strategy to create a demand for certain important goods. This leads to a situation where certain goods are highly in demand in industrialised or urban areas but remain untapped in rural and semi-rural areas.

This study examines the possibility of using the electronic media to create a global awareness of fast moving customer goods in order to promote urbanisation and globalization. If successful, the idea should create more jobs and also diminish the pitfalls of digital divide. Rural customers will be exposed to a greater variety of goods which can make life easier to manage.

According to Bernett *et al.* (1998:54) FMCG purchasing of these goods occurs at grocery stores, supermarkets and hypermarkets. Manufacturers are always exploring new outlets and sales locations, while the traditional retailers have introduced private label brands to capture additional profit. Everybody uses fast moving consumer products daily like drinks, milk, bread, meat, vegetables, soap, soup, maize meal, beans, cool drinks, and many more products.

Global power brands are the choice of multinational companies. Local brands usually complement global brands. Bernett *et al.* (1998:54) state that although superior distribution methods are employed there is still a need to identify innovative ways of improving circulation of FMCG in order to meet the needs of an over increasing global demand. Companies are still not coping with ensuring that basic necessities of many population groups are met with. According to FMCG Report (2010:68) the argument is that if an item is labelled as FMCG, then it is most probably a basic necessity and as such is required by almost every individual. The struggle is to ensure that fast moving customer goods are well-marketed and distributed in the world.

POTENTIAL CUSTOMERS

Everyone can be a potential customer to a company, only if there are chances that they will buy a product or a service. According to Barker and Angelopulo (2006:140-141) advertising and promotions are activities which drive brand awareness. Wel (2010) states that television, radio, and newspaper advertising is commonly used to promote FMCG. A small percentage of companies are cautiously hedging on the use of the Internet and its related networks to enhance marketing of their products.

According to Wel (2010) FMCG companies leveraged on these advances to create affordable products that improved people's lives; products which gradually come to be considered essential for daily living such as shavers, toothpaste, detergents, shampoos, and so on. Many multinational companies use new communication strategies and technologies to gain the attention of consumers by creating vibrant radio and television adverts to persuade consumers to purchase their products. Good marketing and advertising has the ability to create a demand for goods which were previously not regarded as FMCG. According to Stapleton & Thomas (1998:24) these marketing and advertising strategies persuade people to buy products such as Shampoos, better soaps, detergents, powders for washing machines and sanitary products.

BACKGROUND INFORMATION ON FMCG

During the past three decades, the FMCG industries did not fully reach rural communities. Initially, only a few commodities such as bread and soap were available to rural people to fulfil basic needs. The FMCG industry has now evolved to cater for and to satisfy varying types of basic human needs. According to Leavitt (2007) the concept of basic requirements has evolved during the past few years to include items such as petrol, radio and clothing. Strydom *et al.* (2007:354) argue that newly invented microchip spearheaded a low cost manufacturing revolution that swept away the ravaged post-war manufacturing facilities. In fact this revolution is just another part of the continuing evolution of FMCG manufacturing. Soft drink industries such as Coca cola, demonstrate advertisements which make consumers believe that if they drink Coke after working hard they will gain confidence and be fresh again.

De Beer *et al.* (2002:78) maintain that every firm needs to understand the implications of sustainability and political agendas for their business. They need to distance their business from any political involvement and influence. They need to work across the total organisation and be a key pillar of the commercial organisation to drive in store fundamentals through the sales teams and distributor organisations.

STATEMENT OF THE PROBLEM

The core problem is:

How can the FMCG industry meet global demands to satisfy growing needs of rural communities (or all communities) to ensure that basic human requirements are met?

OBJECTIVES OF THE STUDY

De Beer et al. (2002:79) state that the fast moving consumer goods (FMCG) marketing strategy must re-consider its cores issues. These are strategic planning, market research, electronic marketing and action planning to examine the potential for new markets.

The objectives of this study are

- To identify the status of FMCG markets in rural communities
- To determine consumer preferences in rural communities
- To determine the probability of using electronic communication methods to reach consumers in rural societies
- To determine the role of FMCG industry in sustainable development
- To determine the role which the FMCG industry could play in urbanising rural communities

RESEARCH METHODOLOGY

Qualitative and quantitative research methods were used in this study. Bless *et al.* (2006) support this stance by stating that “qualitative and quantitative surveys are important as they determine how well data will be analysed. They indicate that in some cases quantitative measures would be meaningless unless supported by a qualitative argument”.

The research was undertaken in the Nkandla district municipality, KwaZulu-Natal (South Africa). Perceptions and attitudes on the availability of basic needs of communities were surveyed. According to Bless *et al.* (2006) stratified random sampling allows the researcher to divide the population into various groups. The target population of this study were consumers from rural as well as urban communities.

Data were collected by means of a comprehensive literature review and through the administration of in-depth questionnaires. These questionnaires were tested by the supervisor and other professionals in the field of Communication Science to ascertain whether the instrument would adequately test what the study intended to achieve. Scheduled and non-scheduled interviews with FMCG marketing teams are conducted as suggested by Bless *et al.* (2006).

The Shannon and Weaver Model of Communication were used to conceptualise this study. The model allows for a heuristic approach to evaluate the different components of the communication process, including the analysis of the communicator, analysis of recipients, analysis of message(s) and the signs and symbols of the coding process, interaction between participants, media used in the process, interpretation and expressions of messages, the socio-cultural circumstance of communicators and recipients in the broader context.

The main tools for collecting data were the questionnaires and semi-structured interviews. Finally, responses from the collected data were encoded and analysed in the statistical software programme, called MoonStats®.

ETHICAL CONSIDERATIONS

The confidentiality of individuals who responded to the questionnaire has been respected. All personal information has been protected. Potential respondents were not coerced into answering questions. Respondents were informed of the nature of the study and they were allowed to withdraw from the study if they felt uncomfortable. Participants freely volunteered to participate in the study. Proper acknowledgement was given to authors for the use of their recorded work. Anonymity of respondents' names and positions was ensured.

VALUE OF THE RESEARCH

This study is valuable in assisting to promote the social and economic development of rural communities. It also examines strategies for economic sustainability of these communities.

Further, the study explores strategies which can be used to optimise communication for maximum economic and social development of rural communities. New communication technology offers the impetus to urbanise rural communities through the field of e-commerce.

This study focuses on how new communication strategies can be used to enhance the marketing of FMCG in rural communities. These communities are fertile grounds for implementing new communication strategies for economic growth.

CONCLUSION

This chapter has provided an overview of the study. Furthermore, the main aim and objectives of the study were outlined and explained. The research methodology, as well as the value of the research was presented. The following chapter deals with the fundamentals of communication for marketing, in the fast moving consumer goods, context.

Chapter 2

FUNDAMENTALS OF COMMUNICATION FOR MARKETING

INTRODUCTION

This chapter introduces the fundamental aspects of communication which needs to be understood to enable feasible management of fast moving consumer goods. This chapter also includes a discussion of mass communication, communication theories and marketing strategies. Vijayasarathy (2002:47) warns that the information uploaded via the social networks must be effective and easily accessible by the consumers who indulge in online shopping and marketing. He indicates that new social networks can be used as efficient communication tools in the retailing industry, (to enhance life of consumers) if they are strategically implemented.

MASS COMMUNICATION

Mass communication is the process by which a complex organisation, with the aid of one or more groups, transmits public messages that are directed to large, heterogeneous, and scattered audiences. According to Steinberg (2007:20-23) until the advent of the internet and the web, the source in the traditional mass communication situation was typically a group of individuals who acted in predetermined roles in an organisational setting. In other words, mass communication was the end product of more than one person's efforts. Steinberg (2007: 20-23) further states that online marketing and internet based mass communication changed this situation. In the virtual climate (on the internet) one person can become a mass communicator. In this instance, the source usually has little detailed information about its particular audience.

MASS MEDIA IN COMMUNICATION

A 'medium' in communication terminology, is a channel through which a message travels from one source to the receiver. Mass Media are the channels used for mass communication (Pettit, *et al.* 1990). The definition of the mass medium includes not only mechanical devices that transmit

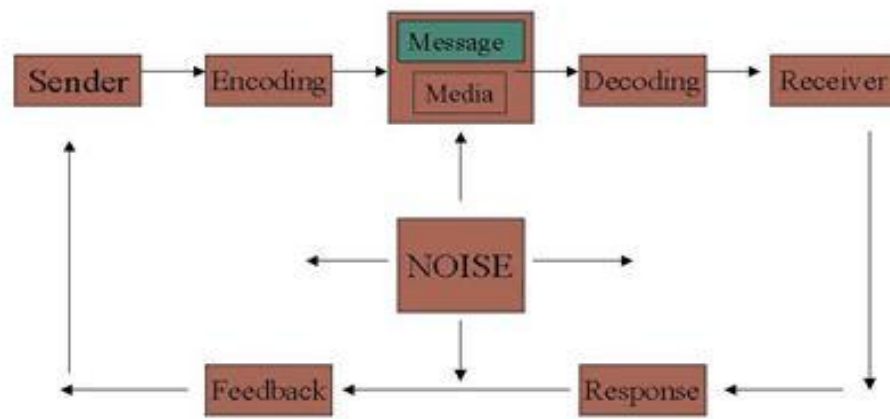
and sometimes store the message but also, television cameras, radio, printing press, cell-phones, but also institutions that use these machines to transmit messages (Pettit, 1990).

CONVERSATION IN COMMUNICATION

The face to face communication in most cases taking place in human beings or human to machines and in the computational systems, exchange of information internally during reflection or externally between organisations. Fauconnier (1975:48) argues that conversation can take place at two levels: at the level of action students or partners may converse about the performance of someone or educational activity, formulate goals to refine and build models to test these goals and understandings of the action, negotiating their way by proposing and prescribing theories. Corrigan (2008:89) states that technology may provide or enrich the environment in which conversations take place and it can provide the tools for collecting the data for building and testing models of communication.

COMMUNICATION IS A TWO-WAY PROCESS

Manktelow (1999) clearly states that the models of communication include a two-way, or interactive, nature of communication. The diagram below indicates how individuals can be both communicators and the recipients. Both individuals participate equally in the exchange of information. This is called interpersonal communication. George (1992:15) elaborates that what counts as data is what has been collected by the eyes, ears, nose, tongue or skin.



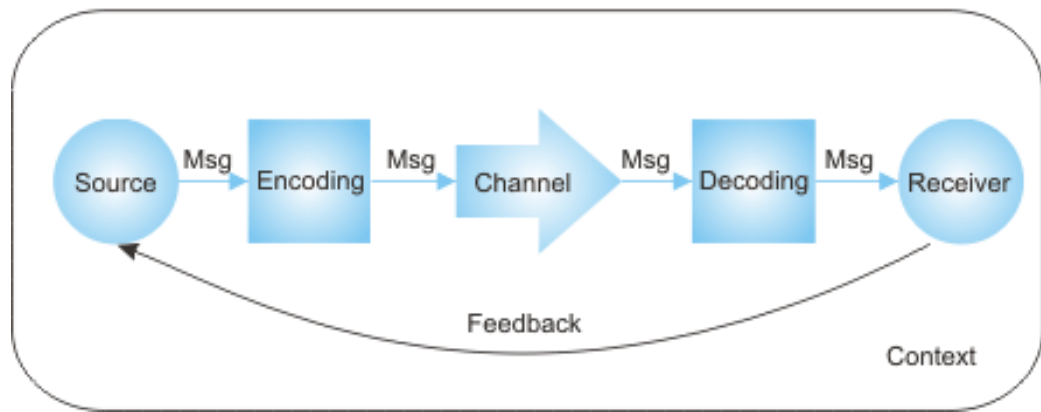
Adapted from Learn Management
Figure 1 : communication process

Hatch (2006:36) states that modernist organisation theorists believe that complete knowledge means understanding how and why organisations function the way they do and how their functioning is influenced by different environmental conditions. These organisations develop ways of diagnosing organisational problems so as to manage communication in more effective and efficient ways that create competitive advantages and greater profits. This can be effectively managed when organisations receive feedback about environmental conditions through an interactive two-way communication process.

THE COMMUNICATION PROCESS

Manktelow (1996) in Figure 2 graphically illustrates the communication process. The communication process is made up of the following:

- SOURCE
- MESSAGE
- MEDIUM
- RECEIVER



Adapted from Mersham and Skinner (1999:9)

Figure 2 : The communication process

Firstly, the communicator (or the source) is the primary originator of the message. The source or communicator may be an individual or several individuals working together, a committee or an organisation.

Secondly, according to Manktelow (1996) the message is the idea and information that the source transmits to the recipient. The messages could comprise of signs and symbols. Encoding a message involves a series of signs and symbols which may include language use to pass the message to the recipient, and a medium to transmit the message.

A channel (medium) is the means by which a message travels from a source to a recipient. The recipient (receiver) would decode the message. The process of decoding is complex because the decoding process is influenced by culture, norms, language values and various distracters. Heil *et al.* (2000:56) state that management communication is a two-way process. This means that management must allow both parties - the management and the subordinates to convey their feelings, ideas, opinions, facts and grievances. Communication is a continuous process of exchange of views and ideas, but it should be both ways, downward and upward.

According to McGregor (2000:44) the communication machinery or process should not only provide the manager with the privilege of communicating orders and directions to the workers to

get the work done towards the achievement of organisational objectives as illustrated by the classical theory of organisational behaviour. The workers also must be given a right to approach the management and communicate their complaints, grievances, opinions, facts, and suggestions, which may be in response to the orders or directions received from the management, or in the interest of the organisation, contributing to the achievement of its objectives (Seeger *et al.* 2003:38).

According to Heil *et al.* (2000:56) two-way traffic is advantageous to both management and workers. Managers, very often, want the subordinates to listen to them and follow their orders and directions. However, managers are not prepared to listen to their subordinates regarding what they think about them and of their suggestions, ideas or directions. They are indifferent about their subordinates' likes and dislikes and how they can contribute to the organisational objectives. Management, in this way, cannot be effective. Without giving subordinates an opportunity to be heard, their feelings would remain suppressed and they may breakdown at any time.

According to McGregor (2002:261) a message can be interpreted by the recipient according to the image of the communicator in the mind of the recipient. If the image is bad, the version of the message may be distorted and interpreted differently. The bad image can be erased through proper communication from the other side, which is possible only when there is two-way communication in the organisation.

McGregor (2002: 261) argues that the creation of organisational systems allowing two way traffic communications to improve the morale of the workers will improve the working of the organisation's standard on the other hand, because management and worker's relations develop in a cordial atmosphere. Thus, two-way communication is necessary for effective management.

IMPORTANCE OF COMMUNICATION IN BUSINESS

According to Mersham and Skinner (1999:10) the topic of FMCG and effective communication has long been debated, and has now reached a point at which practitioners realise that to show true Return on Investment (ROI) one must correlate and align communication to business. ROI is not just about how many press clippings were obtained but also about their equivalent monetary value.

Mersham and Skinner' (1999:10) state that similarly the role of internal communication, which is widely seen as a soft human capital management issue of engaging staff, is possibly more challenging. Only when considering the reality that an organisation's key enablers are its staff and that communication is probably the only tool companies have to share information that shape the perceptions of staff, does the gravity of internal communication reach home.

Zingo (1998:45) argues that there are four stages to the internal communication cycle:

- Create awareness;
- Change perceptions;
- Obtain the buy in;
- Changed attitudes and behaviours.

Creating awareness and changing perceptions dominate corporate communication, and the latter two form part of meaningful employee engagement.

Zingo (1998:45) states that understanding these categories is important for a business to succeed. A company cannot implement a corporate newsletter and determine its success based on measuring levels one and two, which determine content and process. Meaningful internal communication results can only be determined by measuring the impact it has on the organisations' goals.

Zingo (1998:45) further argues that gaining staff approval is not easy. But if the messages are accurate and staff's perceptions are brought in line with business essentials, one will likely experience a culture modification and managers must redefine their roles as the key communicators. Culture modification is an entire rethink of the communication framework, and creates meaningful 'bottom-up' leadership approach.

CORPORATE ENVIRONMENT

At the 2012 Ad Review Awards, a highlight of the advertising calendar, marketing guru Andy Rice shared his insights into the things they do and do not do. An agency should demonstrate an understanding of the fundamentals of communication or advertising, as opposed to showing that they can implement it for a specific environment. Zingo (1998:46) also notes the significance of enquiring for strategic perceptions as opposed to operational strategies.

Zingo (1998:46) advises companies not to become prescriptive. They should ask agencies for their opinions and guidance, acknowledging their experience and vast array of applications. Companies would do well to follow their gut feelings about the effectiveness of solutions offered. They must comprehend the human ability to perceive beyond what is in front of the consumers. It is important for marketing directors and key decision-makers to know the agency environment and its key players, ensuring bigger picture awareness of the environment within which one is operating.

Zingo (1998:46) suggests that companies should exercise caution when hiring an agency. It would not be wise to ask for a creative sample upfront as these could be a fake representation of the reality of their expertise. Probably putting out a tender or calling for an impromptu pitch would generate a better opportunity to enlist the appropriate agency. A pitch or tender is aimed at establishing the competency of an agency and the method or strategic insights they have to do the work. The challenges are to ensure that capable agencies are not overlooked because of procurement and paper work or budgetary constraints.

CHALLENGES OF COMMUNICATION

According to Zingo (1998:47) the initial task of an organisation is to ensure that everyone understands and acknowledges the importance of communication. It should not become a fancy word which is flouted around without meaning and action. It ought to be adopted and initiate visible change. The stereotype that communication does not add value to the bottom line must be eradicated. Corporate intellectual property is often branded a key intangible asset, but very often communication is not given the same standing. In reality, goodwill and brand recognition are significant intangible assets in the marketplace.

According to Zingo (1998:47) using Coca-Cola as an example, the company would not be as successful as it is, if it were not for momentous brand-name recognition. The consumer brand recognition is not a physical asset; its positive effects on bottom-line profits have been proven to be extremely valuable year after year as the brand's strength drives sales.

According to Zingo (1998:47) communication is an asset which is programmed to give direction and instruction to the user about issues which impact on an organisations' success. Aligning staff and engaging them in a meaningful way to a business means the business's return on investment would be higher. This can be proven through payroll as they are likely to release discretionary effort; the company would increase employee retention; improve customer service. The increase in customer retention and increase in brand value because staff are working harder towards a common goal while pleasing the end user would benefit all stakeholders.

MODELS OF COMMUNICATION

In each case, the model is designed to provide a simplified view of a complex object, phenomenon or process, so that fundamental properties or characteristics can be high-lighted and examined. Mersham and Skinner (1999:10) observe that models highlight some features that their designers believe is particularly critical, and there is less focus on other feature. Thus, by

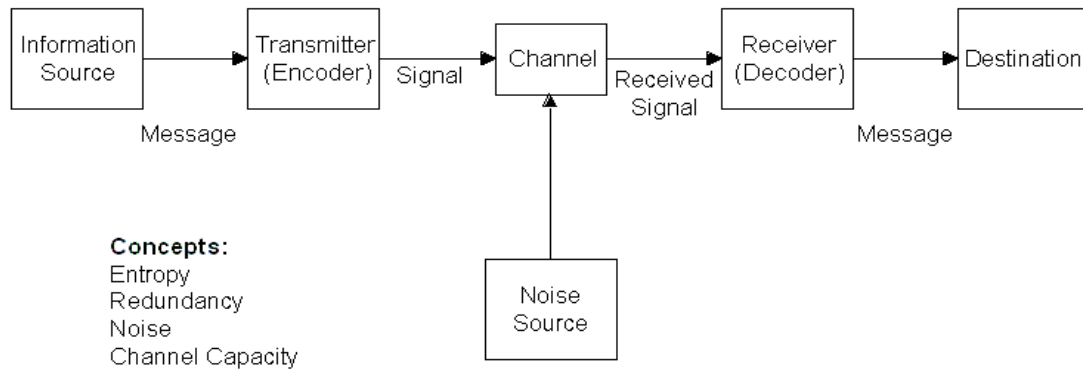
examining models, one learns not only about the object, situation or process but also about the perspective of the designer.

According to Mersham and Skinner (1999:10) the recipient is a person or persons receiving the messages. The communication effects are the changes in the recipient behaviour that occurs as a result of the transmission of a message. Feedback is a response, by the recipient, to the source's message. This communications process confirms that communication has taken place. Negative feedback informs the source that the intended effect of the message was, however, not accomplished. Positive feedback on the other hand informs the source that the intended effect of a message was accomplished.

According to Bernett *et al.* (1998:55) in communication study, models function in this same way, allowing for the simplification of complex dynamics to help scholars and students better understand the components and processes that are involved. As with other models, communication models also provide important insights into the perspectives of the designers.

Welman *et al.* (2009:78) mentions that in the late 1940s, and through the 1950s and 1960s, a number of new communication models advanced. Many of the new models preserved the basic themes of the Aristotelian perspective. Welman *et al.* (2009:78) further state that in 1949, Claude Shannon and Warren Weaver published a model that they called the '*Mathematical Model of Communication*'. Based on their research with telephones and telephonic communication, the model also used boxes and arrows to represent the communication process. However, their view was more complex. They began with the information source box and then, using arrows as the connections, progressed on to boxes for the transmitter, the channel, the receiver, and finally the destination.

The Shannon-Weaver Mathematical Model, 1949



Adapted, from Mersham & Skinner (1999:9)

FIGURE 3. MODELS OF COMMUNICATION

Figure 3 illustrates the Shannon & Weaver model of communication. In the figure the 'Information Source' is the creator of the message and the 'Destination' is the person who receives and decodes the message. It is important to take note of the 'Noise Source' which affects the message as it moves through the 'Channel'. The noise is an important consideration in the communication process because it provides an explanation for distorted messages.

Welman *et al.* (2009:88) further state that 'box and arrow' models of communication emphasises the components of communication, which are:

- A sender, a message
- A receiver and
- The direction of influence.

Where the arrows go from left to right, that is, from a sender to a receiver, the implication is that it is the sender who, through messages or speeches, brings about communication influences on the receiver.

Zingo (1998:48) states that other types of models which have become popular emphasise communication and networks, and the flow of messages among individuals in a group or organisation. Such a model for a hypothetical group is depicted in Mersham and Skinner (1999:42) who further mention that each circle represents an individual, and the arrows denote

messages. Communication models serve to clarify the nature of communication, to provide a guide for research, and to offer a means of displaying research findings. Such models are a tool by which scholars, practitioners, and students can illustrate their thinking about what they consider to be the most important aspects of communication.

MARKETING ON THE INTERNET AND COMMUNICATION

The computer company Dell illustrates one of the best examples of using the internet to do business. Mersham and Skinner (2001:166) state that in South Africa and world-wide, the company is focused on extending the internet component of direct business model dramatically, in the new millennium, planning to derive more than 50% of its total world-wide revenues from net transactions.

COMMUNICATION IN BUSINESS INTELLIGENCE

Mersham and Skinner (2001:167) state that the gathering, management, analysis, and distribution of information about a company, customers and partners provide the knowledge a merchant needs to stay competitive. Information needs to speed up the time it takes to make decisions and separates high-growth business from others. Business intelligence improves corporate performance in any information intensive industry. Companies are able to understand their customers and prospects better, develop and expand customer relationships, bolster customer service, improve the profitability of the product and services, and create valuable new offerings.

Mersham and Skinner (2001:167) advise that merchants, through applications such as target marketing, customer profiling and product or service usage analysis, can begin using customer information as real assets. Marketing and sales are made possible through television sets, cell phones, and personal communicators.

COMMUNICATION IN BUSINESS MARKETING

Mersham and Skinner (1999:206) state that the web allows potential customers to seek out offerings by companies rather than having those companies actively reach out to potential customers. A consumer sits at his computer, searches for the product or service he needs, compares prices, characteristics, technical specifications and may request more information by e-mail. Mersham and Skinner (1999:206) indicate that the web-based model has reversed the traditional message flow of the media model so that the consumers become consumer message marketer.

Mersham and Skinner (1999:206) mentioned that old media pushes messages and new media pulls information on request of the consumer and the marketer. For example, if a consumer is in the market for a new house, he or she might go to the search engine, look up websites run by real state companies, and research the latest deals and prices. Mersham and Skinner (1999:206) further argue that the sale of goods and services via the internet is largely restricted to items that customers do not need to inspect before the purchase, which they can pay for electronically and that can be delivered to the customer's home.

This includes CDs, wine, travel services, electricity power debt clothes shops, groceries from retailers, and so on. Services can be purchased based on research or where administration costs can be trimmed, for example internet banking and purchases of shares, unit trusts, offshore funds and life insurance.

INTEGRATED MARKETING COMMUNICATIONS

Integrated Marketing Communications includes online and offline marketing channels. Online marketing channels include any e-marketing campaigns or programs, from (SEO) pay-per-click, affiliate, email, banner to latest web related channels for Webinar, Blog, Micro-Blogging, Podcast, and Internet TV. According to Kotler (2005:76) however, offline marketing channels are traditional print such as newspapers, magazines, mail order, public relations, industry

relations, billboards, radio, and television. A company develops its integrated marketing communication programme using all the elements of the marketing mix product, price, place, and promotion.

According to Barker and Angelopulo (2009:165-167) integrated marketing communication is integration of all marketing tools, approaches, and resources within a company which maximises impact on the consumer's mind and which results into maximum profit at minimum cost. Generally marketing starts from the Marketing Mix. Promotion is one element of the Marketing Mix. Barker and Angelopulo (2006:165) agree that promotional activities include advertising by using different media, promotion activities as well as personal selling activities. Barker and Angelopulo (2006:165) state that it also includes internet marketing, sponsorship marketing, direct marketing, database marketing and public relations. The integration of all these promotional tools, along with other components of marketing mix, gain edge over competitors and it is called integrated marketing communication. Using '*outside-in*' thinking, Integrated Marketing Communications is a data-driven approach that focuses on identifying consumer insights and developing a strategy with the right online and offline combination channels to forge a stronger brand-consumer relationship. Kotabe (2004) adds that this involves knowing the consumers and understanding how and where they consume different types of media. Regression analysis and customer lifetime values are key data elements in this approach.

MASTER OF CONSULTATIVE SELLING

Barker and Angelopulo (2006:168) maintain that business sales training methods have produced results with consultative selling methods. Consultative selling, sells to the customer's needs, by identifying what the customer is looking for and establishing a dialogue. Barker and Angelopulo (2006:168) further state that consultative selling uses motivational sales training methods to provide each customer with a unique and adaptable experience, by providing customised recommendations. Barker and Angelopulo (2006:168) further state that sales and marketing

training should be based in the actual interaction between the salesperson and customer, Theodore (1983:89) agrees with them that the key is to build rapport and a positive relationship with the customer. One needs to show enthusiasm, ask questions, and try to develop an understanding of the customers' needs. Figure 4 (below) indicates the way entrepreneurship interacts with masters of consultative selling to get guidance in marketing strategies in order to conducting the successful businesses as the arrows showing the transient of the information from the Masters of consultation to the entrepreneurships. Most of the entrepreneurships conduct the research and apply the methods of marketing of how they can run a successful business, by looking at the needs of the people whom they regard as clients.



Adapted, from John Street (1996)

Figure 4: Master of Consultative Selling

The most important step is to offer appropriate solutions for the customer. Barker and Angelopulo (2006:169) further states that by utilising retailer sales team training, retailers will always do their best to provide this level of service to the customer. Barker and Angelopulo (2006:169) observe that the business would go a long way at building an honest relationship with a customer or business. Even if a business cannot meet a customer's need, business people can do a lot for their own business to achieve their sales objectives. Customers would refer others to businesses with this level of service.

EFFECTIVE COMMUNICATIONS ELEMENTS IN MARKETING

According to Charles (2005:57) the goal of selecting the elements of integrated marketing communications is to create a campaign that is effective and consistent across media platforms. Some marketers may only want advertisement with greatest breadth of appeal: the executions when combined provide the greatest number of attention-getting, branded, and motivational moments to the consumers. Others may only want advertisements with the greatest depth of appeal: the advertisements with the greatest number of attention-getting, branded, and motivational points within each client to buy a product (Charles, 2005:57).

Charles (2005:57) states that although integrated marketing communication is more than just an advertising campaign, the bulk of marketing dollars is spent on the creation and distribution of advertisements. Hence, the bulk of the research budget is also spent on these elements of the campaign. Charles (2005:67) agrees with them on that once the key marketing pieces have been tested, the researched elements can then be applied to other contact points. These could include letterhead, packaging, logistics and customer service training.

MARKETING COMMUNICATION

Marketing traditionally has been seen as a transaction, with the marketing elements contributing most directly to this transaction receiving the greatest attention (Angelopulo 2009). According to Barker and Angelopulo (2006:28) the types of communication activity contributing most directly to the conclusion of a marketing transaction have gained precedence. Traditionally, these have been advertising, personal selling, sales promotion, publicity and, arguably, public relation. But in actual fact not all academics and practitioners consider public relations to be part of the marketing mix, but differentiate between the public relations practiced as a corporate function and as a marketing function.

Barker and Angelopulo (2006:28) state that in the last two decades, however, the marketing scenario has changed. Marketing competition has increased and the perception of marketing has

been altered. Individuals that constitute markets have access to far more market information that they had previously. They are less geographically confined in their marketing activity, and the potential for communication between members of the market has increased significantly. Barker and Angelopulo (2006:28) state that there has been a shift in market power towards the customers and away from manufacturers, resulting in a change in the approach to marketing communication that held sway for some time.

ONLINE MARKETING STRATEGY COMMUNICATION

The Public Relations (PR) industry is in a state of flux with increasing importance on getting into the content and social web business. Sanders, (2003:24) states that consumers are spending more time with digital and social media. The retailers continually undertake research to understand the needs of their customers. In order to remain relevant and productive, public relation (PR) agencies and communications professionals, must know the needs of the customer. However, Sanders (2003:24) note that public relation practitioners are increasingly being manipulated by push and pull tactics of management to optimise public approval. Sanders (2003:24) further clarifies that there is a need for public relation practitioners to engage in electronic searches to optimise marketing.

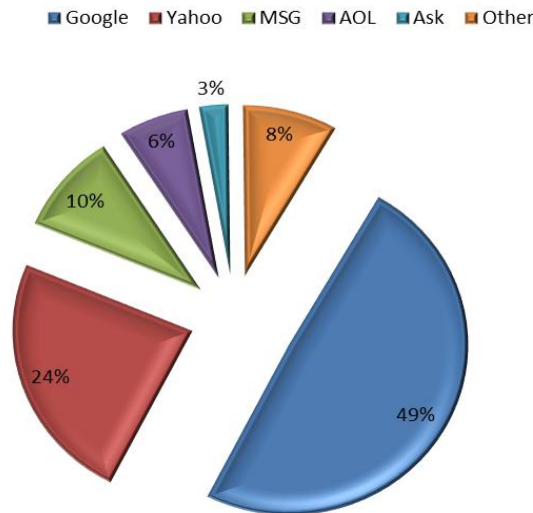
Fish Where the Fish Are

There were over 14 billion core searches; consumers rely on search daily to find news and information. Sanders (2003:24) PR and communications types need to understand the consumer search behaviours and preferences, keywords of their clients as well as the publications they want their clients to be covered by. These can be meaningfully used to understand consumer behaviour and to be effectively used to expand the market.

Journalists Reliance on Search

Sanders (2003:25) further states that 91% of journalists, editors and reporters surveys use standard search engines such as Google, Yahoo or Bing to do their job.

Most Used Search Engines



Source: Nielsen Sullivan (2006)

Figure 5: Google is the most used search engine

Optimising Discoveries

Sanders (2003:25) however, argues that search engine optimisation (SEO) digital asset optimisation, social media optimisation and even micro media optimisation are buzzwords representing opportunities for Media Relations and communications professionals to influence discovery by making it easier for various types of search engines to find, index and rank their content.

Sanders (2003:24) also states that it is important that communications people understand the different search options consumers and the media are using to distribute and consume news. If content can be searched, it can be optimised. This includes everything from press releases to video to tweets.

Search Engine Optimisation

Tully (2002:44) states that search engine optimisation (SEO) is an umbrella term typically concerned with any kind of work that influences any kind of search engine to do what it does best and hopefully in favour of the content being promoted. Most people optimise content for better visibility in Google, Yahoo or Bing when they employ SEO tactics.

Tully (2002:44) argues that it is important to note that many publishers are already using SEO tactics to make their news stories better suited for discovery and ranking on search engines. These efforts have resulted in substantial increases in traffic to online news sites, improving the attractiveness of advertising.

Digital Asset Optimisation

Tully (2002:44) further states that digital asset optimisation (DAO) is a term which 'Top Rank' has used and promoted since 2007. It makes reference to the different types of media search engines such as 'Google'. They have started to display blended or universal search results depending on the query. Search results are no longer limited to web pages and can include images, video thumbnails, news, blogs, books and local information. Optimising for these different types of media involves understanding of what digital assets can be created, keywords optimised and published online for search purposes.

Social Media Optimisation

Tully (2002:44) states that 'Search Engine Optimisation (SEO)' is a successful tool of advertising to a rich mass of customers in a short period of time. While many social networks such as 'Facebook' and 'Linkedin' keep the bulk of their content behind a 'login' and away from search engines, many social interactions produce content that can be indexed and included in such search results. Ariely (2008) however believes that journalists and consumers increasingly participate with social channels to watch, share, contribute and acquire information. If public relations and communications practitioners can understand how to influence 'keyword use' of social content then their news will be easier for analysts, reporters and journalists to find.

Micro-media Optimisation

'Micro media optimisation' is a new term that basically means real time optimisation of status updates and content sources that are indexed and included as real time content by search engines such as 'Google', 'Yahoo' and 'Bing' (Tully, 2002:44). The same micro media content can be

shared and discovered on platform specific search engines such as 'search.twitter.com' and across social networks that provide the opportunity to syndicate such content. 'Google Buzz', 'Facebook' and 'Linked' status updates are also included in this category.

Tully (2002:44) indicates that it is very important for communication professionals to understand the nature of searches and how to match optimisation tactics with channels of discovery. Using keyword searches for both standard searches and social search optimisation of news content along with on-going web analytics and social media monitoring is a useful tool in the search information system.

SMS MARKETING

SMS is the acronym for 'short message services', which involves the delivery of text messages to cell phones. Marketers use SMS as a permission-based, cost-effective, high response-rate marketing tool to help them acquire and retain consumers; as well as to promote and sell products. Barker and Angelopulo (2006:297) further state that databases on the corporate website provide marketers with access to clients' cell phone numbers, but these are also obtained in other ways. E-mail is beneficial in terms of personal, one-on-one marketing, but SMS is even more personal because the marketing message is customised. However, SMS is less intrusive than other media only when it is permission based, relevant and meaningful (Botha *et al.* 2004).

According to Mishler (2007:252) traditional marketing is largely about getting the brand's message out there; eMarketing facilitates conversations between companies and consumers.

EMERGENCY MATTERS

Mishler (2007:255) state that Internet marketing is able to, in ways never before imagined, provide an immediate impact on sales. Traditional media will not be able to cope with the speed of delivering a message which new media is capable of doing. Further, the new media provides

realistic augmented reality of goods and services offered by a company. With this kind of media, it is not easy for consumers, to resist actual acquisition of a product.

Kotabe (2004) states that e-marketing, makes it easy to quickly 'take that step' meaning that effectively internet marketing makes business operate 24 hours, seven days per week for every week of the year. Richmond (2010) further states that by closing the gap between providing information and eliciting a consumer reaction, the consumer's buying cycle is sped up and advertising spending can go much further in creating immediate leads.

DEMOGRAPHICS AND TARGETING

Kotabe (2004:45) states that marketers find the Internet to be a fantastic marketing tool because of vast coverage. The internet is ideally positioned because it is mainly used by the middle class who have the buying power. The nature of the Internet is such that its users will tend to organise themselves into far more focused groupings. Kotabe (2004:45) further states that marketing messages are most effective when they are presented directly to audiences who are most likely to be interested in the buying the product. The Internet creates the perfect environment for niche marketing to targeted groups of customers.

COMMUNICATION BY OBJECTIVES

According to Charles (2005:78-80) an organisation needs to apply appropriate communication techniques to capture consumer's interest about certain products, for example: hosting awareness campaigns to generate interest in particular products. Charles (2005:78) further states that it is somewhat difficult to shape cultural and individual mind set to be more interested in selling product.

Kotabe (2004:45) supports this view by claiming that behaviour is moulded by the way we interact or observe members of a society. In this way much of what we do is shared behaviour, passed along from one member of society to another.

Communications Strategy

Kotabe (2004:45) states that the foundation for creating a message that works is to develop a good communications strategy. It is a tool for focusing your message on benefits versus facts. It addresses five key parameters: Objective, Target, Message, Support and Tone.

Competitive Analysis

According to Kotabe (2004:46-49) competitive analysis is the stage where the retailers see the competition through their customers' eyes, and objectively assess the competition's strengths and weaknesses, drawing implications for their organisation's further growth.

THE EXCLUSION OF POOR COMMUNITIES

The exclusion of poor communities in financing arrangements is a common phenomenon. According to Lwiza and Nwankwo (2002) throughout Africa, the urban elite, and the more affluent and large businesses have tended to dominate most shares of financial resources from commercial banks. Exclusive financial service delivery has been justified on the grounds that it is costly to service the poor communities. Information Communication and Technology (ICT) offers a source of hope to improve their access to finance at the lowest possible cost. Improving the flow of financial capital to the poor has both a political and financial appeal; particularly as it helps in building a more inclusive and socially cohesive economy of the country (Boone 2004).

According to Singh and Craclenell (2004), extending these technologies to historically disadvantaged poor communities has improved their lives. An earlier study confirmed that ICTs are powerful instruments for empowerment, income generation and poverty alleviation (Kenny, 2002). In this vein, the growing importance of subsidies in fighting poverty has introduced a new dimension to the role that ICT could play in facilitating financial assistance to poor communities in South Africa.

The full potential of ICT as a catalyst for extending financial services to the poor in South Africa remains unknown. Therefore, given the foregoing, and the fact that the previously excluded poor

communities constitute an untapped growth market, understanding the potential uses of ICT based financial services and their diffusion, especially among the relatively poor communities in South Africa is important to improve people's life, save money and avoid travelling.

PROJECT MANAGEMENT

De Beer (2002:58) states that the ability of planning, organising and managing business resources successfully, completes a project or program's goals and objectives. Every project or program is managed by the principles of project management. A Project Manager will be assigned for the entire lifespan of that program or project, no matter the size or intensity. According to Barker and Angelopulo (2006:298) the Project Manager (PM) must have the skills and knowledge to ensure that everything is done in the set timeline of the project and therefore the PM uses appropriate tracking tools according to the Project Manager's Book of Knowledge (PMBOK) to ensure successful completion.

Barker and Angelopulo (2006:298) state that a good Project Manager will, first and foremost, have first-rate communication skills and ensures that people understand each other in business. De Beer (2002:58) agrees with them that the importance of communication in a project is huge. Careful communication planning and setting the right expectations with all the project stakeholders is extremely important. According to Charles (2005:78-80) face to face initial communication within the project team to establish the team dynamics and learning the customer's expectations are the keys to success when starting a project or running a business. Good relations with the people on the project will ensure that good communication take place. There are two types of project communication that require planning.

Regular or Ongoing Communication

Du Toit (2010:548-549) examined that regular or on-going, communications include those opportunities business people have to communicate with their project team members, sponsors,

steering committee members, and other key stakeholders on a regular basis. Du Toit (2010:548-549) further states that these types of communication could include regular status business reports, scheduled project team meetings, monthly updates with the steering committee, regularly-scheduled and everyday updates on a project. Businesses need to use their stakeholder analysis to develop these routine and on-going communications, for the project and review this plan at regular intervals or quarterly intervals to ensure that they are adequately communicating to those stakeholders who are closest to the project (Daniel 2008:46).

Event Driven Communications

Barker and Angelopulo (2006:298) agree that during the life of any project, opportunities arise for one-time or event-driven communications. Business people need to work with their relevant project team to identify those opportunities. This plan could include critical issues, sessions, vendor meetings, training, and roll-out schedules.

CONCLUSION

This chapter included the importance of communication and FMCG initiatives as key marketing strategies. The researcher has also described various social problems that communities experience with fast moving consumer goods (FMCG). The next chapter explores how innovative marketing strategies in the FMCG industry can assist in overcoming some national marketing and advertising problems.

Chapter 3

MARKETING STRATEGY

INTRODUCTION

This chapter introduces the dynamics of marketing strategies within a communicating context. The purpose of this chapter is to explain how and why good marketing strategies can play a pivotal role in satisfying customer needs. It especially relates to how well designed marketing strategies could positively impact rural communities. It assists in understanding strategies which can be employed to improve the services associated with fast moving consumer goods (FMCG) to rural areas.

STRATEGIC MARKETING PLANNING

Barker and Angelopulo (2006:298) state that in the business sector every chief executive officer (CEO) and marketing executive periodically faces urgent strategic marketing challenges that can affect the future of the business sector for many years. Making spur of the moment strategic decisions reduces the likelihood that these decisions are the best.

Du Toit (2010:548-549) agrees with them that better approach is to perform an annual comprehensive review of markets and opportunities, then make long term strategic decisions without the distractions of day to day marketing and sales activities. Daily decisions then fit into the company's overall strategic marketing goals. Du Toit (2010:548-549) further states that it is important for a strategic marketing planning process to look at the company from the customer's point of view by asking questions that have a long time horizon, such as:

- Which FMCG customer market segments are attracted to our company or products?
- Which FMCG customer motivations or values lead people to decide to purchase our products?

- What FMCG changes or trends in our customer base are affecting their general interest or attraction to products like ours?

STRATEGIC AND TACTICAL MARKETING PLANS

A strategic marketing plan differs from a tactical marketing communication plan. Du Toit (2010:548-549) states that the key difference is the focus on merging overall customer situations with retailers or business overall company direction. For business to business marketers, this means combining '*industry sector segmentation*' and '*product use*' with other factors related to purchase decisions. These include the '*purchase criteria*' and '*decision motivations*' that affect large, enterprise size purchases.

For example, the trend toward increased use of outsourcing to both domestic and global vendors creates markets for those suppliers. However, those vendors need to have a strategic marketing vision in order to timeously predict how these new markets would perform in order to take advantage of any emerging opportunities.

Mishler (2007:83) agrees with them by asserting that, for consumer marketers, this means using geographic and demographic segmentation, as well as psychographic segmentation to their advantage. This would include regular assessments of values, attitudes, lifestyles, and product usage motivations. For example, the aging population bubble creates a general increase in demand for a wide range of products. It also creates market niches that are large enough to make product development and marketing worthwhile.

The same methods can also reduce demand for other products. These long term shifts in markets are frequently misinterpreted as short-term competitive pressures or fluctuations in the economy. Cole *et al.* (1998:83) agrees with them that instead of increasing advertising or sales efforts, it might be better to abandon a declining market. Without a strategic marketing plan a company could waste resources or miss an opportunity.

Cole *et al.* (1998:83) further raises the question of missing an opportunity. It is impossible to know when an opportunity is missed, but years later it will become clear when a competitor opens a new factory or enters a new market and their revenue shows a noticeable growth. Cole *et al.* (1998:83) agrees that the annual cost of a strategic marketing plan review is miniscule compared to the revenue, market share, and profitability it can generate.

MARKET SEGMENT

According to Johnson (2009:79) the purpose of segmenting a market is to allow the marketing sales program to focus on the subset of prospects that are most likely to enhance business offering. This will help to insure that the return on marketing sales expenditures will be maximised. Depending on whether you are selling your offering to individual consumers or a business, there are definite differences in what you will consider when defining market segments. Social Esteem or Pleasure (as retail offerings) satisfies a purely emotional need in the consumer. Examples of functional retail offerings meet a functional requirement of the consumer such as a broom, breakfast cereal or lawnmower. These functional requirements may be categorised as: *Geographic, Demographic, Psychographic* or *Behavioural*.

PROFILE MARKET SEGMENTS AND SWOT ANALYSIS

According to Johnson (2009:79) the problem with market segmentation in the past, was that it was time consuming and too expensive to discover enough about clients' needs. It involved advertising in the media to target markets to improve current sales and expand the market segment. The segmental process changes that. It uses matrices to visually separate market segments and to easily show target market characteristics that are repeated across segments. These characteristics provide the best appeals for a target market. Market segmentation utilises secondary research about different market segments and combines all relevant segments into a profile for the target market.

DEVELOPMENT IN ONLINE MARKETING REVENUE POTENTIAL

The 'Revenue Potential Planning Tool' is a breath of fresh air for senior marketers who have struggled for years to fit online marketing strategies against targets and pin them down in budgets and forecasts. Barker and Angelopulo (2006:299) agree that online activity, which is broken down into bite sized chunks, makes it simple to identify the most lucrative wins to go after first. This gives the retailer total financial control and guarantees that the seller will hit all the targets. The 'Revenue Potential Planning Tool' is the first market research perspective that gives a clear insight into implementing feasible and sustainable market share potential, profitability potential, product line extension, and mass marketing, targeted marketing direct or indirect sales.

THE STRATEGIC MARKETING PLAN

Mishler (2007) states that after analysing the market segments, customer interests, and the purchase process, it is time to create the strategic marketing plan. According to Baker and Angelopulo (2009:299) the strategic marketing plan document usually includes: Situational analysis (i.e. the current position of the company) market characteristics, key success factors, competition, product comparisons, technology considerations, legal environment, social problems, environment problems, opportunities and marketing objectives. Management must spearhead and focus their eyes on new marketing skills if they want to take their organisations to newer heights of achievements. The company should engage in product profiling and target market marketing strategies in order to optimise profits together with satisfying customer needs (Davenport 1993).

HOW TO USE A STRATEGIC MARKETING PLAN

Mishler (2007) states that once a company's executive team has approved the strategic marketing plan it is time to take the next step where the business can create the tactical marketing programs and projects needed to implement the plan. These tactical programs usually

include product development plans, marketing communications plans, sales development plans and customer service plans.

BENEFITING FROM A STRATEGIC MARKETING PLAN

Mishler (2007) believes that the top-down process of developing a strategic marketing plan helps insure that all tactical marketing programs support the company's goals and objectives, as well as convey a consistent message to customers. Mishler (2007) further states that this approach improves company efficiency in all areas, which helps improve revenue and market share growth, and minimizes expenses all of which lead to higher profitability.

BUSINESS DEVELOPMENT

Mishler (2007) infers that a strategic marketing experience can help companies implement traditional face to face marketing, online marketing and sales programmes such as exhibitions. This brings a valuable perspective to developing strategic marketing plans and programs which can be easily accessible to the consumers. Mishler (2007) further implies that a strategic planning team, or senior management, should assist throughout the entire strategic marketing plan process. This could include road show promotions, advertising in the media and social media communication to a large number of customers.

The strategic marketing experience would assist in:

- Identifying customer attitudes toward the business
- Identifying the business product category, and their competition
- Evaluating the attractiveness of potential target markets
- Determining the competitive strengths and weaknesses of the business
- Developing marketing communications and sales development strategies for each target market
- Designing matrices to measure performance

ETHICAL AND MORALITY CONSIDERATIONS

Du Toit. (2010:353) observes that other dimensions of social responsibility hinge on the authority of legislation under which the business operates. Should the business act irresponsibly (or fail to abide by the laws of the land) reaction in terms of punitive legislation (or even prosecution) this could result in it losing its business operation permit. Du Toit. (2010:353) further states that if a business had to disregard the norms of society, consumer resistance could result, thereby harming the primary objective of the business.

Du Toit. (2010:353) mentions that in terms of Corporate Social Investment (CSI) application norms, social responsibility projects must have a certain marketing benefits for the sponsor. Usually top management must decide on the merits of alternative projects, but is the responsibility of marketing management to initiate projects, because of management's close relationship with the public and its ability to evaluate projects in terms of marketing benefits. A sponsorship must be supported by marketing management to ensure a large audience.

Du Toit. (2010:353) agrees that a sponsored event must also be well organised and managed, which usually requires the help of the public relations department. An imaginative and successful social responsibility project may mean publicity value for the business enterprise. Such projects are newsworthy and coverage in the mass media such as the newspaper, radio and television is ensured. Du Toit (2010:354) states that in sporting events, players usually display the name of the sponsors on equipment and clothing, while the sporting event itself offers opportunities to display brand names and marketing messages on billboards and flags as well.

Du Toit. (2010:328) states that Marketing Management should ensure that they have disaster management plans in place in order to protect the company from any harm caused by accidents and operational disasters. A case in point is the trouble taken to ensure that containers of harmful substances cannot easily be opened by children. Du Toit. (2010:328) further states that,

offensive advertisements may provoke consumer resilience towards product sales. Consumers may decide to avoid the product in future. This may easily cause business to lose credibility, profit, trust, and consumers.

E-COMMERCE IN FMCG

According to West and Gaughn (2000:2) e-commerce embraces all aspects of buying and selling products and services over a network, such as the internet. E-commerce can take many forms, for instance cybermalls or email marketing. Cybermalls are virtual marketplaces that consist of individual websites linked under a general site. Two kinds of cybermalls exist. The vertical cybermall consists of Cyber stores which all sell the same type of product and the horizontal cybermalls are composed of, for example, a bookstore and a jewellery store, which is a store that sells different kinds of products. Bickerton *et al.* (2000) regards the three most important motivators for the online shopping to be:

- Saving money and time
- No travelling
- Wider choice of products for the customer.

However, Brassington (2000)) believes that there will be problems in terms of online security and completion of transactions which continue to make numerous users wary of using the internet for their purchases. In order to attract customers to their websites, organisations use promotional tactics, such as free product sample, contests, quizzes, coupons and special time-restricted offers. Botha *et al.* (2004) predict that e-commerce will become a booming industry in South Africa; organisations nonetheless need to learn more about how to take advantage of their websites commercially. Baker and Angelopulo (2009:295) agree that the more established online retailers such as 'kalahari.net', the 'Shopping Matrix', 'Netflorist', 'Cybercellar', 'Digital Mall', 'Megashopper' and 'Pick n' Pay' continue to perform well.

E-MAIL MARKETING IN COMMUNICATION

Marketers are increasingly using e-mail, though this form of marketing may alienate potential customers if the e-mail is unsolicited. Barker and Angelopulo (2006:297) further state that the recipients prefer to have the choice of subscribing to a particular mailing list. Organisations should obtain permission to send marketing e-mail messages, especially in the light of new-e-mail software developments. According to Barker and Angelopulo (2006:297) the latest versions of popular e-mail software have a *report spam feature* that blacklists the source of unwanted commercial e-mail messages.

According to Barker and Angelopulo (2006:297) spam e-mail is considered to be one of the most significant threats to the future of online marketing, and as result, the marketing federation of South Africa (MFSA) released a set of landmark guidelines which are designed to combat spam email and boost legitimate email marketing.

INTERNATIONAL MARKETING

Theodore (1983:89) states that if the exporting departments are becoming successful but the costs of doing business from headquarters plus time differences, language barriers, and cultural ignorance are hindering the company's competitiveness in the foreign market, then offices could be built in the foreign countries. Sometimes companies buy firms in the foreign countries to take advantage of online business opportunities. Normally, in this case, relationships, storefronts, factories, and personnel are already in place. Theodore (1983:34) agrees that these offices still report to headquarters in the home market but most of the marketing mix decisions are made in the individual countries since that staff is the most knowledgeable about the target markets. Local product development is based on the needs of local customers. These marketers are considered *polycentric* because they acknowledge that each market or country has different needs.

MULTINATIONAL MARKETING

De Beer (2002:80) states that in the multi-national stage, the company markets its products and services in many countries around the world and benefits from larger economies. He further states that amalgamation of research, product development, and marketing on a regional level is the next level of action. De Beer (2002:79) states that within a multi-national stage, consolidation and product planning does not take place across regions but across nations. It should also be noted that most companies that self-describe their organisation as multinational may not really be entirely multinational.

The definition of the multinational corporation itself is somewhat suspect. Simply calling company a multinational corporation is not enough. Theodore (1983) agrees with them that a company must make adjustments to the manner it perceives its role within the international market place in order to reap the rewards of the multinational environment. Essentially there are three responses or behaviours that the multinational corporation can use in the international market place.

Kotabe (2004) describes these three orientations of a multinational corporation as ethnocentric, polycentric, and geocentric,

- In ethnocentric company the culture of the home country pervades within the organisation.
- An the polycentric organisation the host country begins to play more of a role but the company still treats each individual country unit as a somewhat disparate group with only a very small information flow back to headquarters.
- In the most mature stage of multinational development, geocentric, the company has truly started to act globally.

According to Charles (2005:23) companies who are operating at the multinational stage of development can now begin to reap the benefits of the multinational economy. The somewhat parasitic nature of the previous types of multinational system is replaced with the *give and take*

behaviour of international relationships that involve the all-important *two way communications* flow.

CONCLUSION

This chapter has explored the role of strategic marketing relationship with the communications sector of daily human needs. The main focus is to swiftly change the focus of the business, that is, to take the business of fast moving customer goods to the doorstep of rural customers. The next chapter focuses on the operation of fast moving consumer goods in all target areas, particularly in rural areas. It also examines new applications of FMCG marketing strategies. These include marketing and advertising on social networks which have been recommended as a successful tool to communicate with all customers easily within a short period of time.

Chapter 4

FAST MOVING CONSUMER GOODS

INTRODUCTION

This chapter focuses on how effective or ineffective the FMCG industry is in terms of communication models in human behaviour and marketing strategies. The Fast Moving Consumer Goods (FMCG) industry advertises its products to diverse customers and covers all levels of life styles. This industry normally gains consumer confidence and trust by promoting a particular product in major (or well know) shops/supermarkets.

Fast moving customer goods (FMCG) refers to retail goods which are generally replaced or fully used up over a short period of time. This contrasts with durable goods or major appliances such as kitchen appliances, which are generally replaced over a period of several years (Hiam, 2004:30). Hiam (2004:30) states that FMCG products, thus have short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. Some FMCG products such as meat, fruits and vegetables, dairy products and baked goods are highly perishable. Other goods such as alcohol, toiletries, pre-packaged foods, soft drinks and cleaning products have high turnover rates.

FAST MOVING CONSUMER GOODS

Doyle (2002:164) states that Fast Moving Consumer Goods (FMCG) are products that are sold quickly at a relatively low cost. Though the absolute profit made on FMCG products is relatively small, they generally sell in large quantities, so the cumulative profit on such products can be large. Examples of fast moving consumer goods are: milk, bread, toothpaste and soap.

THE MARKETING CONCEPT

Du Toit *et al.* (2010) observe that a good marketing concept (marketing strategy) would appropriately direct all marketing decisions about products, distribution methods, marketing

communications and price determination. The evolution in marketing has led to the development of the following four principles (ethical codes) known as the *marketing concept*, namely:

- Profitability
- Consumer orientation
- Social responsibility
- Organisational integration.

Beside the responsibility towards the consumers of its products, marketing management also has a responsibility to its target community (where it undertakes marketing). Du Toit. (2010:328) states that businesses often discharge their responsibility by spending money on projects to create stable economic, social and political affiliations. Responsibility in this regard enhances the corporate image in the eyes of employees, consumers and the general public. It has long-term dimensions that may have a positive influence on the profit position in future. Sporting events and educational institutions such as schools are also often sponsored by large business, such as 'Pick n Pay'.

INTEGRATED MARKETING STRATEGY

Cronje *et al.* (1997:216) believes that healthy competition stimulates the demand for products. Increased demand naturally affects profits. Marketing management's objective is to sustain the profitable phase of the life cycle for as long as possible. This can be done by constantly modifying the integrated marketing strategy, which incorporates:

Objective

To create demand: A demand for the product has to be created in the first place, because at this stage consumers are not aware of such a new product.

Target market

The target market consists of consumers who are adventurous, and prepared to try out new things and run risks, because the new product may possibly be great failure.

Product decisions

The product decisions taken during product development are implemented.

Distribution decisions

These involve exclusive or selective market coverage. Only a few shops will be prepared to allocate shelf space to the new product.

Price decisions

A high initial price is fixed, since a new product innovation usually has a certain degree of prestige value.

FMCG AS THE MOST STABLE INDUSTRY

The FMCG industry has now started discussing the career benefits that this particular industry offers to those who are interested in pursuing career in the FMCG industry. Rabuck and Rosenberg (1997:170) argue that there is an abundance of options available in the FMCG industry, if candidates enter as graduates. A powerful educational qualification is definitely an added benefit for entry into this industry. Also, when the issue boils down to the skills required for this particular sector, fast moving consumer goods industries confess that the industry requires a mammoth amount of marketable awareness and one must definitely have the proficiency of pursuing a career as a team player. Rosenberg and Rabuck (1997:170) however, maintain that first-class numerical skills, management and organisational skills are all indispensable for a triumphant career in this remarkable industry.

Hyman (1999) points out that, fundamental skills for the industry will also rely upon the type of position FMCG industries want to practice, some of which include finance, Human Resource (HR), Public Relation (PR), communication aspects and marketing. There are loads of profitable reasons why an individual should pursue a career in the FMCG industry and the first and foremost being job security. According to Peak and Glensor (1996:69-71) Fast Moving Consumer Goods industry has always remained stable; even during economic recessions. The

FMCG industry has not experienced any serious difficulties from mass layoffs, each time the global economy experiences a down time. For example, it is worth agreeing that an individual can anytime drop the plan of buying a new car but definitely not the dinner for the day.

COMPETITIVE MARKET

Peak and Glensor (1996:69-71) outline that the dynamics that made the FMCG industry a highly aggressive one. These include:

- Near to the ground (low) operational expenditure,
- Firm distribution networks and
- Materialization of latest FMCG companies.

The intensification of the world's population is an additional accountable factor for the massive success of this fastidious industry.

According to Peak and Glensor (1996:69-71) few of the most renowned and internationally acclaimed FMCG companies all over the globe are 'Pepsi', 'Coco-Cola', 'Procter and Gamble', 'Nestle', and similar. Not only does it make available the essential goods for everyday sustenance, but the FMCG industry has also produced fabulous work openings and careers. It is an unwavering, speckled, and highly money-making industry, and the careers it makes available range from sales, marketing, human resource management (HR) supply chain, finance operations, development, trouble shooting and many more.

Cameron and Stone (1995:8) state that it is clearly shown that there has been drastic growth in their recruitment rate year after year. Peak and Glensor (1996:72) however, argue that working personnel within FMCG manufacturing industries in United Kingdom (UK) accounts for fifteen percentage of the total workforce in the United Kingdom. Also, when we discuss sales aspects in the FMCG industry in United Kingdom, it accounted for £15.5 billion in 2001, and this amount is spent on non-food products and nothing else, in grocery retail sectors. Peak and Glensor

(1996: 72) further state that, in the same year, the non-food (FMCG) products, in the United Kingdom, reached the sky scraping levels of £115 billion in sales. When sectors such as food, beverages and pharmaceutical are included, the productivity registered by Fast Moving Consumer Goods industry accounted for twenty percentage of the UK's Gross Domestic Product.

ELEMENTS OF THE GLOBAL MARKETING MIX

Barker and Angelopulo (2006:298) state that the Four P's of marketing: product, price, placement, and promotion are the most important issues which requires attention for companies to become global companies. Ultimately, at the global marketing level, a company trying to speak with one voice is faced with many challenges when creating a worldwide marketing plan. They further state that unless a company holds the same position against its competition in all market sectors, it is impossible to launch identical marketing plans worldwide.

IDENTITY OF TARGET CUSTOMERS

There are few things worse in sales than to be trying to sell something to the wrong person. Barker and Angelopulo (2006:298) state that, it can be perfect for someone's needs; however, not everyone will fit into this category. To market and prospect to customers who are not in this category, or do not display a certain need, would drastically undermine the efficiency of the company's sales attempts.

De Beer (2002:60) states that business sales training lessons stress the importance of identifying consumers' needs. Identify what retailers are selling, what the product is about, including who it will most likely assist, what need it remedies, and if it may be marketed out of the consumer's region are important factors to consider. De Beer (2002: 60) believes that business sales is about knowing the product and who are its target customers rather than the actual sales process.

The two most important categories in this identification process are the target customer category and the target location. Barker and Angelopulo (2006:298) further state that sales

training informs one of the importance of knowing much deeper specifics regarding one's customers. Sales training also stresses how your products and services may interact with potential customers.

Product

Chris (2009) states that a global company is one that can create a single product and only have to tweak a few elements for different markets. For example, Coca-Cola uses two formulas, one with sugar, and another with corn syrup for all markets. Barker and Angelopulo (2006:298) point out that the product packaging in every country incorporates the contour bottle design and the dynamic ribbon in some way, shapes, or form. However, the bottle or can also include the country's native language and is the same size as other beverage bottles or cans in that country. Every marketer begins with at least a basic concept of a product or service that will be attractive to a certain number of consumers. The organisation should therefore adopt a product market strategy.

Price

Barker and Angelopulo (2006:139) state that *price* will always vary from market to market. Price is affected by many variables. These include: cost of product development (produced locally or imported), cost of ingredients, cost of delivery (transportation tariffs) and much more. Price is the total value assigned to the product by the seller and the buyer. According to Barker and Angelopulo (2006:139) the products position in relation to the competition influences the ultimate profit margin. Whether this product is considered the high-end (expensive choice), the economical (low-cost choice) or something in-between helps determine the price point. They argue that pricing decisions are pivotal in the marketing strategy; the price of a product should always be related to the achievement of corporate and marketing objectives, and needs to be established in relation to factors such as the product life cycle, the requirements of the total product portfolio as well as sales and market share objectives.

Place Distribution

According to Barker and Angelopulo (2006:140) the place or distribution channel, is the marketing mechanism used to present, deliver and service the product for the customer. Moreover when a product is distributed it is also a country-by-country decision which is influenced by how the competition is offered to the target market. Distribution is the process of ensuring the market's product offering as it made available to the targeted consumers in the right places at the right time, in the right quantities, in a good condition, as well as at the right competitive cost. Using Coca-Cola as an example, not all cultures use vending machines. In the United States, beverages are sold by the pallet via warehouse stores to the retailers. According to Charles (2009) this is not an option; placement decisions must also consider the product's position in the market place.

Promotion

Barker and Angelopulo (2006:140) mention that promotion or marketing requires communication as a component of the marketing mix. This process is used to inform and persuade the target audience to buy or use an organisation's product(s). Promotion is an important element in the marketing mix which communicates the key messages to target audiences. According to De Beer Groenewald and Venter (2002:60) after product research, development and creation, promotion, specifically advertising is generally the largest line item in a global company's marketing budget. At this stage of a company's development, integrated marketing is the goal. Chris (2009) however, further states that the global corporation seeks to reduce costs, minimise redundancies in personnel and work, maximise speed of implementation, and to speak with one voice.

De Beer (2002:60) states that the effective global advertising techniques do exist. The key is testing advertising ideas using a marketing research system proven to provide results that can be compared across countries. Kotabe (2001:51) agrees with them that the ability to identify which

elements or moments of an advert are contributing to that success is how economies of scale are maximized. According to Barker and Angelopulo (2006:140) market research measures such marketing it is essential to establish which elements of the promotional mix will work for the product offered and target market, and then to enhance the performance of the appropriate elements by integrating them into a cohesive marketing communication strategy.

Marketing and the Consumer

Hall (2009) states that the nature of the internet (within a business), describes the global nature of the business. While traditional media costs limit this kind of reach to huge multinationals, e-marketing opens up new avenues for smaller businesses, on a much smaller budget, to access potential consumers from all over the world.

Class of Customers

Barnard and Ehrenberg (1997:21) state that a variation in selling terms may also exist because of customer differences. Customers can be classified in numerous categories. Customers who make small purchases are frequently allowed shorter re-payment periods than the standard re-payment periods for the trade. They further state that on the other hand, buyers who purchase in bulk, represent an important portion of the supplier's total sales volume may be given longer re-payment periods.

A related factor is the customer's ability to perform important marketing functions for the supplier. For example, according to Henry (1993) customers, who buy in large quantities (wholesalers), get better prices and terms of payment than retailers. It should be emphasised that, however different the terms of sale for various customers are, it must be justified on the basis of cost savings for the seller. According to Barnard and Ehrenberg (1997:22) the competition act is a federal law that prohibits price discrimination which restricts competition or promotes monopolies.

Selling Competition

Barnard and Ehrenberg (1997:22) agree that competition often has the strongest influence on selling terms. Sellers frequently modify customary terms of sale to meet the actions of their competitors. Owing to this, they grant extra dating, or seasonal dating, designed to delay the buyer's payment date. Certain customers, because of the competitive pressures they are able to exert, may also be granted terms of MOM (middle of month) or EOM (end of month).

Barnard and Ehrenberg (1997:22) further look at competition frequently causing a departure from the originally policy. A business or firm may offer more attractive terms, resulting in the more lenient terms generally become becoming standard trade practice. When this happens, terms of sale are no longer effective in stimulating sales, and the entire trade may find itself following unsound practices without any firm deriving special benefit.

Economic Conditions

Business activity is influenced by economic conditions, and hence some business practices are modified according to the business cycle. Barnard and Ehrenberg (1997:23) state that firms or businesses tend to adjust selling terms in periods of prosperity or during recessions. Probably the ideal adjustment to cyclical changes is to tighten terms during prosperity and to liberalise them during recessions. Barnard and Ehrenberg (1997:23) found that unfortunately credit managers often tighten credit terms during the recessions as the general mood is pessimistic. As sales fall off during recessions, however, some customers simply take longer to pay and collection activities become more important. They observed that during periods of prosperity, credit managers are often swept along by the optimism incorporated in the economic peaks, until the business cycle turns down again and accounts include many financially weak customers.

Attitude of Credit Managers

Barnard and Ehrenberg (1997:24) have examined how credit managers can influence selling terms. Their degree of influence, however, depends on their position in a company relative to

other policy-making positions, and the relationships they have with other selling departments. Barnard and Ehrenberg (1997:24) further state that if credit managers consider it their sole responsibility to eliminate bad debt losses, and if they impose this attitude throughout a company, the seller may unduly shorten the credit terms. Likewise a credit manager may be too lenient by offering too much credit and liberal terms of sale for too many customers.

Scope of Marketing

Chris (2009) observes that internet marketing allows the marketer to reach consumers in various ways and enables them to offer a wide range of products and services. eMarketing includes, among other things, information management, public relations, customer service and sales. With the range of new technologies becoming available all the time, this scope can only grow (Bell, Davies and Howard, 1997).

CROSSROADS OF RAPID ECONOMY

A report on the fast-moving consumer goods industry states that retailing industry stands at the cross roads crossroads of rapid economic growth estimated at 4.0% per annum in 2004, and structural changes arise from new acquisitions. Kenny (2002:141) agrees that the mergers, electronic communication technology (ECT) innovations, and a proliferation of new regulations will alter the strategic direction of the industry and unleash new opportunities to serve disadvantaged communities that have not received such services. Electronic communication technology is a powerful instrument for empowerment, income generation and poverty alleviation.

According to Kenny (2002:142) the growing importance of remittances in fighting poverty has introduced a new dimension to the role that electronic communication technology could play in facilitating financial transfers to poor communities in South Africa. The full potential of electronic communication technology as a catalyst for extending financial services to the poor in South Africa remains unknown. Daniel, Paul and Tversky (1982) therefore, argue that given the

foregoing, and the fact that the previously excluded poor communities constitute an untapped growth market, it is important to understand the potential uses of electronic communication technology based technology-based financial services and their diffusion, especially among the relatively poor communities in South Africa. (Kenny, 2002).

MARKETING OBJECTIVES FOR FMCG

Glazer (2005:7) observes that the short term short-term objectives of this sector in 2010 demonstrate a deepened continued focus on cost and waste reduction, continuing the theme of survival from last year. There is also a marked increase in alignment of the supply chain with the business as a top priority. Kate and Plowden (2006) mentions that marketing objectives are derived from an environmental analysis of the industry into elements such as structure, competitors, opportunities, threats, size, attractiveness, customer behaviour, positioning of products services and target market identification; and internal resource analysis into elements such as weakness, vulnerabilities, strengths and competitive advantage. The strategic guidelines from top management are also part of the process as well as the marketing opportunities. As elaborated by Glazer (2005) in the retail sector the top five plans in advertising and marketing are:

- Aligning the supply chain with the business strategy
- Optimizing the distribution network
- Lowering procurement costs
- Improving inventory deployment across the supply chain
- Optimizing warehousing

RETAIL CHALLENGES IN CONSUMABLE MARKET

Peak and Glensor (2006) observe that good sales promotions are often integrated with some type of loyalty program programme, and contribute to enhancing customer retention. This is always the challenge of a sales promotion based on the top five retail strategies for rendering better service to rural communities. These are: optimising the distribution network, transforming

supplier relationships into true collaboration, implementing efficient planning and forecasting tools, implementing a demand driven demand-driven supply chain, and eliminating waste and inefficiencies across the supply chain (Levine, 2003).

Peak and Glensor (2006) highlight that all of these challenges reflect the difficulties inherent in changing from a complex supply chain built to handle increased volumes in the boom years, to one in which cost cutting and survival is imperative, but which drives efficiency and future growth. The strong retailer support for the option of 'transforming supplier relationships into true collaboration' seems to indicate that a continued cost squeeze on suppliers is a strategically dangerous route in this time of economic downturn.

FMCG SECTOR IS REGARDED AS GLOBAL REBELLION

The FMCG industry, also referred to as 'consumer packaged goods' (CPG) industry, deals primarily with the manufacturing, circulation and promotion of packaged goods for every customer. Peak and Glensor (2006) define Fast Moving Consumer Goods fast-moving consumer goods (FMCG) as those consumables which are frequently bought by the consumer. When discussing the primary activities of the FMCG industry, corporate people need to discuss aspects of sales, marketing, finance, procurement and a great deal more. In recent times, supply chain, overall management and production have also added to the primary activities of the FMCG industry (Cameron and & Stone, 1995:34).

The extensive range of consumable goods offered by the FMCG industry involves a huge amount of money, while the contest among FMCG manufacturers is turning out to be a lot fiercer than before. It is impacting on society, with people pouring in a lot of money into the industry, especially in the United States, where it is by far the largest sector of the economy, and is estimated expected to double every year. Cameron and Stone (1995:34) further state that in New Zealand the FMCG industry is reported to account for six per cent of gross domestic product (GDP).

Cameron and Stone (1995:34) point out that a number of common FMCG products include foodstuff and dairy items, glassware, medications, consumer electronics, paper products, plastic and polyvinyl goods, printing accessories, domestic products, camera goods and beverages. Peak and Glensor (1996:88) state that other mandatory products are coffee, tea, gifts, soaps, cleansers, detergents, greeting cards, and many other similar products which consumers need every day.

COMMUNICATION AND IDENTIFICATION IN FMCG

Broom *et al.* (1994:23) define that communication and identification commonly refer to package contents, directions for use, product manufacturer, labelling, decoration, or other means by which people can tell which product the package contains. An international example of this visual communication is the classic shape of a bottle of Coca-Cola. People worldwide recognise and identify the contents through the shape of the package (Kida, 2006).

Broom *et al.* (1994:23) further state that ‘utility’ refers to the function of a package that facilitates the dispensing and use of products, such as ease of opening and resealing, apportionment, application and dispensing features, safety and stability, secondary or post-use and packaging applications. When a device or container performs one or more of these major functions, it is considered to be a package. The field of packaging can further be examined from several perspectives.

Quality value

Bill (2004:52) agrees that business seems to be on a ceaseless quest to improve the quality of everything they do. The widespread adoption of quality initiatives is evidence that quality is an important issue for almost every company today. Bill exemplified cites four ways to deliver quality value to customers, depending on what the business sells:

- Can business systems be used to reduce the number of defects or mistakes made in manufacturing?

- Can we implement a process that reduces the number of errors made in billing and collection?
- Can our state of the art diagnostic equipment improve the quality of medical care and improve the quality of the patient's experience?
- Can our customer use our components to make higher quality machines that last longer and require less maintenance? (Bill, 2004: 52).

According to Broom *et al.* (1994:23) packaging can take account of the differing requirements for industrial, consumer or military packaging. However customers require different components to do their respective jobs, whether that is creating and labelling, eye-catching decoration, or protection from heat and cold over a 20-year period. Similarly, different requirements are expected from packaging that has specific functions.

Broom *et al.* (1994:23) analyse the packaging that contains a sensitive product. Regardless of whether that product is sensitive to light, oxygen or moisture, the first primary level of packaging has requirements that are different to the package that holds multiple units of the primary package – in essence, a secondary package.

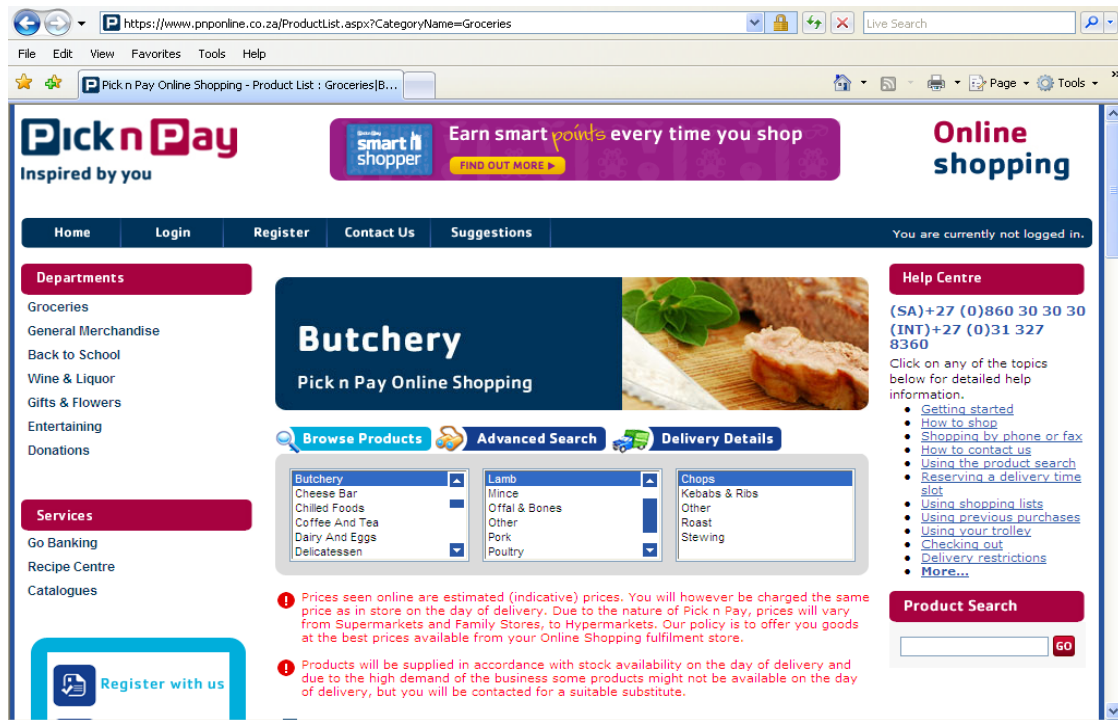
PRIVACY POLICY FOR PICK n PAY MARKETING

Customer privacy is very important to Pick n Pay, and therefore any information a consumer provides to them is stored on a secure server. All details of consumers or clients of an FMCG company must always remain confidential.

The online shopping site makes use of cookies. A cookie is a small piece of data that is stored by a user's web browser while the customer is browsing that Pick 'n Pay's website. FMCG companies state that cookies are used to provide us with information about consumer preferences on the online shopping site so that the store can provide customers with better and more customised content and service when they return to the store web site.

The only personal information a cookie can contain is the information customers supply themselves: it cannot read information off a consumer's hard drive. Consumers can set their browser to notify them when they are going to be sent a cookie, giving them the opportunity to decide whether or not to accept it. It is an FMCG company stipulation that if a consumer requires assistance in setting the browser, he or she may contact a member of their call centre who will gladly assist the customer. Customers may agree that Pick n Pay use their information to contact them about promotions and special offers. However, they are entitled, at any stage, to opt out of this service by clicking on the 'opt out' option on the email correspondence by emailing to the store (FMCG Company).

Pick n Pay does not sell or rent personal information to third parties about customers such as name, address, email address, telephone or fax number. An FMCG company such as Pick n Pay does, however, reserve the right to disclose aggregated information to, amongst others, advertisers and suppliers about its members and usage of the online shopping site, such as member demographics and traffic patterns. Pick n Pay may disclose personal information in response to a specific request by a law enforcement agency, subpoena, court order, or as otherwise required by law.

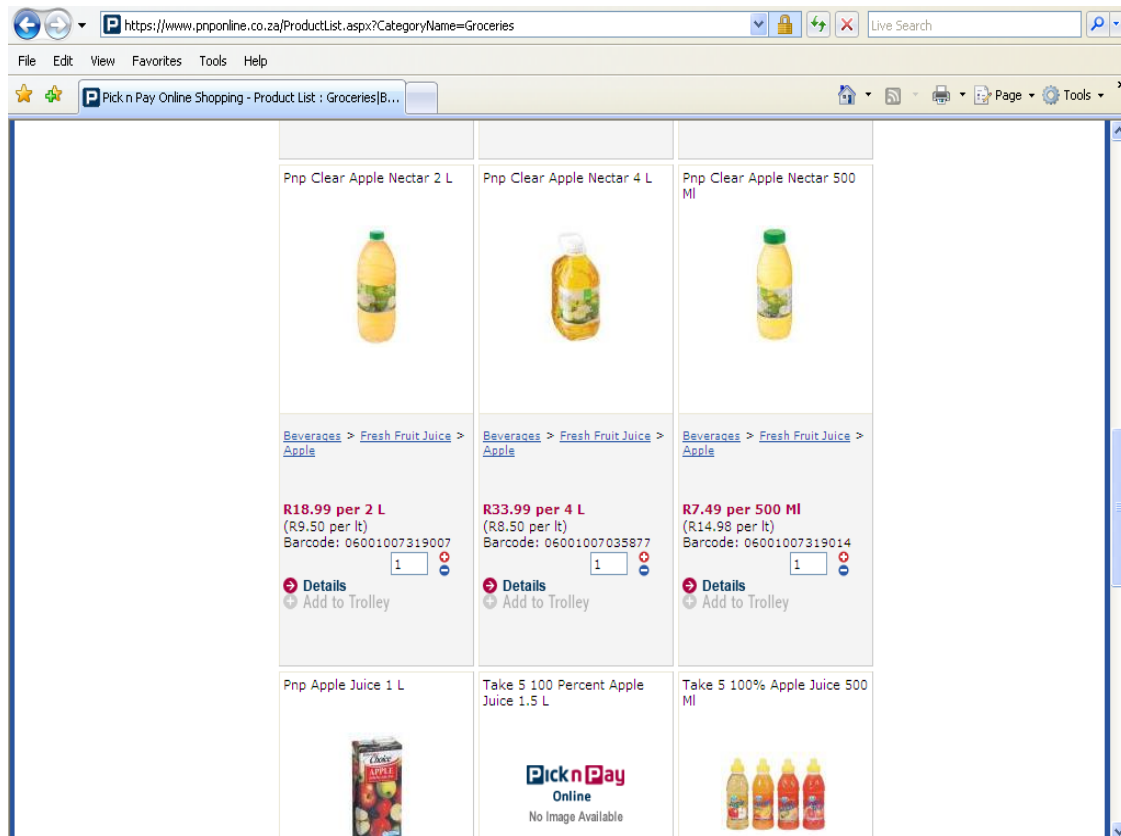


Source: Pick n Pay (2011)

FIGURE 6 :SHOPPING ONLINE

Figure 6 indicates a sample of the Pick n Pay online shopping store created for use by consumers used to online shopping followed step by step.

Most consumers prefer Pick n Pay as they are the leading retailers in selling fresh vegetables, and provide customer care, accordingly following the South African Bureau of Standards (SABS). Currently, most middle-class people like to shop in Checkers and Pick 'n Pay.

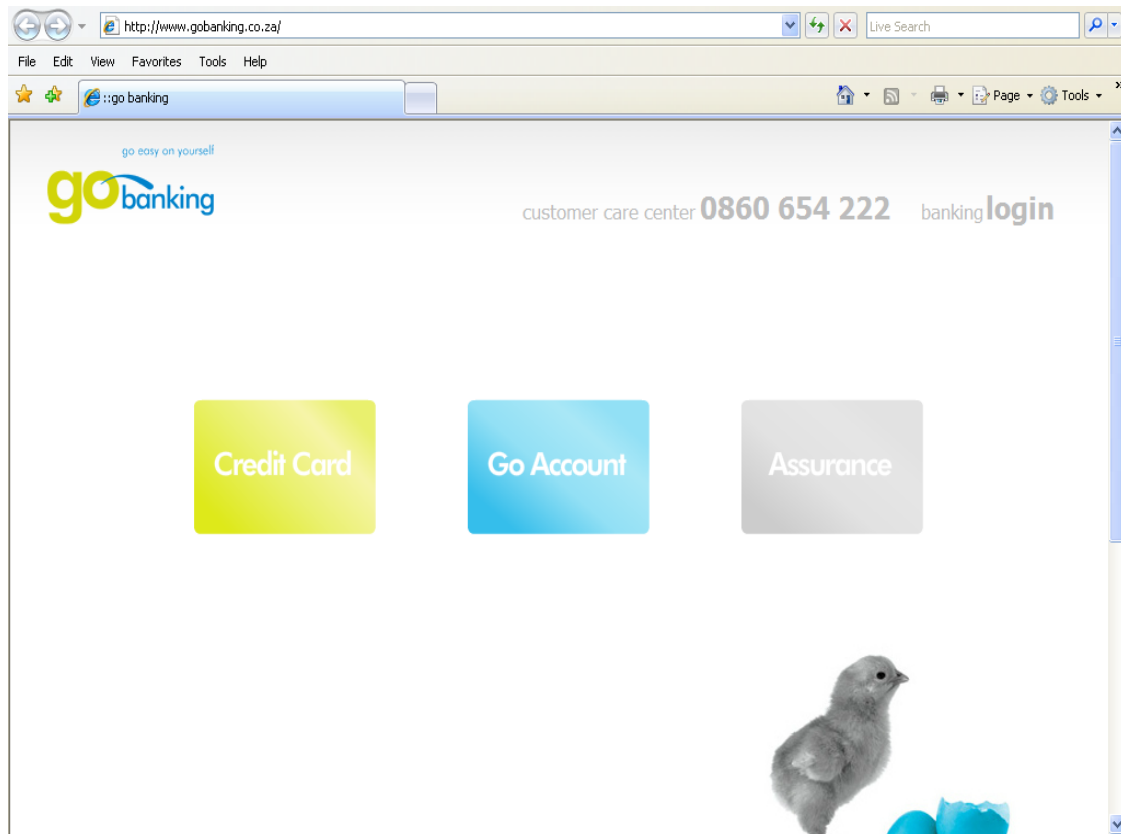


Source: Pick and n Pay (2011)

FIGURE 7: SELECTION OF ITEMS IN ONLINE SHOPPING

Figure 7 clearly illustrates how Pick n Pay advertises online so that products are made visible for consumers to evaluate their quality and quantity, and start shopping online if they are interested.

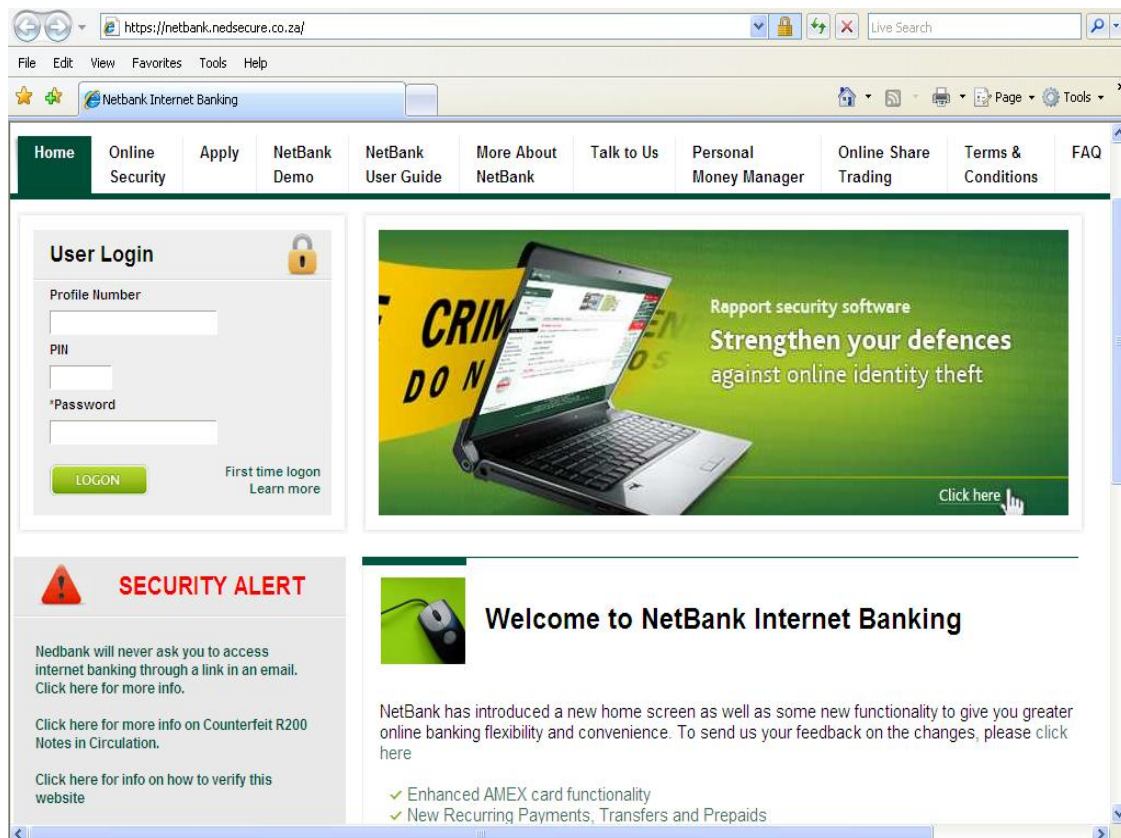
Business people must not forget about their current customers in their sales team training schemes and personal sales initiatives regarding fast-moving consumer goods (FMCG). Business people may be surprised how effectively current customers can recommend retailer services or products to other people and businesses they know.



Source: Pick n Pay (2011)

FIGURE 8 : SELECTION OF ACCOUNTS PAID BY USE USER(S) OF INTERNET

Figure 8 illustrates the log in procedure linked with banks, the paying of debt online, and shopping online in a hypermarket. This is the procedure customers who prefer to pay by card rather than cash have to follow in selecting the relevant bank account.



Source: *Pick and Pay* (2011)

Figure 9: Login process in the use of Internet

Figure 9 shows customers' login procedure after selecting the relevant account at, for example, Nedbank, Gobanking, FNB or ABSA, in order to pay for groceries while at home through the use of internet banking.

Most consumers who use advanced phones operate them in exactly the same way as their computer when accessing the internet. Customers regard online shopping and internet banking as the best way to suppress crime in stores and defuse robbery systems.

IMPROVING ONGOING PRODUCT CONSUMPTION

Broom *et al.* (1994:25) further state that there is less time and inclination these days to cook in the home, and this means eating out more often, a trend that is most advanced in the USA, where meals eaten away from home account for almost half the food budget, nearly double the proportion spent in 1970. Unfortunately, in conjunction with the car culture and distances travelled, this practice has also spawned the hugely undesirable practice of eating and drinking

in cars. Eating or drinking in a moving vehicle is not very clever, but it is a phenomenon that is occurring with growing frequency. What will also probably grow is the use of the stationary car as a place to eat. This presents packaging opportunities for well designed, easily opened and disposed of packaging appropriate for the stationary vehicle environment.

Examples include smart packaging, such as self-heating and self-cooling beverage containers, and innovative packaging designs that permit a one-handed meal that fits easily into a car cup holder to be consumed without creating a mess. These trends are all part of an overall picture of increasingly hectic lifestyles that are creating a demand for new food and beverage products packaged in a way that offers user convenience.

Rosenberg and Rabuck (1997:17) state that to meet these challenges many lightweight, single-serve containers that are easily used while moving are being developed. Soup is a favourite with packaging designed for portability with an easy to open, microwaveable package that provides a quick meal. Self-heating smart packaging for soup, for example, under the Chef Jay brand is commercial in the USA. Other examples include 'Grab & Go' squeezable yogurt in a tube, and 'fruit to go' in single serve and 'easy peel'.

ACCESSING DOWNSCALE MARKETS

The danger in a move downmarket is that once a brand has associated its name with a downscale offering, even if the move represents only a slight change in price or performance, it usually runs the risk of losing its stature as a higher priced and, by inference, higher quality brand. Vishwanath and Aker (1999:83) maintain that this type of vertical extension promises increased volume and economies of scale. It improvises protection from lower quality offshore entries, when the store is described as being downscale or even mainstream. One way to avoid any negative repercussions of accessing a downscale market segment is to launch a new brand at an affordable price.

Vishwanath and Aker (1999:83) state that new brands are not easy to introduce. In creating a new brand, building awareness, establishing perceptions of identity and quality, and changing consumers' perceptions about the product are all necessary procedures. Sub-brands used in upmarket moves also vary with respect to the distance they create between the new entry and the parent brand. Brands are relatively separate with the sub-brands establishing their own identity and influencing consumers' purchase decisions.

FMCG BUSINESS: THE WAY IT FUNCTIONS

According to Vishwanath and Aker (1999:83) the business of fast-moving consumer goods is a hard-core activity to be accomplished on a day-to-day basis. Abundant food products are being delivered day in and day out to retail stores and markets to keep customers happy. The days have totally vanished when there were no widely acclaimed supermarkets. In those bygone days, people had the habit of storing loads of FMCG goods to quench their thirst and hunger, even in times of famine. Now thousands of online and offline retail markets have been established all around the globe. This offers a lot more opportunity for customers to pay for spanking new goods from the retail market nearest their homes.

The role of monopolies in the marketplace is to generate massive amounts of profit. FMCG (2010:67) state that they never want anyone else to come into their market and lessen their profits. But monopoly trading cannot survive indefinitely. Antagonism is raised in each niche sector of the FMCG marketplace, and loads of competitors in the global market compel companies to apply organisation and marketing strategies to acquire the highest share of the marketplace (FCMG, 2010).

FMCG INFRASTRUCTURE

The FMCG Company Report (2010:68-70) states that the FMCG industry is one of the most profitable of businesses. Many consumers are aware of this. Fast-moving consumer goods make use of the four marketing tools in the marketing mix, and complement one another in an

organisation's marketing plan. An organisation may market one or several items, which may be distributed through wholesalers or directly to retailers. Moreover, the organisation seeks the combination of elements that will be best adapted to the environment, satisfy the target markets, and still achieve the organisational and marketing goals. These goals take account of day-to-day goods like vegetables, milk, bread, rice and other edible items.

Customers require these items every day, and cannot survive without them. For that reason, suppliers have a daily delivery of all these goods within the stipulated time (FMCG Report, 2010:68-70).

Some of these mandatory items are bread, milk, butter, eggs, fruit and vegetables (there are many others). All these products are referred to as fast-moving consumer goods (FMCG) as they are required day after day, and demand for them is extremely fast when compared to other products like clothing and furniture (FCMG, 2010:68).

FAST MOVING CONSUMER GOODS (FMCG) REPORT

According to Price Waterhouse and Cooper (2008) China and India are the emerging market leaders in the region, and the differences between their FMCG sectors are minimal. In a revealing series of reports, Price Waterhouse and Cooper (2008) point out that it took account of developments in several emerging economies. The information Price Waterhouse and Cooper developed on the FMCG sectors in China and India provides a real direction for thinking about FMGC in the region as a whole. FMCG consist of three large product categories. They are packaged foods, cosmetics and toiletries, and household care products.

According to Price Waterhouse and Cooper (2008) however, in 2004 the total market for packaged foods in China was US\$5.2-billion, an increase from 2003 of 9.0 per cent. The Price Waterhouse and Cooper report mentions that packaged foods are more popular with higher income consumers in the top-tier cities. The acceptance of packaged foods goes against

traditional Chinese food-buying patterns; the tradition is firmly rooted in fresh foods. But urban consumers are changing their habits because of speed and convenience, as they are in other emerging markets. The higher income of urban consumers are also a factor Price Waterhouse and Cooper (2008)

Price Waterhouse Cooper's (2008) report points out that rural consumer are not part of this change. The central reasons are low incomes, poor infrastructure, which make distribution problematic, and the low rural market segment penetration of refrigeration and microwave ovens. In India, sales of consumer goods generally are expected to grow robustly. Price Waterhouse and Cooper (2008) reports that market forecasts indicate that sales will increase slightly less than three times from 2003 to 2015 (from about US\$11.6 to about US\$33.4).

Price Waterhouse and Cooper (2008) assert that the FMCG sector is experiencing a share of wallet competition from durables, luxury goods and automobiles. In a February 2006 report, FMCG sales showed the biggest increase since 2001, with a rise of 10.6 per cent, measured year on year. Apparently the growth occurred across all major product categories with the exception of packaged tea.

RETAILER POLICY AND CUSTOMERS' NEEDS

According to Pick n Pay's company report (2010) all retailers are continually looking for new and interesting ways in which to bring their valued customers up to date with information about new product innovations, exciting initiatives, promotions, events and special offers to grab more attention from customers.

Retailers are creating monthly newsletters to get customers to give their views on their performance. They ensure that customers will be kept up to date with what is offered and what is happening in stores like Pick n Pay, Checkers, Shoprite, OK Grocer, Game and other supermarkets worldwide.

Many retailers need to put a suggestion box in a visible place for customers' compliments, complaints and suggestions which would improve the standard of service in customer care and advertising.

CUSTOMERS' SERVICES

Peak and Glensor (2006) observe that most retailer policies, like Pick n Pay's, prioritise customer satisfaction. Here are some of the ways they are doing that, and some of the services customers find in these stores:

Baby room: According to retailers' statements, they offer clean, comfortable baby rooms which are equipped for easy changing and feeding.

Baby seat trolleys: According to retailer policies, this is to ensure the comfort and safety of customers. The retailers offer trolleys with specially fitted baby seats. Furthermore, they ask parents to fasten their baby securely, and not at any time leave him or her unattended (Popper, Salmon & Horch, 2001:24).

Customer service manager: Ladies and gentlemen in red will assist customers in any way possible, whether product or service related, within the shop. They would ensure consumers have an excellent shopping experience. Popper, Salmon & Horch (2001:24) mention that it is advisable for consumers not to hesitate to approach them because they are regarded as in-store customer service managers.

Cash withdrawals: Most retailers give access to customers to withdraw cash at any of over 5 000 till points nationwide. All of these retailers are connected to the banks' database systems.

Cheque-out card: If a customer regularly pays for shopping purchases by cheque, they can cut down time at the tills by applying for a Cheque out cheque-out card right away. Cheque-out card holders do not have to wait for bank authorisation or provide identification for each transaction when paying by cheque. This is the easy way of shopping.

Double money back guarantee: According, for example, to Pick n Pay customer policy, if any Pick n Pay branded product is defective in any way, Pick n Pay will give a customer double their money back. This guarantee is displayed on the applicable products customers purchase in the stores (Rosenberry, 2009).

Discounted airtime: Customers are allowed to purchase airtime at till points in stores for any relevant social networks such as Vodacom, MTN, Cell-C and Telkom at a special rate.

Free delivery: According to Pick n Pay policy, delivery of all large appliances is free for customers in surrounding areas within a 15 km radius.

Facilities for the disabled: Retailer policy states that they are passionate about providing superior facilities for their disabled customers, like dedicated parking bays for the disabled, wheelchairs available in store, wider checkout points, and enabled telephones for the deaf on the customer care line.

Gift cards: Give someone special a thoughtful gift and easy shopping with a swipe of a card. The gift card is available at the till, where customers load the value on the card. Consumers can check and top up the balance at the till, and so use the card again and again.

Health Hotline: Most Pick n Pay stores have free dietary advisers and a nutritional information service called Health Hotline. The service is run by a resident dietician, who is available to answer consumers' queries on various health issues, as well as the nutritional content and suitability of any Pick n Pay product.

Online shopping: All Pick n Pay rendered online shopping is a safe and convenient way to shop for groceries over the internet; they encourage all consumers to do it without leaving the comfort of their own home or office.

INFLUENCING CONSUMER BEHAVIOUR

One of the best ways to influence consumer behaviour is to give buyers an acceptable motive, by asking what type of person would buy a certain product. Consumers want to feel they are doing something good, being a good person, eating healthily, making contacts, keeping up appearances, and just deserving to be spoiled. Frank (1997:93) mentions that marketers can convince consumers that they need a product or service for some legitimate reason; customers will be more likely to make a purchase.

In addition, sensory stimuli are important to marketing. Frank, however, argues that when food packages are appealing or associated with other positive qualities, people often find that they taste better. For example, people often taste with their eyes, discerning differences in products where they do not see any difference during a blind taste test. Rowley (1996) mentions that one of the best examples of this was a test of loyal Coca-Cola customers who were totally unwilling to concede that any other sodas are equal. While able to see what they were drinking, they maintained this position. But during blind testing, some were unable to tell the difference between Coke and root beer (Frank, 1997:93).

Hawkins, *et al.* (2003:39-40) state that another way of influencing customer behaviour is by offering specialised goods. While commonality was once popular, more and more people are seeking diversity in taste, personal preferences, and lifestyle. Some successful campaigns touting the way their products stand out from the crowd include 'different is good'.

Frank (1997:93) points out those marketers are quite successful at targeting rebels and the counterculture. Consumerism is no longer about conformity, but about difference. It counsels not rigid adherence to the taste of the herd, but vigilant and constantly updated individualism.

Product

A product is anything that meets the functional needs of customers. This can be physical product. At the most basic level customers buy products to meet certain functional needs. Barker

and Angelopulo (2006:149) observe that most suppliers will want to identify their own product and differentiate it from competitors' products by branding it.

According to Doyle (2006:164) a brand can be defined as a specific name, symbol or design – or, more usually, some combination of these that is used to distinguish a particular seller's product. The supplier would then normally try to create awareness and preference among customers for its brand. Awareness can be created by developing a striking presentation of the brand and spending sufficiently on advertising and promoting it. Many suppliers achieve high awareness, but are disliked by large sections of the market (Formby and Pile, 2007).

Negative brands in marketing

Doyle (2006:164) views brand names a liability rather than an asset. In the past, Woolworth's, Pick n Pay, Rover, Midland Bank and Skoda were examples of companies that achieved this liability. Woolworth's is the only survivor in its original brand, Rover has experienced a decline, and Midland Bank was rebranded as investment in technology and quality to turn the brand around.

According to Doyle (2006:164) the specific characteristic of a successful brand is that in addition to having a product which meets the functional requirements of consumers, it has added values which meet certain of their psychological needs. These added values are elicited feelings of confidence that the brand is of higher quality or is more desirable than similar products from competitors.

CONCLUSION

In this chapter the researcher explained and defined the FMCG industry and what it means. Further, discussions regarding the stability of the industry (such as the purchase patterns, competitive marketing and objectives) were entered into. The challenges which the FMCG industry faces in day-to-day operations were also exposed. Issues which affect service delivery such as consumer behaviour, consumer needs and purchase patterns have been scrutinised. In

the next chapter the researcher will look at business avenues for FMCG implementation in job creation and rural development.

Chapter 5

BUSINESS DEVELOPMENT

INTRODUCTION

Business development is the process that comprises a set of sequential sub-processes or tasks, with alternative paths, depending on certain conditions as applicable, performed to achieve a given objective or produce given outputs. According to Harmon (2007) each process has one or more needed inputs. The inputs and outputs may be received from, or sent to, other business processes, other organisational units, internal or external stakeholders. Business processes are designed to be operated by one or more business functional units, and emphasise the importance of the process chain rather than the individual units.

MAJOR PROCESS IN BUSINESS AREAS

Business development is a broad term applied to the process of strengthening ties with existing clients as well as cultivating customers in other sectors of the consumer market. Harmon (2007) states that in order to accomplish this goal, business development normally crosses the traditional barriers among sales, marketing, customer care, operations and management in order to promote the process of expansion on more than one level. A business development usually has specialists who exhibit high levels of competence in various areas to identify capitalised growth opportunities.

The point to note here is that, irrespective of the class of the task (whether manual or computerised) Fingar and Smith (2003) point out that it is important that each task, and hence the process as a whole, is designed and periodically reviewed, improved or replaced by another task, with a view to continuous improvement in four major areas:

- Effectiveness
- Efficiency

- Internal product control.
- Compliance with various statutes and policies.

Effectiveness

The overall effectiveness of a process is the extent to which the outputs expected from the process are being obtained at all, and it is therefore a first measure of the basic adequacy of the process. It is possible to fulfil the logical and reasonable expectations of the process needs and operators by analysing the material procurement process. Barnes and Kelly (2000) that one of its important tasks is the sub-processing of suppliers to follow up and ensure timely deliveries of materials. Such a task is considerably less effective if it does not provide accurate and timely purchase order status reports for use by the purchase department staffs that are responsible for the follow up.

Efficiency

It has been observed that the average time taken to prepare and send out a purchase order after receipt of a properly prepared intent from the end user is unacceptably high, leading to delayed customer deliveries and consequent customer complaints. According to Harmon (2007) the process of converting the end user's intent to purchase is ineffective because a purchase order is being somehow generated, but it is inefficient since it takes an unreasonable amount of time, and therefore costs considerably more in terms of the cost to the company.

In some cases, a business development specialist can be a key figure involved in the development of a new product. The specialist can conduct focus group testing to determine how a new product will be received, take prototypes out for review, and then report back to the production team. Rummler and Brache (1995) indicate that the business development specialist is often responsible for marketing or working with the marketing team to come up with an effective campaign. The business development specialist is an important member of this team

because he or she has already conducted an extensive amount of research, and has unique knowledge of what potential customers have already said about the product.

Internal Product Control

For the quantities of major raw materials that are regularly ordered and consumed, rates are fixed with selected, reliable, approved vendors for an extended period, commonly a year. Moreover, the rate contract does not contain price escalation clauses. This safeguards the organisation from unanticipated price escalation during the period, Harmon (2007) states that the rate contract data are stored in the systems database. Whenever materials are to be ordered with or without a delivery schedule, purchase orders are generated mentioning the rate finalised in the rate contract. An internal control exists to keep the purchase rate constant throughout the year.

Obeng and Crainer (1993) point out that the rate on a purchase order based on a current rate contract is changed to a different value, and the purchase order is then sent out to the supplier. This is a serious lapse in internal control, since a change to a higher rate exposes the company to a higher financial liability. Moreover, the financial auditor's audit financial records in financial year end in such a purchase order completely nullifies the internal controls provided by having a rate contract in the first place, and including a no-escalation clause. There would be a further breach of internal control if it were found that such an amendment is actually authorised before sending the purchase order to the supplier.

COMPLIANCE WITH VARIOUS STATUTES AND POLICIES

Stinnett (2004) explains that there are certain situations where payments made to consultants and service contractors must be statutorily made after deducting tax at source, and such amounts must be deposited in government treasury accounts with banks on or before a specified date in the month following the month in which the payments are made. In such cases, if a business process does not provide for deduction, or fails to ensure deposition into government accounts

by the specified date, then this is a statutory compliance issue that makes the concerned executives liable to civil and criminal legal action (Harmon, 2007).

POLICIES, PROCESSES AND PROCEDURES

Stinnett (2005) however, makes clear that the above improvement areas are equally applicable to policies, processes and detailed procedures, sub-processes or tasks. There is a cascading effect of improvements made at a higher level on those made at a lower level. If a recommendation to replace a given policy with a better one is made with proper justification, and accepted in principle by business process owners, then corresponding changes in the consequent processes and procedures will follow naturally in order to enable implementation of the policy changes.

ETHICAL DIMENSION OF BUSINESS

Wet (2010) observes that the countries with lesser state interference in the economy fare better than those countries in which there is greater state interference. In Chapter One of this study, ethical considerations in business have been prioritised. Rossow (2004:25) however, mentions that micro-economic strategies that emphasise private initiative and that curb state interference in the economy are those that best serve the interests of society. The founder of the capitalist tradition was not interested in capitalism for its own sake, but saw it as the best way to improve the quality of human life.

Rossow (2004:25) observes that the retailing industry (in successful private business sectors) undermines human interests. Capitalism inevitably results in an antagonistic class society in which the interests of the capitalists dominate and undermine the interests of the workers in the retailing industry. The remedy for this situation (anti-capitalists believe) is the so-called classless society which embraces a socialist form of production. This alternative view holds that it would better serve human interests and would create conditions in which individuals would be able to fulfil their true potential (Morisy, 2011).

The Convention for a Democratic South Africa (CODESA) was set up in 1992 to bring together the existing political parties and the liberation movements which had recently been unbanned. According to Rossouw and Vuuren (2004:25) fierce micro-economic debates were conducted about policy issues such as whether state-owned companies should be turned into privately owned enterprises (privatisation) or whether huge corporations should be dismantled into smaller companies in order to end the control which these corporate giants exert on the economy. Proponents and opponents of these policies justified their respective positions in terms of the impact on human well-being (Morisy, 2011).

Ethics and Business Survival

Since business can only survive and flourish with the support of these various social partners, it must respect their interests. As Rossow (2004:27) observes that business risks social alienation, which could translate into a variety of additional costs, such as additional taxation, legal restrictions, fines and customer boycotts.

It is in the interests of a business to strengthen ties with external stakeholders. Business has a role to play in maintaining and bolstering the social fabric of society. It benefits from an effective regulatory framework, a decent infrastructure, well-educated population, and a safe natural environment (Wet 2010).

Consumer Behaviour

A consumer is the ultimate user of a product or service. The overall consumer market consists of all buyers of goods and services for personal or family use. Frank, *et al.* (1997:45) state that a million people, including children, had spent trillions of dollars in the United States as of the late 1990s.

According to Frank *et al.* (1997:45) consumer behaviour essentially refers to how and why people make the purchase decisions they do. Marketers strive to understand this behaviour, so they can better formulate appropriate marketing stimuli that will result in increased sales and

brand loyalty. There are a vast number of goods available for purchase, but consumers tend to attribute this volume to the industrial world's massive production capacity. Mantel *et al.* (2008:56) state that the giant known as the marketing profession is responsible for the variety of goods on the market. The science of evaluating and influencing consumer behaviour is foremost in determining which marketing efforts will be used.

According to Solomon and Michael (2003:67) to understand consumer behaviour, experts examine purchase decision processes, especially any particular triggers that compel consumers to buy a certain product. Donald and Reidenbach (2003:34) agree with them. For example, one study revealed that the average shopper took less than 21 minutes to purchase groceries and covered only 23 per cent of the store, giving marketers a very limited amount of time to influence consumers. And most of all supermarket purchases were unplanned. Marketers spend a great deal of time and money discovering what compels consumers to make such on-the-spot purchases.

Solomon and Michael (2003:68) further assert that market researchers obtain some of the best information in store research, and will often launch new products only in selected small venues where they expect a reasonable test of the products' success can be executed, before investing excessive company resources to introduce that product nationally or even internationally.

Consumer Needs

Solomon and Michael (2003:69) mention that consumers adjust purchasing behaviour based on their individual needs and interpersonal factors. In order to understand these influences, researchers try to ascertain what happens inside consumers' minds and to identify physical and social exterior influences on purchase decisions consumers normally make.

At some levels, customer choices can appear to be quite random. Lack and Jennifer (1999:78) however, mention that each decision that is made has some meaning behind it, even if that choice does not always appear to be rational. Purchase decisions depend on personal emotions, social situations, goals and values. They further state that people buy to satisfy all types of needs, not just for utilitarian purposes. These needs, as identified by Abraham Maslow in the early 1940s, may be physical or biological, for safety and security, for love and affiliation, to obtain prestige and esteem, or for self-fulfilment. Solomon and Michael (2003:67) argue that this type of focus might link products either to the attainment of love and belonging, or by linking those products with people similar to those with whom people would like to associate.

Jennifer (1999:79) claims that prestige is another intangible need, and those concerned with status will pay for it. However, goods appealing to this type of need must be viewed as high-profile products that others will see in use. One benefit of targeting this type of market is that the demand curve for luxury products is typically the reverse of the standard: high-status products sell better with higher prices.

However, according to Hawkins, *et al.* (2003:34) some equate the type of need to be met with certain classes of goods. For instance, a need for achievement might drive people to perform difficult tasks, to exercise skills and talents, and to invest in products such as tools, do-it-yourself materials, and self-improvement programmes, among others. According to Hawkins *et al.* (2003:34) the need to nurture or be nurtured leads consumers to buy products associated with things such as parenthood, cooking, pets, houseplants, and charitable service appeals.

According to Murthi *et al.* (1999:79) personality traits and characteristics are also important to establish how consumers meet their needs. Pragmatists will buy what is practical or useful, and they make purchases based more on quality and durability than on physical beauty. The aesthetically inclined consumer, on the other hand, is drawn to objects that project symmetry,

harmony and beauty. Intellectuals are more interested in obtaining knowledge and truth, and tend to be more critical in their understanding of things. They also like to compare and contrast similar products before making the decision to buy. Politically motivated people seek out products and services that will give them an edge for enhancing power and social position. And people who are more social can best be motivated by appealing to their fondness for humanity with advertising that suggests empathy, kindness, and nurturing behaviour. One successful way an insurance company targeted this market was through its campaign.

Hawkins *et al.* (2003:37) state that consumers also vary in how they determine whose needs they want to satisfy when purchasing products and services. Are they more concerned with meeting their own needs and buying what they want to, for their own happiness, or do they rely on the opinions of others to determine what products and services they should be using? This determines, for example, whether or not they make a purchase because it is the most recent, most popular item available, or because it is truly what they need.

Hawkins *et al.* (2003:38) further state that this also influences the way marketers will advertise products. For example, a wine distributor trying to appeal to people looking to satisfy their personal taste will emphasise its superior vintage and fine bouquet; that same distributor, marketing to those who want to please others, will emphasise how sharing the wine can improve gatherings with friends and family.

Hawkins *et al.* (2003:38) maintains that cultural and social values also play large roles in determining what products will be successful in a given market. If great value is placed on characteristics such as activity, hard work and materialism, then companies who suggest their products represent those values are more likely to be successful. Social values are equally important. Hawkins, *et al.* (2003:38) further observes observe that if manufacturers suggest their

product will make consumers appear more romantic or competitive in a place where those values are highly regarded, it is more likely consumers will respond.

CURRENT AND POTENTIAL CUSTOMERS

Theodore (1983:89) states that in business, people must not forget about their current customers in their sales team training scheme and personal sales initiatives. Business people may be surprised how current customers can recommend retailer services, or products and businesses they know, to other people. Baker and Angelopulo (2009:168-170) agree with them that business's sales management and consultants will recommend the business services and advertise the businesses which render good service to customers.

Charles (2005) states that sales team training methods have proved how current customers can return and bring more potential customers. Potential customers who enjoy retailers or business services or products are great for word-of-mouth marketing as well. Charles (2005) further states that a retailer who provides a committed service, business sales efficiency would rise drastically with quality service and products, and marketing schemes with current customers as well.

EVOLUTION TO GLOBAL MARKETING

Duplessis *et al.* (2003:45) mention that, if a business wants to ensure that it will gain success in the global market, it must first tread its way through incremental steps. When a company decides to go global, it will get better leverage over competitors when it starts from domestic marketing, goes on to export marketing and internal marketing, and then progresses to multinational marketing.

DOMESTIC MARKETING

Theodore (1983) states that marketing restricted to the political boundaries of a country is called domestic marketing. Company marketing only within its national boundaries only has to consider domestic competition. Even if that competition includes companies from foreign markets, it still only has to focus on the competition that exists in its home market. Theodore

agrees that products and services are developed for customers in the home market without thought of how the product or service could be used in other markets. All marketing decisions are made at headquarters.

Harmon (2007) mentions that the biggest obstacle these marketers face is being blindsided by emerging global marketers. Because domestic marketers do not generally focus on the changes in the global marketplace, they may not be aware of a potential competitor who is a market leader on three continents until they simultaneously open many stores in, say, the North-Eastern U.S. These marketers can be considered ethnocentric as they are most concerned with how they are perceived in their home country.

PURCHASE PATTERNS

Janssen *et al.* (2005:15) state that it is equally important to understand what compels the consumer to actually make a purchase, as opposed to merely generating interest in the consumer's buying habits. For example, some purchases are motivated by the customer's feelings, while other purchases are motivated by economic decisions. Knowing the different elements that stimulate consumer purchase activity can help marketers design appropriate sales techniques and responses.

According to a study conducted by Susan Powell Mantel product attributes such as price, size, nutritional value and durability are often compared disproportionately, thus eliciting more consideration when the consumer decides which brand is the best. The order of brand presentation in these cases is particularly important (Hawkins *et al.*, 2003:37).

According to Janssen *et al.* (2005:15) adding to the complexity of the issue is the fact that purchase decisions are not always made on the basis of an attribute comparison and attribute-based processing. Consumers also make decisions based on an overall evaluation of their impressions, intuition, and knowledge based on past experience, or attitude-based processing.

Solomon and Michael (2003:67) state that learned attitudes also influence these decisions. For example, parents who drank 'Kool-Aid' as children often buy it for their kids, either because they associate it with fond memories or just because of brand familiarity or loyalty.

Hawkins *et al.* (2003: 39) further state that there is time and effort associated with each of these strategies, though attribute-based processing requires significantly more effort on the consumer's part. To dedicate the time required for an attribute comparison, consumers need the combination of motivation and the time or opportunity to use such a strategy.

Solomon and Michael (2003:68) state that other contributing factors were discussed in Mantel's study, such as personality differences and each individual's need for cognition. The need for cognition reflects to what extent individuals engage in and enjoy thinking. People with a high need for cognition tend to evaluate more and make more optimal in-store purchase decisions. This is in part because they do not react to displays and in-store promotions unless significant price reductions are offered. Low need cognition people react easily when a product is put on promotion regardless of the discount offered.

Consumers are also affected by their perceived roles, which are acquired through social processes. Solomon and Michael (2003:69) consider that these roles create individuals' needs for things that will enable them to perform those roles, improve their performance in those roles, facilitate reaching their goals, or symbolise a role and relationship, much in the way a woman's engagement ring symbolises her taking on the role of a wife.

Hawkins *et al.* (2003:39-40) state that other factors that influence purchase decisions include the importance attributed to the decision. People are not likely to take as much time doing brand comparisons of mouthwash as they are a new car. The importance of the purchase, as well as the risk involved, adds to how much time and effort will be spent evaluating the merits of each product or service under consideration. However, according to Solomon and Michael (2003:67)

in cases of importance such as the purchase of a car or home appliance, consumers are more likely to use rational, attribute-based comparisons, in order to make the most informed decision possible.

Janssen *et al.* (2005:13) state that habitual evaluation refers to a state in which the consumer disregards marketing materials placed in a store; the consumer makes very little effort to evaluate product choices whether because of brand loyalty, lack of time, or some other reason. Indeed, evaluating all relevant marketing information can become time-consuming if it is done every time a person shops.

According to Janssen *et al.* (2005:14) extensive evaluation is conducted by a process in which consumers consider the prices and promotions of all brands before making a choice. There are also in-between processes of evaluation, depending again on the importance of the purchase and the time available to make a decision. Some consumers, usually those who earn higher incomes, value their time more than the cost savings they would incur. Janssen *et al.* (2005:83) however, wonder whether comparing various products at any given time may be a factor of the anticipated economic returns, search costs or time constraints, and individual household purchasing patterns.

Hawkins *et al.* (2003:39-40) state that the time comes after purchases when one person in the family often acts as an information filter for the family, depending on what type of purchase is being made and that person's expertise and interest. Hawkins *et al.* (2003:41) further state that the information filter passes along information he or she considers most relevant when making a purchase decision, filtering out what is considered unimportant and regulating the flow of information. For example, men are more often the family members who evaluate which tools to purchase, while children pass along what they consider to be seminal information about toys.

According to Hawkins *et al.* (2003:42) however, at times family members may take on additional roles such as an influence, contributing to the overall evaluation of goods being considered for purchase. Or one person may act as the decider, or the final decision-maker. Hawkins *et al.* (2003:42) believe that ultimately, purchase decisions are not made until consumers feel they know enough about the product, they feel good about what they are buying, and they want it enough to act on the decision.

INTERPRETING CONSUMER BEHAVIOUR

Janssen *et al.* (2005:16) argue that when market researchers begin evaluating the behaviour of consumers, it is a mistake to rely on conventional wisdom, especially when it is possible to study the actual activity in which consumers are engaged when using a product or service. Cant, Brink and Brijball (2006) point out that, researchers need to determine what major needs are being satisfied by the goods or services in order to effectively sell them.

According to Janssen *et al.* (2005:16) there are two principal ways to evaluate the motivation behind consumer purchases. These include what the consumers need (direction) and how much they want it (intensity). Janssen *et al.* (2005) agree that 'direction' refers to what the customer wants from a product. For example, if a customer is selecting a pain reliever, they may like the idea that one pain reliever is cheaper than the other, but what they really want is fast pain relief, and will probably pay more if they think the more expensive brand can do that more effectively. Marketers need to understand the principal motivation behind each type of product to correctly target potential customers.

Hawkins *et al.* (2003:39-40) further state that the other way to evaluate consumer behaviour is to examine the intensity with which they desire it. 'Intensity' refers to whether a customers' interest in a product is so compelling that they will go out and make the purchase. Good marketing can create that kind of intensity, which was broadcast on late-night television (channels like eTV, SABC1 and 2 and many others) and was compelling enough for people to

leave their homes late at night to go out and buy hamburgers. Hawkins, *et al.* (2003:39-40) state that understanding consumer motivation is the best way to learn how to increase buyer incentive, as well as work out a better alternative to the easy incentive of decreasing the price.

Hawkins, *et al.* (2003:39-40) state that while it is easy to speculate on all these elements of consumer motivation, it is much harder to actively research motivating factors for any given product. It is rare that consumers' reasons for buying a product or service can be accurately determined through direct questioning. Researchers have had to develop other ways to get real responses.

Hawkins *et al.* (2003:39-40) state that these include asking consumers questions to get their views on particular products. While consumers do not like to admit that marketing affects them at all, they are often willing to speculate on how it would affect someone else; and most often they answer with what would be their own responses.

Frank (1997:93) states that another tactic that has proven successful is to ask consumers what kind of person would use this type of product. By asking this question, market researchers can determine what the consumer believes buying the product would say about them, as well as whether or not they would want to be seen as that type of person.

CORPORATE IMAGE ADVERTISING

Corporate image in advertising will be considered as an extension of public relations (PR). In a sense, it falls somewhere between true advertising and public relations. Instead of advertising specific brands or products, the advertising promotes the retailer's or firm's image. According to Blyth (2006:149) such advertising only mentions products in passing. The main thrust of advertising is not to sell goods directly, but to encourage a positive view of the firm, which is the main function of public relations.

Von Halle (2002) points out that expenditure on corporate advertising tends to be low because the results are intangible and seldom directly related to market share, which makes it difficult to justify the activity to senior management. According to Blyth (2006:149) corporate advertising can achieve important objectives such as:

- Ensuring that the company's activities are properly understood by its publics.
- Shaping the behaviour of staff, customers and other publics.
- Deriving the behavioural benefits that greater knowledge and understanding can give.
- Ensuring that the company's view is communicated without the filtering and occasionally mutating effect of putting a press release through the editorial process.

Blyth (2006:150) argues that the purpose of corporate advertising is basically the same as for press releases and other public relations exercises: to establish a positive image for the company. It is not directly about making sales (although sales often do increase because the favourable impression of the firm tends to spill over into a belief that the products are better, more reliable or more ethical) but rather about making the management task easier by smoothing the path of progress.

PRODUCT PLACEMENT

According to Blyth (2006:150) placing brands on the internet, TV and in films shows it is also about creating a positive image of the firm. Firms will contribute towards the cost of producing a movie or TV programme in exchange for allowing their products to be used in the show. For example, many American films will show Coca-Cola in some form or another: either one of the characters will be seen drinking it, or some of the advertising sign for Coke will appear in the background; this is called the 'butter' system of advertising.

SPONSORSHIP IN BRANDING CONTENT

According to Blyth (2006:151) the sponsorship of the arts or sporting events is an increasingly popular way of generating positive feelings about an organisation. Sponsorship has been defined

as an investment, in cash or kind, in an activity in return for access to the exploitable commercial potential associated with the activity. Watson (2004) agrees that companies sponsor for a variety of reasons, although generally their aim will be to link their name or brand with an event, person or organisation that is highly valued by their target consumers.

PRODUCT ORIENTATION IN ADVERTISING

The core concept of marketing is that the business seeks to meet the needs of customers rather than focus on selling its products. According to Doyle (2006:136) however, the product life cycle is a production rather than a marketing-oriented concept. By focusing on the product, most managers fail to understand those factors that shape the business's ability to satisfy the needs of their customers in competitive markets. The fortunes of the company are tied not to its products, but to five other primary forces that determine its ability to maintain a competitive advantage. According to Doyle (2006:136), these are:

- The changing requirements of customers;
- The objectives and strategies of competitors;
- The attractiveness of the market to new competitors;
- The emergence of new technologies that can replace existing solutions;
- The performance and power of those companies supplying resources, stocks, raw materials and components to the business.

However, these are the key drivers that make the product obsolete. Product will die if the needs of the customers change, if competitors come up with better offers, if new technologies permit cheaper or superior solutions, or if suppliers to the firm choke off into concentrating on the causes of change rather than the consequences of it. In that way they can more effectively anticipate developments in the market and create product strategies that will adapt to those opportunities.

MERCHANDISING AND THE SALES FORCE

Merchandising is vital. It is concerned with the products that are displayed in the retail outlet.

According to Blyth (2006:177) in a supermarket, customers typically move around the store in a clockwise rotation. This helps with positioning of displays and promotional materials. There are many merchandising tools and point of purchase materials that can be used. The criteria used by retailers are as follows:

- Efficient use of floor space for displaying product
- Visibility for consumers every time in store shelves
- Traffic flows around the shop
- Availability of display materials from the manufacturers

According to Blyth (2006:177) merchandising is a way of promoting the product at the point of sale. Some research indicates that around three-quarters of all purchasing decisions are made inside the shop, rather than before leaving home to make the purchase. Given the emphasis many people place on shopping around and browsing, this is hardly surprising. The retailer is providing a service to customers, and therefore is operating with a unique marketing mix which may be different from that of the manufacturers whose goods are on the shelves.

According to Blyth (2006:179) supermarkets usually group similar products together, and one of the manufacturers' sales strategies is to ensure adequate shelf space for their products. This is frequently an issue for negotiation, and can be easily as important as order quantities and price. If the product is moving out of the shelves the store will reorder anyway, and will also be less fussy about negotiating the price.

According to Blyth (2006:179) negotiating greater shelf space is also likely to be more successful than trying to negotiate for a big point of purchase display. Many retailers are concerned with maximising their profit per square foot, and are often doubtful about giving up

space for large display units. For this reason, many retailers prefer and recommend advertising electronically. This saves time, money and display space.

Stickers in Product

According to Blyth (2006:179) these can always be placed near the display shelf or other preferably linked product to direct the consumer to the product being promoted. It promises protection from private label and price brand competitors, and from lower quality and offshore entries, the higher priced and, by inference, the quality brands.

Window Displays

Many stores have windows which are entirely devoted to displays of posters and goods. This was at one time the main way of displaying goods, attracting the attention of passers-by. However, according to Blyth (2006:179) the window displays were often seen as a psychological barrier to entering the shop. In any case, the shop's full range of goods could not be displayed.

Dump Bins

Piling merchandise into a cardboard or netting bin gives the impression that it is exceptionally cheap, and also encourages customers to pick up the products. According to Blyth (2006:179) it overcomes the admittedly slight psychological barrier of disturbing a shelf display. Obviously the merchandise needs to be fairly robust to avoid being damaged.

Posters, Cut-Out and Show Cards

Posters are often used in windows, and cards can be suspended from the ceiling in store, which saves some floor space. According to Blyth (2006:179) models that appear in the products advertisement can be very striking, particularly if a life size cut-out of a person is used. Unfortunately, they tend to take up a lot of floor space.

Shelf Space and Colour- Blocking

Supermarket customers scan the shelves at an average rate of four feet per second, so a product needs to have a reasonable minimum of shelf space if it is to be noticed. According to Blyth (2006:179) one way around this is to colour-block a section of shelf by grouping products with similar coloured packs. Some manufacturers design the packs so that they form an eye-catching pattern when seen as a block on the supermarket shelf.

Brand Display Units

Manufacturers supply display units for their products. Typical examples are cosmetics companies, photographic film companies and battery manufacturers. Moreover, Blyth (2006:179) maintains that stocking and maintaining the stands, and in a few cases the stand and the goods, remain the responsibility and property of the manufacturer, with the retailer taking a share of the profit in exchange for giving up the space and serving the customers.

Shelf Positioning

Premium locations tend to be near the entrance doors, and for impulse purchase near the checkouts. Gilovich, Dale and Kahneman (2002:67) observe that other locations within a store become apparent by monitoring the movements of customers, which is sometimes done by using the security cameras and recorders to track movements at different times of day.

In-store sampling

This perhaps belongs more in the realm of sales promotion. Sampling involves stationing a member of staff with small samples of the product for people to try. For example, a supermarket might offer tasting of a new cheese spread. Gencturk and Kotabe (2001:77) point out that the customer feels a social obligation to compliment the product, which leads to a tendency to buy a pack of it.

CONCLUSION

In this chapter the researcher has explained business development and what a stable industry is. Also, purchase patterns, competitive markets, business development objectives and business

challenges have been discussed. Each retailer is required to produce an annual report based on performance and selling-scale statistics every year-end, and do stocktaking monthly. Wal-Mart is buying out the world's micro-dealers. Consumer behaviour needs and purchasing patterns, and the influencing and interpreting thereof, will be affected.

In the next chapter the researcher will look at how rural development relating to relates to human behaviour, and at how widely internet shopping and social networks affect face-to-face communication and the fast moving of consumer goods.

Chapter 6

RURAL DEVELOPMENT

INTRODUCTION

Most rural areas face major challenges of pragmatic economic growth. The farming and forestry businesses need to boost their competitiveness. According to Harmon (2007:73) the average income per head is generally lower in rural regions than in the towns and cities. The skills base is also narrower, and the service sector is less developed. Further, caring for the rural environment often carries a greater financial burden.

Harmon (2007:73) states further that, on the other hand, ‘the European countryside has a great deal to offer, it gives us essential raw materials. Its value as a place of beauty, rest and recreation is self-evident. It acts as the lungs of the world, and is therefore a battleground for the fight against climate change.’

This chapter examines strategies which could assist in rural development without altering the nature and essence of rural communities.

PRIORITIES FOR RURAL DEVELOPMENT

Rural development policies should not operate in a vacuum. Many improvement measures are relatively small-scale. Rural development actions can ensure that small-scale local infrastructure is put in place to connect rural communities with major investors under regional and cohesion policies. According to Harmon (2007:74) significant European Union (EU) funds invested in telecommunications, transport, energy and water infrastructures have capitalised on local strategies for diversification and development of agricultural and food sector potential. Rural development has a positive spiral effect on the economy of a country.

Their European Union strategy focuses, among other things, on improving education and training, research and development, and the promotion of innovation and sustainability.

Investing in human capital and skills is crucial to exploiting opportunities for growth and employment in rural areas. Harmon (2007:74) argues that these factors cut across the full range of rural development activities as they can contribute to helping people adapt to a more market-oriented agriculture and promoting new ways of selling and dealing with risk in competitive markets. The purpose is to encourage development of micro-businesses and to foster dynamic entrepreneurship. Government must assist rural development by becoming involved in management of processes in the agricultural food chain. They should use the opportunity to improve local infrastructure, and environmental land management.

THE USES OF STRENGTHENING RURAL PROGRAMMES

Rural development programmes are usually top-down from national government agencies or international development organisations to the local or regional authorities. According to Ahade (2006:61) local populations can also facilitate initiatives for the development of their communities. The main aim of the rural government policy is to develop the undeveloped villages and create job opportunities in local places where people are located.

Broadly distributed land rights provide structural change that is enduring and multi-generational, which leads to long-term systemic change, not short-term relief. Secure land rights foster the tangible benefits of ownership that are necessary for sustainable poverty alleviation. Landlessness is one of the best predictors of extreme poverty around the world (Ahade, 2000:61).

While higher prices are generally good news for farmers, the impact on the poor in developing countries who spend a high proportion of their income on food can be devastating. Ahade (2006:61) adds that this is why we call on governments to improve information about transparency of both physical and financial markets, encourage investments that increase productivity in developing countries, remove production- and trade-distorting policies, and assist the vulnerable to better manage risk and uncertainty.

ECONOMIC DEPENDENCE CRITERIA

Ahade (2006:62) notes that in terms of quantitative indicators, overall performance has generally been disappointing, although in qualitative terms African people have come a long way towards improving the quality of life of the average man, woman and child during the past two decades. According to rural development policies, development planning, establishment of new industries, building of new roads, expansion in educational facilities as well as other development activities in the economic and social sectors have all contributed to the limited economic gains and social improvements and modifications designed to reduce economic dependence.

This can help to stop people from migrating from country to country, province to province seeking jobs and ending up having extra-marital affairs and having children they fail to take care of, and aiding the spread of diseases (Ahade, 2000:62).

Simatupang (1994:92) outlines the emergence of a new agricultural policy which aims to increase production and ensure both the profitability of agricultural production and a higher income for the farmers that would narrow the income differentials between the urban and rural population, and thereby slow down the exodus of the youth. This has favoured the prioritisation of specialised private farms.

Simatupang (1994:92) is confident that improved new communications and transportation also stimulate social change. Groups which were previously isolated geographically or politically become ever more aware of different ways of thinking, living, and behaving, and sometimes of the existence of vastly different standards of living. Migrations and mass media lead not only to cultural mixing but also to the extinction of some cultures and the rapid evolution of others. Easy worldwide communications and transportation force confrontations of values and expectations in the pursuit of commercial interests.

Simatupang (1994:92) furthermore emphasises that the size of the human population, its concentration in particular places, and its pattern of growth are influenced by the physical setting and by many aspects of the culture: economics, politics, technology, history and religion. In response to economic concerns, national governments set very different policies to either increase or decrease population growth in rural areas. Some religious groups also take a strong stand on population issues. Leaders usually support campaigns against birth control. However, in recent years, religious leaders of major faiths have endorsed the use of birth control to restrict family size.

Ahade (2006:64) observes that African governments are now setting new national priorities to determine development strategies and allocate development resources such as industries, building of new roads, agricultural farming expansion and creating more job opportunities in rural areas. These priorities continue to influence African affairs, with the result that economic dependence on government has tended to deepen rather than decline.

POVERTY REDUCTION

Jenkins and Plowden (2006:66) state that the development of price reserve services (PRS) poses major challenges for low income countries, in terms of both analysis and organisation. Besides managing a complex policy dialogue with development partners, low-income country governments have to put together an integrated, medium-term economic and poverty reduction strategy with short- and long-term goals, as well as monitoring systems.

Jenkins and Plowden (2006:66) point out that the same issues are raised by the millennium development goals (MDGs) although their scope is even wider. The eight MDGs were agreed at the UN Millennium Summit in September 2000. All 191 UN member states have since signed up to them as goals to be achieved by 2015. The goals were to eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria and other diseases,

ensure environmental sustainability, and develop a global partnership and provincial partnerships for development.

Jenkins and Plowden (2006:68) argue that the need for radical improvements in the standard of government in many developing countries has now received more attention than ever before; but it is not apparent that the legitimate desire to see better run and more stable governments is informed by an appreciation of the effort, problems and time involved in making substantial progress.

Jenkins and Plowden (2006:68) further argue that the government industry is donor driven. Almost all its projects in rural development areas are complex processes from inception to planning and operation. They involve a range of people with very different objectives and widely varying motivation. Jenkins and Plowden (2006:68) explain that the interplay between these different groups determines the planning of reforms for rural development.

CULTURE AND GOVERNANCE IN RURAL DEVELOPMENT

Jenkins and Plowden (2006:129) note that social and political context is among the influences which determine the culture of a society. A combination of values, norms, beliefs, assumptions and informal rules shape the behaviour of people towards each other. According to Jenkins and Plowden (2006:130) that every institution has its own culture, and the culture of different government agencies may differ in important respects even from the wider community of which it is part.

The culture of any institution, whether a village, a business corporation, a government department or a sovereign state, can be difficult for outsiders to understand. It is profoundly influential on the ways in which the formal institution functions. The strength of its policy may depend on aspects of the sociocultural context (Jenkins and Plowden, 2006:130).

BEHAVIOUR IN GOVERNMENT

Jenkins and Plowden (2006:133) contend that behaviour within government is influenced by culturally determined and deeply entrenched attitudes in society towards the professions of politics and government. In many societies at one time or another, public office has been recognised as a means to personal material gain, and has been openly sought for this reason. Once in government, people's behaviour and attitudes change to mimic the culture within government.

SOCIAL CONFLICT

Jenkins and Plowden (2006:140) notice that there is conflict in all human societies, and all societies have systems for regulating it. Conflict between people or groups often arises from competition for resources, power and status. Family members compete for attention. Individuals compete for jobs and wealth. Nations compete for territory and prestige. Jenkins and Plowden (2006:140) argue that different interest groups compete for influence and the power to make rules. Often the competition is not for resources but for ideas. One person or group wants to have the ideas or behaviour of another group suppressed, punished, or declared illegal.

Jenkins and Plowden (2006:140) add that social change can be potent in evoking conflict. Rarely if ever is a proposed social, economic, or political change likely to benefit every component of a social system equally, and so the groups that see themselves as possible losers resist. Mutual animosities and suspicions are aggravated by the inability of both proponents and opponents of any change to predict convincingly what all of the effects will be of making the change or of not making it. Conflict is particularly acute when only a few alternatives exist with no compromise possible. (Jenkins and Plowden, 2006:140).

SOCIAL CHANGE

Wersch (2009:63) observes that societies evolve in directions that are opened or constrained in part by internal forces such as technological developments or political traditions. The conditions

of one generation limit and shape the range of possibilities open to the next. Each new generation learns the society's cultural forms, and thus does not have to reinvent strategies for producing food, handling conflict, educating young people, governing, and so forth. It also learns aspirations for how society can be maintained and improved.

Wersch (2009:63) however, mentions that each new generation must address unresolved problems from the generation before: tensions that may lead to war, wide-scale drug abuse, poverty and deprivation, racism, and a multitude of private and group grievances. Grievances may be relieved just enough to make people tolerate them, or they may overflow into revolution against the structure of the society itself. Many societies continue to perpetuate centuries-old disputes with others over boundaries, religion and deeply felt beliefs about past wrongs.

Wersch (2009:64) observes that governments generally engineer social change by means of policies, laws, incentives, or coercion. Sometimes these efforts work effectively and actually make it possible to avoid social conflict. At other times they may precipitate conflict. For example, setting up agricultural communes in the Soviet Union against the farmers wishes to farm their own private land was achieved only with armed force and the loss of millions of lives.

According to Wersch (2009:64) the liberation of slaves in the United States came only as one consequence of a bloody civil war. In the hundred years thereafter, elimination of explicit racial segregation was achieved in some places only by use of legislative action, court injunctions and armed military guard, and continues to be a major social issue.

POLITICAL AND ECONOMIC SYSTEMS

Wersch (2009:64) states that in most countries national power and authority are allocated to various individuals and groups through politics, usually by means of compromises between conflicting interests. Through politics, governments are elected or appointed, and in some cases

created by armed force. Governments have the power to make, interpret and enforce the rules and decisions that determine how countries are run.

Wersch (2009:64) observes that the rules that governments make encompass a wide range of human affairs including commerce, education, marriage, medical care, employment, military service, religion, travel, scientific research, and the exchange of ideas. A national government or local government is usually given responsibility for services that individuals or private organisations are believed not to be able to perform well themselves.

Wersch (2009:64) further states that government is directly involved in such areas as education, welfare, civil rights, scientific research, weather prediction, transportation, preservation of national resources such as national parks, and much more. Decisions about the responsibilities that national, state and local governments should have are negotiated among government officials, who are influenced by their constituencies and by centres of power such as corporations, the military, agricultural interests, and labour unions.

Wersch (2009:65) contends that the political and economic systems of nations differ in many ways, including the means of pricing goods and services, the sources of capital for new ventures, government regulated limits on profits, the collecting, spending and controlling of money, and the relationships of managers and workers to each other and to government. The political system of a nation is closely intertwined with its economic system, refereeing the economic activity of individuals and groups at every level.

Wersch (2009:65) elaborates that it is useful to think of the economy of a nation as a single unit. At one theoretical extreme is the purely capitalist system, which assumes that free competition produces the best allocation of scarce resources, the greatest productivity and efficiency, and the lowest costs. Decisions about who does what and who gets what are made naturally as consumers and businesses interact in the marketplace, where prices are strongly influenced by

how much something costs to make or do, and how much people are willing to pay for it. Most enterprises are initiated by individuals or voluntary groups of people.

Wersch (2009:66) states that when more resources are needed than are available to any one person, such as to build a factory, they may be obtained from other people, either by taking out loans from banks or by selling ownership shares of the business to other people. Payne and Sutton (1984:76) agree that high personal motivation to compete requires private ownership of productive resources such as land, factories and ships, and minimal government interference with production or trade. According to capitalist theory, individual initiative, talent and hard work are rewarded with success and wealth, and individual political and economic rights are protected.

GLOBAL INTERDEPENDENCE

Nations and cultures are increasingly dependent on one another through international economic systems and shared environmental problems such as the global effects of nuclear warfare, deforestation and acid rain. Payne and Sutton (1984:76) agree that they learn more about one another through international travel and use of mass media liaison. The global system is becoming a tightly knit web in which a change in any one part of the web has significant effects on the others.

Payne and Sutton (1984:76) further state that local conflicts spread beyond their borders to involve other nations. Fluctuating oil supplies affect economic productivity, trade balances, interest rates and employment throughout the world. The wealth, security and general welfare of almost all nations are interrelated. There is a growing consensus among the leaders of most nations that isolationist policies are no longer sustainable, and that such global issues as controlling the spread of nuclear weapons and protecting world monetary systems from wild fluctuations can be accomplished only by all nations acting in concert.

Payne and Sutton (1984:77) observe that nations interact through a wide variety of formal and informal arrangements. Formal ones include diplomatic relations, military and economic alliances, and global organisations such as the United Nations and the World Bank. Unlike national governments, however, global organisations often have only limited authority over their members at grass-root level. Other arrangements include cultural exchanges, the flow of tourists, student exchanges, international trade, and the activities of non-governmental organisations with worldwide membership such as Amnesty International, anti-hunger campaigns, the Red Cross, and sports organisations.

On the one hand, Payne and Sutton (1984:77) observe that the wealth of a nation depends on the effort and skills of its workers, its natural resources, and the capital and technology available to make those skills and resources function well. On the other hand, national wealth depends, not only on how much a nation can produce for itself, but also on the balance between how long its products are sought after by other nations, and how much of other nations' products it seeks. International trade does not result just from countries lacking certain resources or products, such as oil or various food crops or efficient automobiles. Payne and Sutton (1984:77) observe that even if a country can produce everything it needs by itself, it still benefits from trade with other countries. If a country does the things it does most efficiently in terms of either quality or cost, or both, and sells its products to other nations, such a system theoretically enables all participating countries to come out ahead, Payne and Sutton (1984:77).

Robert (2003:67) notes that there are many practical influences that disfigure the economic reality of international trade. For instance, such trade may be thwarted by fear of exploitation by economically or politically more powerful nations, by the desire to protect special groups of workers who would lose out to foreign economic competition and by the unwillingness to become dependent on foreign countries for certain products that could become unavailable in the case of future conflicts.

Because of increasing international ties, the distinctions between international policy and domestic policy may be unclear in many cases. Policies that determine what kind of cars or clothes can be bought, and at what prices, are based on foreign trade and an international balance of payments. Thomas (2006:45) however, thinks that cultural production at home depends on foreign markets as well as domestic policies. Even though international markets are to the advantage of all countries, they may be greatly to the disadvantage of particular groups of people within countries.

Thomas (2006:45) observes that domestic policies may thus be needed to avoid hardship for such groups; those policies will in turn affect international trade. Nations with strong internal consensus on their own religious or political ideologies may pursue foreign policies that aggressively promote the spread of such ideologies in other countries, and undermine groups with competing ideas.

CONCLUSION

The growing interdependence of world social, economic and ecological systems makes it difficult to predict the consequences of social decisions. Changes anywhere in the world can have amplified effects elsewhere, with increased benefits to some people and increased costs to others. There is also the possibility of some changes producing instability and uncertainty that are to the disadvantage of all. Most businesses exchange information, develop monitoring mechanisms to warn of global catastrophes such as famine and nuclear war, and strive to reduce the large gap in the standard of living between the richest and the poorest nations. Participants in social systems sometimes find it to their advantage to suffer some short-term losses to achieve the longer-term goal benefits of a stable world economy. The next chapter presents the conceptual framework of the study.

Chapter 7

CONCEPTUAL FRAMEWORK

INTRODUCTION

A conceptual framework is a model which the researcher presents by making use of other models within the field of study (Reichel & Ramey, 1987). In this case the researcher uses communication models to develop a model for enhancing the availability of FMCG in a rural context. The theory has several purposes, and several accompanying ways of assessing whether it is productive. The main purpose or goal of the theory is to pose questions that provide explanations about phenomena, but there are other more specific uses for it as well. According to Rosenberry and Vicker (2009:9) logical consistency of the theory is based on the assumptions behind it, and what it is theorising about. For example, one could theorise that people with advanced college education tend to live in elite suburbs. But the theory would have little appropriateness, since there is nothing that logically connects a person's street address with their educational achievement.

The second factor is the shift concerning the nature of the entities that are being studied and their mode of action and relating with marketing strategies in rural areas. According to Rosenberry (2009:21) it is wise to consider conceiving of human beings as people and their mode of action as that of social beings.

This chapter conceptualises a model for enhancing marketing of FMCG in a rural context by examining Shannon and Weaver's model of communication in conjunction with the Technology Acceptance Model.

UNDERSTANDING A MODEL

According to Wikipedia (2012) a conceptual framework is used to outline possible courses of action or to present a preferred approach (or a model) to an idea or thought. A conceptual

framework is a type of intermediate theory that attempt to connect aspects of inquiry. Further, conceptual frameworks take different forms depending upon the research question or problem.

A model is a controlled illustration of an object or event in ideal and abstract form. Models are arbitrary by nature. In its abstract form certain details are eliminated to focus on essential factors. The key to the usefulness of a model is the degree to which it conforms to the underlying factors of communication behaviour. Communication models are merely pictures; they can even be distorted pictures, because they stop or freeze an essentially dynamic interactive process into a static picture. Models are metaphors. They allow us to see one thing in terms of another.

The Advantages of Models

Models probe one to ask questions. Therefore, a model is useful when it provides a general perspective as well as a point of reference to interpret raw data and to ask questions. Although models are flexible, they generate calculated pathways to obscure destinations.

Models also assist to clarify complex events (or issues). They do this, as Chiparis (1961) notes, by reducing complexity to simpler, more familiar terms. Thus the aim of a model is not to ignore complexity or to explain it away, but rather to give it order and coherence. It is important to note that, especially in third world countries, conceptual frameworks should be as simple as possible to ensure successful implementation.

Limitations of Models

Sometimes models can lead to oversimplification, which encourages the idea that most of the work in designing communication models illustrates that anything in human affairs which can be modelled is too superficial to be given serious consideration.

THEORY AND RESEARCH IN THE INTERPRETIVE TRADITION

Rosenberry (2009:25) explains that communication as an academic discipline can take various theoretical orientations. The most common approach is communication science, or the study of communication activities with observable, empirical measurements similar to other social sciences such as psychology. Social scientific research of this nature poses some challenges because of the difficulties observed, such as those presented by attitudes and personal characteristics.

Rosenberry (2009:25) maintains that communication researchers frequently conduct their projects by designing a testable prediction about the relationship, and thereafter evaluating the variables in the premise by collecting the data in the most systematic, reliable and valid way possible.

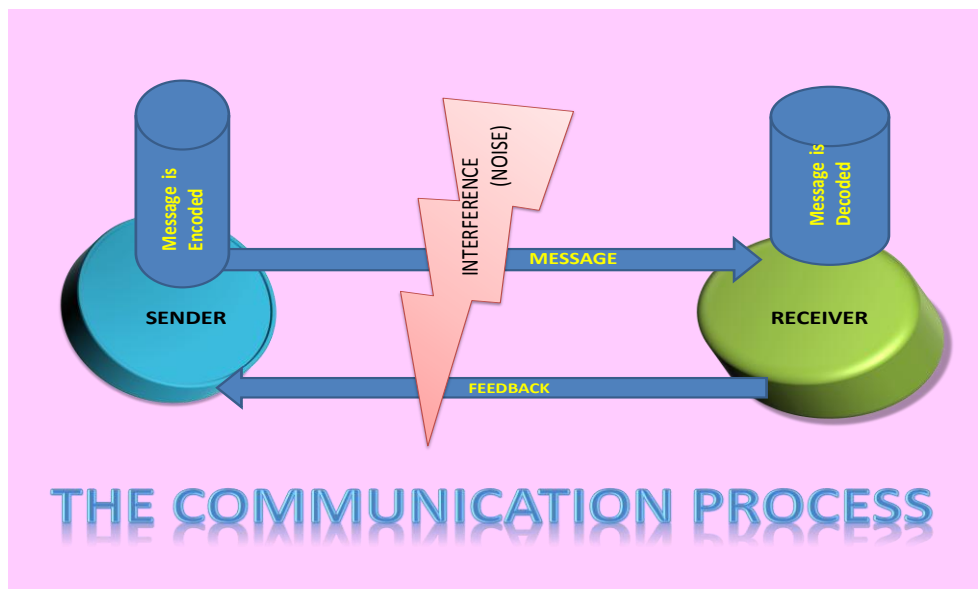
SHANNON AND WEAVER'S MODEL OF COMMUNICATION

The Shannon and Weaver model of communication demonstrates why even the simplest of communications can be misunderstood. Mersham and Skinner (1999:3) argue that transmitting a signal across media adds to the complexity of the communication, and increases the chance for distortion. This makes it easier to understand why other people just cannot grasp what we already know.

According to Shannon and Weaver, a message begins at an information source, which is relayed through a transmitter, and then sent via a signal towards the receiver. According to Mersham and Skinner (1999:4) before it reaches the receiver, the message must go through noise sources of interference. Finally, the receiver must convey the message to its destination.

Mersham and Skinner (1999:4) view the information source from the sender must first move the idea from his or her brain to their mouth transmitter. The sender must select words for the receiver transmitter to use. Once senders speak, their voice signal is carried through the air

toward the listener's ear receiver. Along the way, the sender's signal is joined by a myriad of other sounds and distractive noises. The recipients should take everything they receive and try to maximise the message and minimize the noise.



Source: Mersham and Skinner(1999:8)

Figure 10 : Model of Communication

Implication of Shannon and Weaver's model

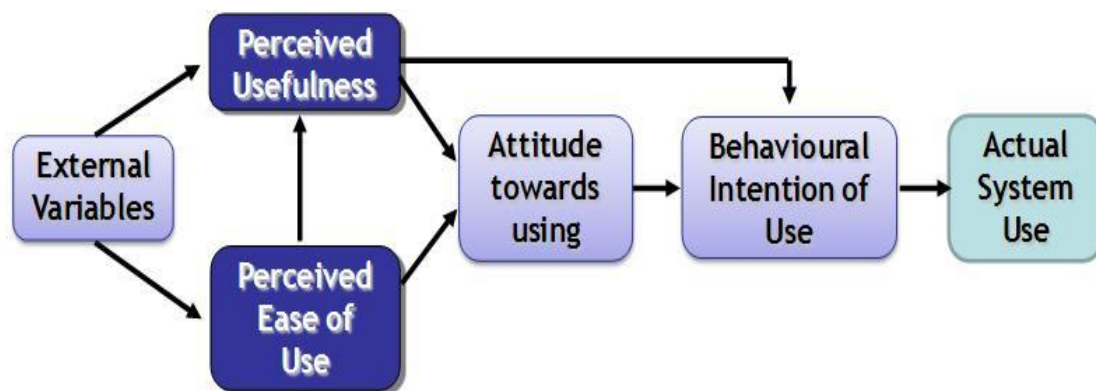
The striking implication of Shannon and Weaver's model of communication is that the intended meaning of a message is distorted upon its being received and perceived. This can happen for various reasons. It depends on, for example, cultural issues which impact on how the message was encoded or decoded. Message is the vessel which provides information. Its meaning is dependent upon the context in which it is used. The term may apply to both the information and its form. Mersham and Skinner (1999:9) state that it is the ideas and information that the source transmits to the recipient, usually with an intention that these are necessary to initiate, support or ensure some or other form of behavioural attention.

It is important, therefore, to find ways to minimise the 'noise' or interference when transmitting a message. Very often, messages are broadcast to the public from various forums. The intention of the sender is normally honourable, but the message is often distorted, misinterpreted or not even received for various reasons. It is imperative that senders of key information find ways of

eliminating or minimising the risk of distortion of the message: for example, messages should be tested for ambiguity before being sent out.

TECHNOLOGY ACCEPTANCE MODEL STRUCTURE (TAMS)

The technology acceptance model specifies the causal relationships between system design features, perceived usefulness, perceived ease of use, attitude toward using, and actual usage behaviour (Wixom and Todd, 2005:85). Overall, the TAM provides an informative representation of the mechanisms by which design choices influence user acceptance, and should therefore be helpful in applied contexts for forecasting and evaluating user acceptance of information technology (Wixom and Todd, 2005:85).



Source: Davis, F.D. (1993) *The Technology Acceptance Model*

FIGURE 11 : THE TECHNOLOGY ACCEPTANCE MODEL

Wixom and Todd (2005:85) explain that the Technology Acceptance Model (TAM) is rooted in the belief that the 'perceived usefulness' and 'perceived ease of use' determine an individual's intention to use particular technology. 'Perceived usefulness' is also seen as being directly impacted by 'perceived ease of use.'

Perceived Usefulness

In the context of internet shopping, both are surmised to be closely linked in that an internet user who perceives that purchasing through the internet is effortless should in turn develop a tendency to perceive it as useful, since an internet user would inherently try to mould his or her

perception of internet shopping based on his or her experiences in engaging in internet shopping and the ease with which the task was executed. Simposon and Dore (2004:24) claim that the adoption of non-store environments such as internet retailing has provided a readjustment in the shopping orientation literature. At a glance, researchers tend to attribute 'convenient shopping' to 'non-store formats' and 'recreational shoppers' to 'conventional forms.'

Perceived Ease of Use

It might be more convenient, economic or enjoyable for those who are computer literate to engage in internet shopping rather than conventional means. Teenagers, who have a great deal of knowledge of internet tools, perceive online shopping to be easy. Reid and Brown (1996:24) found that the additional shopping orientation could not discount the inclusion of enjoyment, whether in the form of dealing with the technology or the actual satisfaction derived from having the products delivered to the doorstep. This satisfaction can be expressed in terms of the 'feeling of joy, elation, pleasure' that are associated with the individual's act in purchasing through the internet. Teo *et al.* (1999:28) found that perceived enjoyment has a positive impact on internet users in Singapore.

Human Attitude Towards Certain Product

Attitudes are essentially likes and dislikes. Ajzen and Fishbein (2005:175) maintain that our affinities for and aversions to situations, objects, persons, groups or any other identifiable aspects of our environment have roots in our emotions, behaviour and social influences upon us. The word 'attitude' connotes a subjective or mental state of preparation for action. Attitudes find their roots in our beliefs, and they influence our behaviour. They represent the way in which we view the world and organise our relationships. Attitudes are literally mental postures and guides for conduct to which each new experience is referred before a response is made. Haugtvedt (1997:99) defines an attitude as a mental disposition of the human individual to act for or against a definite object, or an acquired tendency to act in specific ways towards or

against an environmental factor which is imbued with either negative or positive value. More recent research indicates that 'attitude' represents a summary evaluation of a psychological object, and is described both internally and externally in dimensions such as good-bad, likeable-dislikeable, harmful-beneficial, and pleasant or unpleasant.

Implications of the Technology Acceptance Model

Since behavioural intent depends on cognitive choice, a potential internet shopper can either respond favourably or unfavourably towards engaging in online purchasing (Davis, 1989). Meaning, the like and dislike nuance would be based on whether the trade-off is beneficial to the potential customers of the internet shop as opposed to other forms of retailing (Davis, 1989). Since the online shopping customer relies on the technology's usability and usefulness (Davis 1989) the application would increase one's performance. In this context, the performance would be centred in the benefits of purchasing a product through internet retailing minus the trade-off of a physical retailing.

USES AND GRATIFICATIONS

According to Hobson and Dorothy (1982:34) one of the influential traditions in media research is referred to as 'uses and gratifications' (occasionally 'needs and gratifications'). This approach focuses on why people use particular media. Uses and gratifications can be seen as part of a broader trend amongst media researchers which is more concerned with what people do with media, allowing for a variety of responses and interpretations. Gratifications can also be seen as effects: for example, thrillers are likely to generate very similar responses amongst most viewers. According to Blumler and Katz (1974:40-50) uses and gratifications theory arose originally in the 1940s, and underwent a revival in the 1970s and 1980s. The approach springs from a functionalist paradigm in the social sciences. It presents the use of media in terms of the gratification of social or psychological needs of the individual. The mass media compete with other sources of gratification, but gratifications can be obtained from a medium's content (for

example, watching a specific programme) from familiarity with a genre within the medium (for example, watching soap operas) from general exposure to the medium (for example, watching TV) and from the social context in which it is used (for example, watching TV with the family). Denis and McQuail (1987: 236) argue that uses and gratifications explain how people's needs influence how they use and respond to a medium. They also explain the influence of mood on media choice: boredom encourages the choice of exciting content, and stress encourages a choice of relaxing content. The same TV programme may gratify different needs for different individuals. Different needs are associated with individual personalities, stages of maturation, backgrounds and social roles.

THE STRATEGIC MARKETING PLAN

Cole *et al.* (1998) state that after analysing market segments, customer interests and the purchase process, it is time to create the strategic marketing plan. According to Baker and Barker and Angelopulo (2006:299) the strategic marketing plan document usually includes a situational analysis (*where is the company now?*) market characteristics, key success factors, competition and product comparisons, technology considerations, legal environment, social environment problems and opportunities, and marketing objectives. Management must spearhead and focus their eyes on new marketing skills if they want to take their organisations to newer heights of achievement. The company should engage in product profiling and target marketing strategies in order to optimise profits together with satisfying customer needs. (Davenport, 1993). These strategies are:

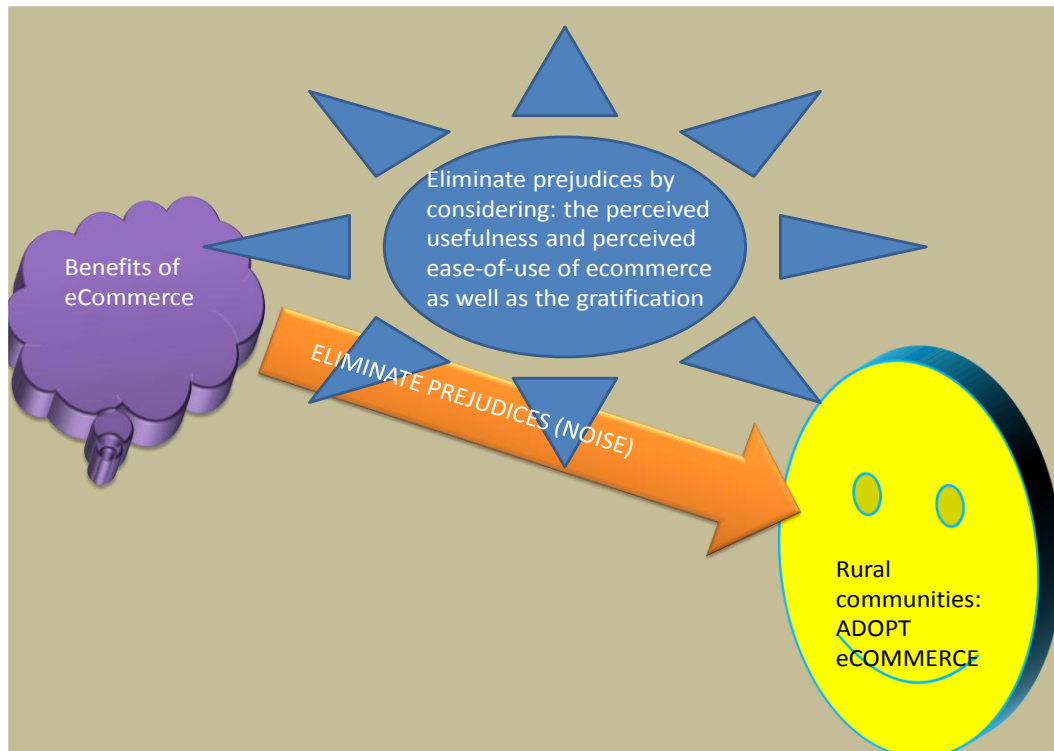
- product strategy
- pricing strategy
- promotion strategy
- distribution strategy
- marketing strategy projection.

Davis (2010:44) states that the technology acceptance model will open up new markets that have not been accessible. Investing in these technologies can lead to economic benefits through more price competition, lower inventory costs, reduced business travel and new distribution channels.

The Shannon-Weaver model of communication clearly identifies the ‘noise’ which impairs acceptance of an intended message. The tendency for rural communities to resist use of new technology for ecommerce is an indication that the benefits of its adoption are obscure to them. According to Davis (2010) this is the ‘noise’ which prevents coherent decoding of the message. The challenge is to assist rural communities to buy in to the idea of adopting ecommerce to their advantage. In Shannon and Weaver’s terminology, the main problem is to eliminate or minimise the ‘noise’ or interference in the message.

Interestingly, the technology acceptance model indicates that in order to eliminate the ‘noise’, one has to understand the perceived usefulness and ease of use of ecommerce by rural communities. According to Davis (2010) the uses and gratification theory warrants that one examines the sense of gratification that rural communities would receive upon using ecommerce. Clarifying the usefulness of engaging in ecommerce would also influence rural communities to engage in ecommerce.

In summary (as indicated in the illustration below) in order to change the attitude of rural communities towards the use of ecommerce, one has to consider ways of eliminating the prejudices (‘noise’) which rural communities harbour against use of ecommerce.



Source: Davis (2010)

FIGURE 12 : PROCESS OF ELIMINATING PREJUDICES FOR ADOPTION OF ECOMMERCE BY RURAL COMMUNITIES.

In this context, the Shannon and Weaver model of communication indicates that rural communities would decode the intended message favourably if

- The message is clearly constructed and
- Any misunderstanding (bias) to the message is removed.

According to the technology acceptance model rural communities will adopt ecommerce if they perceive that it is useful to them and it is easy to use the uses and gratification theory explains that:

- People will adopt ecommerce if they find it useful to their life, and
- If it gives them some satisfaction.

In keeping with the above theories of communication, concerned authorities such as the government, major industries and other social organisations need to focus on the following in order for rural communities to freely engage in online transactions:

- Educating rural communities on the usefulness of engaging in online shopping and online banking. Such education should include radio, newspaper and television adverts which depict how rural communities can overcome constraints of time and distance by using the internet for shopping and banking.
- Community television and radio must include soapies which depict rural communities engaging in online banking and shopping.
- The concept of safety of online shopping must also be broadcast to rural communities in easy-to-understand terminology.
- The government and retailers must identify the fears and superstitions which rural people harbour about financial transactions in general and direct more effort in assisting rural communities to alleviate these fears.
- It is important that the government and retailers involve the rural leaders when educating rural communities about ecommerce and similar issues.
- Government and retailers must encourage the use of internet shopping for rural communities. This would gradually promote urbanization of rural communities
- Marketing teams must consider new strategy based on new technology to promote FMCG in rural areas.
- Marketing teams must consider consumer preferences when ascertaining needs of rural communities.
- FMCG marketing teams need to consider using electronic communication methods to reach as many human beings as possible.
- FMCG marketing teams must consider the needs of rural communities.
- FMCG marketing teams must promote consumer feedback to assist in rural development.

The above statements are merely suggestions which are based on communication models and which may be used to improve communication. In this case we are examining possible solutions to improve online shopping in rural areas so that there is a spiral effect of economic development in these areas. These suggestions have been used to structure a quantitative study to fully understand the problem which rural communities have with regard to online shopping.

CONCLUSION

This chapter was based on Shannon and Weaver's communication model, to understand the problems which rural communities experience with regard to technology acceptance for commercial success. An important issue of 'noise' or 'disturbance' was identified as a key to understanding why communication to these communities has been unsuccessful. Uses and gratification theory as well as the technology acceptance model were used to understand and eliminate the 'noise' or interference with the message sent to rural communities. Theoretically, this provided a solution (theoretical model) for the problem. However, this model cannot be used as the cardinal underpinning solution for success of the FMCG industry in rural areas, and needs to be further scrutinised using quantitative surveys. This is what follows in the subsequent chapters of this thesis.

Chapter 8

RESEARCH PROCEDURE

INTRODUCTION

Creswell (2003:56) maintains that scholarly literature should include a section on the methodology of scientific study. This chapter outlines the overall procedure which was used to undertake scientific investigations in this study. It takes into account the methods which were used to make inferences and philosophical assumptions. This section does more than outline the researcher's methods. It describes the logic and critical analysis which underlines the methodologies and techniques applied.

Further, this chapter explains the research techniques which are used in this study. Various aspects which relate to specific methods of research are investigated to ensure which technique would be best suited for this research study. Snapshots of the coding process are provided to indicate how the data was captured. The empirical investigation focuses on the perception of rural communities on the safety of fast-moving consumer goods (FMCG) retailers in the Nkandla rural community in KwaZulu-Natal. The findings in the literature review provide detailed information on the subject of discussion. The rationale of the questionnaire design, evaluation of results, analysis and data processing is also outlined.

RESEARCH DESIGN

Heppner *et al.* (1992:15) describe a research design as a plan or structure for an investigation or a list of specifications and procedure for conducting and controlling a research project. A research design serves as a master plan of the methods and procedures that should be used to collect and analyse data needed by the decision maker. The research design is a deliberately planned arrangement of conditions for the analysis and collection of data in a manner that aims

to combine relevance to the research purpose with economy of procedure. This study deals with the following:

Qualitative research methods: Qualitative research methods are used in the form of open-ended questions within a self-administered questionnaire. This allowed the respondents to motivate their answers for certain questions in their own words.

Quantitative research methods: Quantitative research methods are used in the form of closed-ended questions within a questionnaire. These were easy to quantify and analyse owing to a restricted number of answers and categories provided to respondents.

Descriptive research: Descriptive research or case study research is research in which a specific situation is studied either to see if it gives rise to any general theories, or to see if existing general theories are borne out by the specific situation. Descriptive research may be used when the object of the research is very complex.

This study focuses on both qualitative and quantitative research methods.

THE RESEARCH METHOD

The research entails both qualitative and quantitative pilot study. Cavana *et al.* (2000) agree that the ways, techniques or tools for generating thoughtful, accurate and ethical data capturing and also ways, techniques and strategies for manipulating the collected data and analyses of information. Welman *et al.* (2009:188) stated that it is an umbrella phrase covering an array of interpretative techniques which seek to describe, decode, translate and otherwise come to terms with the meaning of naturally occurring phenomena in the social world. According to Huysamen (1994:139) research is a systematic process of collecting, analysing and interpreting information (data) in order to increase our understanding of the phenomenon which we are interested in. According to Creswell (2005:30) and Tracy (2007:41) qualitative research methods are discovery-based, stress depth rather than breadth, and offer insight rather than numbers.

Differentiation between Qualitative and Quantitative Research

Huysamen (1994:139) states that there are two basic types of research you might conduct with intended audiences: qualitative and quantitative. Research will use methods from one of these two types depending upon what the researcher want to learn. See the table below, on qualitative versus quantitative methods, for common distinctions between qualitative and quantitative research.

Qualitative versus quantitative methods

Qualitative	Quantitative
Provides depth of understanding	Measures level of occurrence
Studies motivations	Studies actions
Asks "why?"	Asks "how many?" and "how often?"
Enables discovery	Provides proof
Is exploratory	Is definitive
Allows insights into behaviour and trends	Measures levels of actions and trends
Interprets	Describes

Reference: Huysamen (1994)

TABLE 1 : QUALITATIVE VERSUS QUANTITATIVE METHODS

Krueger (1988:30) outlines the advantages of qualitative research methods. Qualitative designs are more flexible than quantitative designs. Qualitative themes and categories can be developed as methods to explore and describe meanings in particular contexts. The disadvantage of qualitative research (Byrne 2002:22) is that it is hard to replicate qualitative research as it does not have a structured design or standardised procedure.

Quantitative Research Methods

According to Huysamen (1994:163) quantitative design is appropriate when there is a need to count and/or measure variables. According to Creswell (2003:30) and Tracy (2007:41) notes that quantitative research methods are verification based, and are important to verify the insight

and measure what number of people holds certain attitudes and behaviour. Creswell (2003:31) and Tracy (2002: 82) also state that quantitative methods and techniques used to collect data include survey, self-administered questionnaires and experimental designs. They add that the quantitative research method is easy to imitate and consequently has high reliability, and results can be reduced to a few numerical statistics and interpreted easily.

SURVEYS

According to Huysamen (1994:174) survey research is the method of gathering data from respondents thought to be representative of some population, using an instrument composed of closed or open-ended questions.

METHODOLOGY

Methodology can be defined as:

- The analysis of the principles of methods, rules, and postulates employed by a discipline.
- The systematic study of methods that are, can be, or have been applied within a discipline.
- A particular procedure or set of procedures followed in research (Williamson, 2004).

Qualitative research focuses on phenomena that occur in natural settings, and involves studying the phenomena in their entire complexity. According to Welman, *et al.* (2009) these methods are used in approaches such as ethnographic and case study research as well as in participant observation. Qualitative researchers try to simplify what they observe and portray the picture in a multifaceted form.

Williamson (2004) states that the difference is that qualitative research deals with subjective data, but quantitative research deals with objective data consisting of numbers. According to Welman, *et al.* (2009:188) the qualitative field studies can be used successfully in the description of groups such as small communities and organisations, whereas the quantitative

methods may be more useful in hypothesis testing research. Qualitative field studies, in turn, may lend themselves more appropriately to studying cases that do not fit into particular theories.

The Target Population

According to Huysamen (1994:166) the target population is the actual population for which we want to generalise findings. This study was undertaken in Nkandla.

Huysamen (1994:166) states that sampling involves a rigorous procedure when selecting units of analysis from a larger population. Further, 'population' means all possible units of analysis, and can be seen as any group, or as consisting entirely of individuals.

Huysamen (1994:166) states that the entire set of objects or people which is the focus of the research and about which the researcher wants to determine some characteristics is called population. Huysamen (1994:166) He also states that the subset of the whole population which is actually investigated by the researcher and whose characteristics will be generalised to the entire population is called the sample. Sampling may be the only practical method of data collection.

Sampling is a practical way of collecting data when the population is infinite or extremely large, thus making a study of all its elements impossible.

ETHICAL CONSIDERATIONS IN PERSONAL INTERVIEWS

According to Rossouw and Vuuren (2004:210) interviews must be guided by ethical principles all the time. Besides adherence to the generic protocols for preparing for the interview and conducting it, the following sample questions are useful to elicit information on ethical risk:

- What is the organisation's ethical reputation?
- What are examples of unethical behaviour that members of this organisation are prone to?
- How can ethics be used to enhance the organisation's reputation?

- What are examples of unethical behaviour that people employed in this industry are prone to?
- How can ethics be used effectively to protect or not offend other people in the research conducted by the researcher.
- How should ethics be managed in the organisation?

DATA ANALYSIS

A representative sample of staff and consumers from major retailers as outlined by DuPlooy (2002:104) was surveyed. The researcher distributed more than 500 questionnaires and collected 400 completed responses over a two-month period, and subjected the results to statistical analysis. Questionnaires were answered by any-one who was shopping at all types of stores (spaza shops or general dealers). Questions were answered on-site.

MoonStats[®] was used to analyse data. The following are sample snapshots of how data was captured.

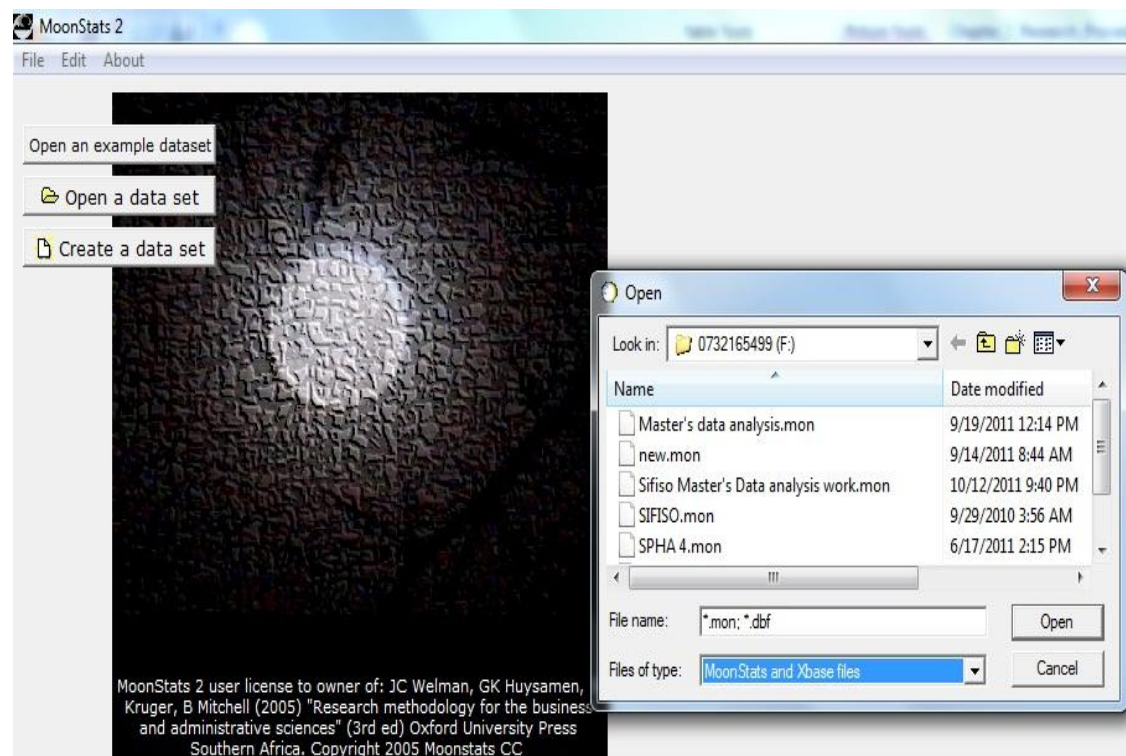


FIGURE 13: MOONSTATS DATASET OPEN

Figure 13 illustrates the MoonStats programme of data analysing by opening specific analysis techniques in the programme.

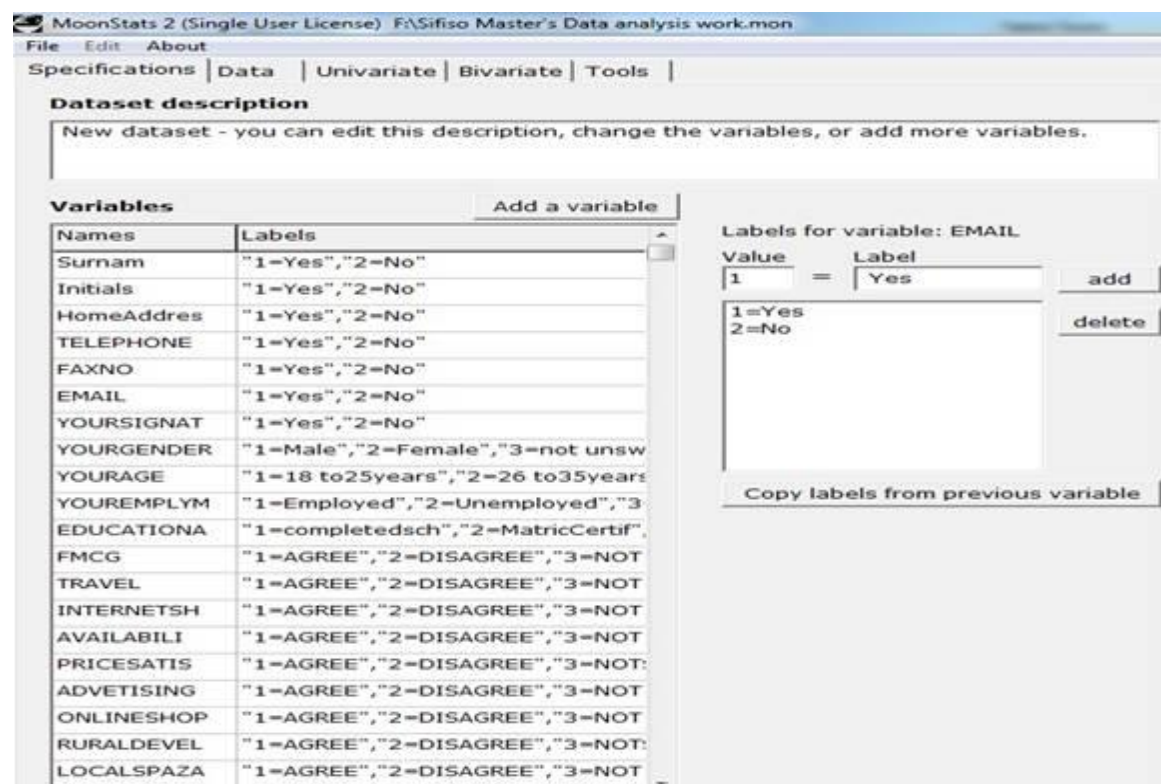


FIGURE 14 : SPECIFICATION OF DATA

The above figure illustrates the specifications of variables in terms of value and label when capturing the variables of data from the questionnaires. After all these steps have been taken, the next one is to capture the data in terms of numbering accurately and according to rows and columns of data as captured in the specification.

MoonStats F:\Sifiso Master's Data analysis work.mon						
File Edit About						
Specifications Data Univariate Bivariate Tools						
	Surnam	Initials	HomeAddres	TELEPHONE	FAXNO	EMAIL
1	1	1	1	1	1	1
2	1	1	1	1	2	1
3	1	1	2	1	2	2
4	1	1	1	1	1	2
5	1	1	1	2	2	1
6	1	1	1	1	2	2
7	1	1	1	1	2	2
8	1	1	1	1	2	2
9	1	1	1	1	2	2
10	1	1	1	1	2	2
11	1	1	1	1	2	2
12	1	1	1	1	2	2
13	2	1	1	1	2	2
14	1	1	1	1	2	2
15	1	1	2	1	2	2
16	1	1	1	1	2	2
17	1	1	1	1	2	2
18	1	1	1	1	2	2
19	2	1	1	1	1	1
20	1	1	1	1	2	2
21	1	1	1	1	2	2
22	1	1	1	1	2	2
23	1	1	1	1	2	2

FIGURE 15 : NUMBER OF RESPONDENT IN DATA SETTING

Figure 15 demonstrates how the data is captured in terms of numbering from the respondents' answers.

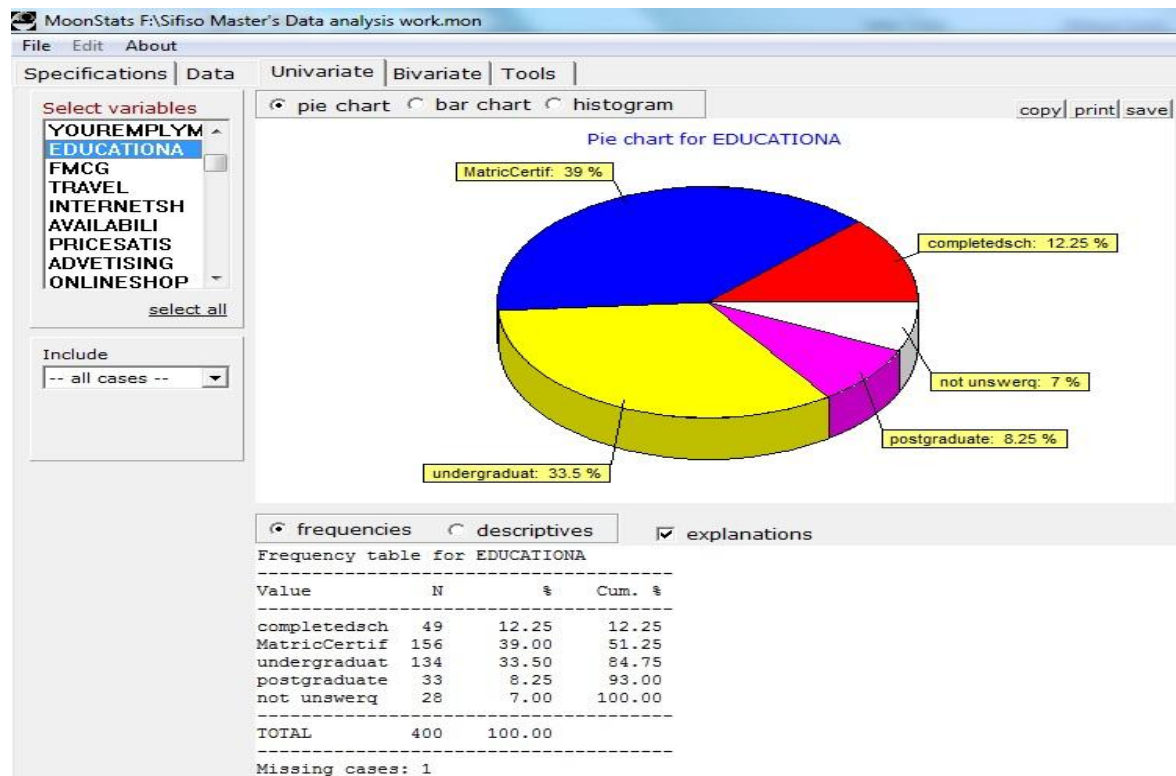


FIGURE 16 : PIE GRAPH AND TABLES

The above figure illustrates how a univariate graph and table appear after capturing and analysing data from the questionnaire onto MoonStats. Pie graphs, bar graphs or histograms can be generated as required.

HUMAN BEHAVIOUR

Creswell (2003:67) states that in the human behavioural sciences historical research is especially applicable to sociology, criminology, law, auditing and education. If we knew the origin of the present educational, social, economic, and political conventions and problems, we would have a better understanding of them.

Academics and scholars nowadays use research methodologies which are professional to create, customise and share their project management methodologies through academic and branding channels. These innovative methodologies are used to improve marketing through selling, advertising and branding.

OBJECTIVES OF THE STUDY

The specific objectives of this study are aimed at helping the retailing sector to improve the quality and effectiveness of marketing strategies and advertising in the FMCG arena, as well as to provide assistance in effectively managing retail services in rural communities. According to Welman *et al.* (2009:25) this will be made possible by drawing deductions from the findings of the phenomenological research.

Guba and Lincoln (1989:33) observe that phenomenological research is a method of concentrating on describing the essence of objects as they present themselves to human consciousness.

OBJECTIVES OF THE STUDY

The central objectives of this study are:

- To identify the status of FMCG markets in rural communities?
- To determine consumer preferences in rural communities?
- To determine the probability of using electronic communication methods to reach consumers in rural societies.
- To determine the role of FMCG industry in sustainable development
- To determine the role which the FMCG industry could play in urbanising rural communities.

CONCEPT CLARIFICATION

Concept clarification is an assumption fundamental to qualitative research in that the participant's perspective on the social phenomenon of online shopping in marketing and advertising, a perspective based on his or her education, should unfold as he or she views it, not as the researcher views it. This will be further explained when the analysis of data is undertaken (in broad terms, not necessarily in their exact sense). This research used a random sample of 400 respondents interviewed through questionnaires in the qualitative and quantitative formats.

Questionnaires were answered by any-one who was shopping at all types of stores (spaza shops or general dealers). Questions were answered on-site.

CONCLUSION

The research methodology was explained in this chapter. The explanations included the sampling process as well as the method of data analysis. Issues relating to human behaviour and ethics were also discussed. The following chapter undertakes an analysis of the data which was collected for this study.

Chapter 9

ANALYSIS AND INTERPRETATION OF DATA

INTRODUCTION

This chapter attempts to make a thorough analysis of the scientific figures and graphs which were generated by the statistical programme. Data and the outcomes of research were analysed by the use of graphs and tables in order to illustrate percentages of votes from respondents. A total of four hundred (400) questionnaires were distributed to people from within the Nkandla district. Questionnaires were answered by any-one who was shopping at all types of stores (spaza shops or general dealers). Questions were answered on-site.

DATA ANALYSIS

The following data was analysed under its respective headings.

Gender of Respondents

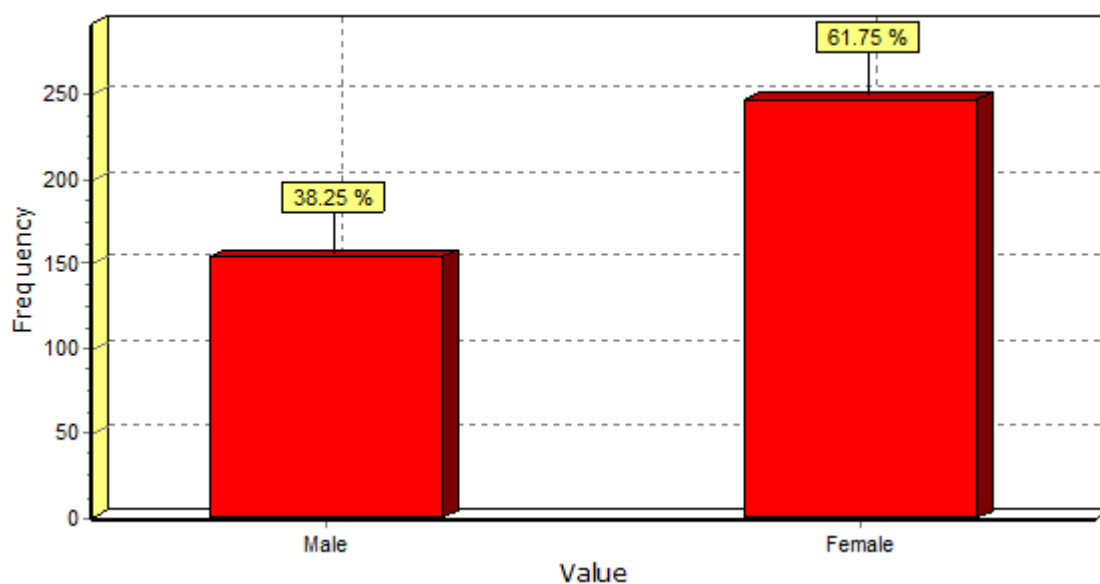


FIGURE 17 : GENDER PARTICIPATE IN SURVEY

Figure 17 indicates the gender of the respondents who took part in the survey. A larger percentage of females dominated this survey. The research focussed on revealing the gender of people who were mostly shopping for fast-moving consumer goods in retail stores.

Age of Respondents

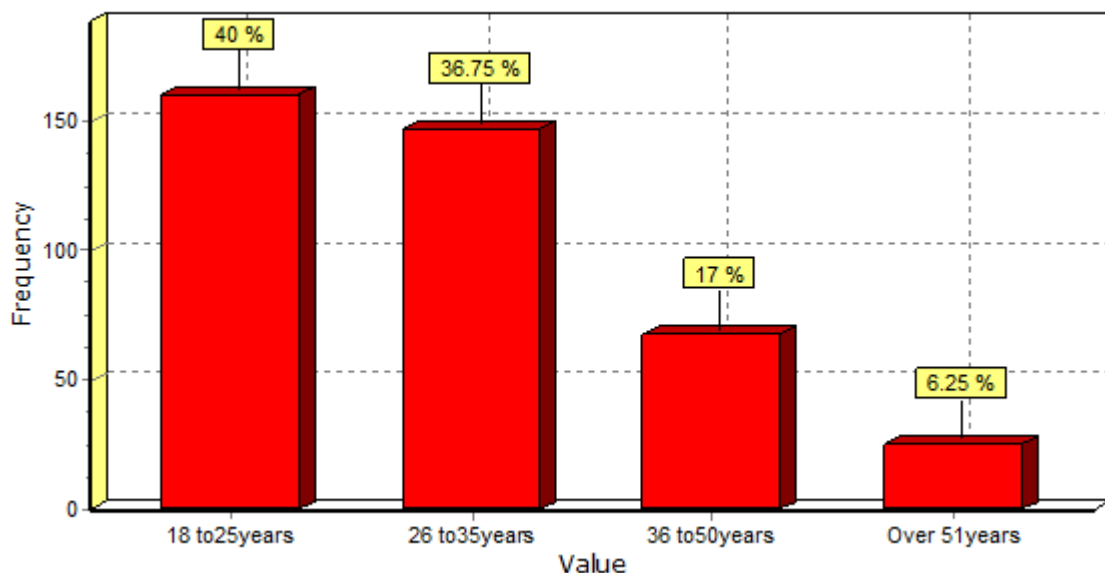


FIGURE 18 : THE RESPONDENTS AGED GROUP

Figure 18 reveals the age groups of the respondents who participated in the survey. A sizeable percentage of 18 to 35-year-olds featured dominantly in the survey. This indicates that more of this age group of people are actively involved in shopping.

The researcher wanted to determine whether there was any correlation between the age groups spending habits. Most of the people did not hesitate to reveal their age, although this is regarded as confidential information.

Employment Status of Respondents

Figure 19 reveals the employment status of respondents who have dominated the survey. The graph creates the impression that there are more unemployed people than employed in the Nkandla Municipality.

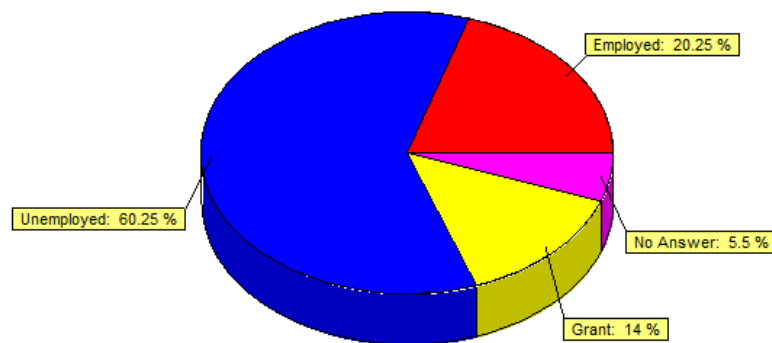


FIGURE 19 : THE RATE OF EMPLOYMENT STATUS

The unemployment rate in the rural district of Nkandla is relatively high. The opportunity for service providers to initiate skills development programmes in this area is good. Businesses are shabbily conducted and the area could do with education relating to entrepreneurship.

Educational Background of Respondents

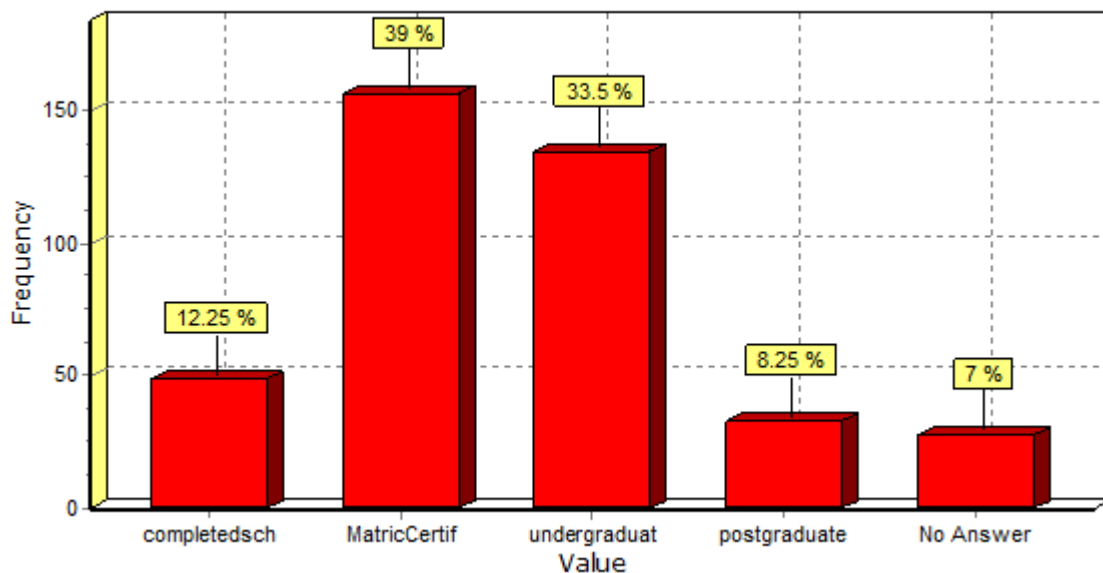


FIGURE 20 : EDUCATIONAL BACKGROUND RESPONDENT LEVELS

In Figure 20 the graphs indicate the educational levels, in percentages, of the respondents. Most of the respondents' completed matric and others have degrees because they have gone to tertiary institutions. The opportunity to investigate *why people with some degree of relevant*

qualification cannot be placed in the work environment is viable. The probabilities include: no opportunities; lack of local industries; laziness; mismanagement of government funds and similar.

Local Support

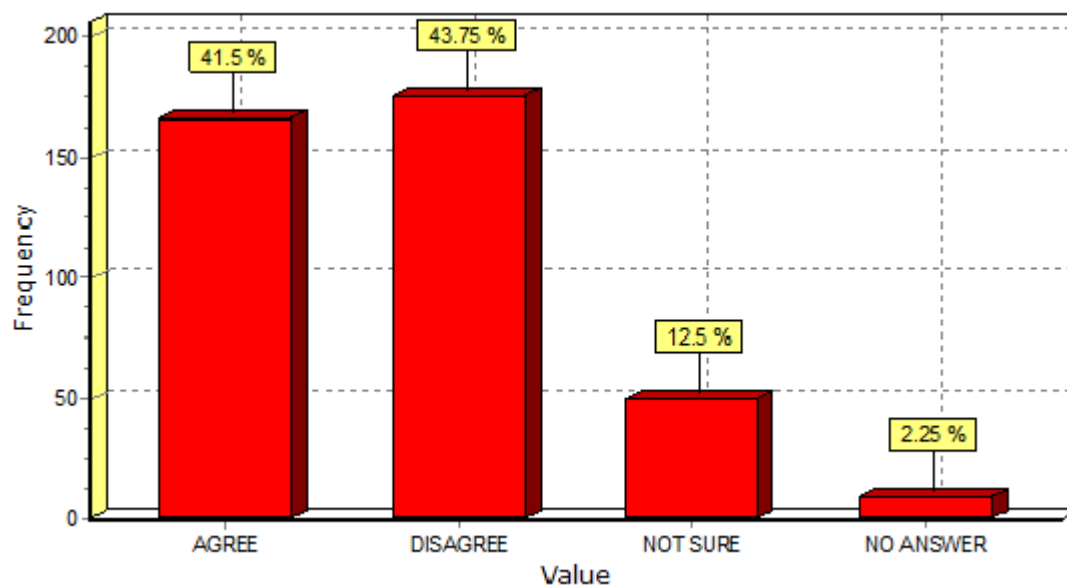


FIGURE 21 : LOCAL SUPPORT OF FMCG PRODUCT

Figure 21 indicates that many rural people support local stores (spaza-shops included). However, almost half of the community travels “out-of-town” to do their shopping. This does not augur well for community/rural development, which the African Union ranks as a high priority. The impression created is that the poor would have to live off whatever is on shelf of the local shops while the other half (affluent people) travel out to the city to buy cake.

It could also be inferred that local shops do not keep all the necessary items that one would need on a daily basis. Those who have the means, have to travel out to get their necessities.

Customer Internet Use

According to Figure 22 (below), most consumers would prefer the convenience of buying groceries online from branded retailers such as Checkers and Pick n Pay.

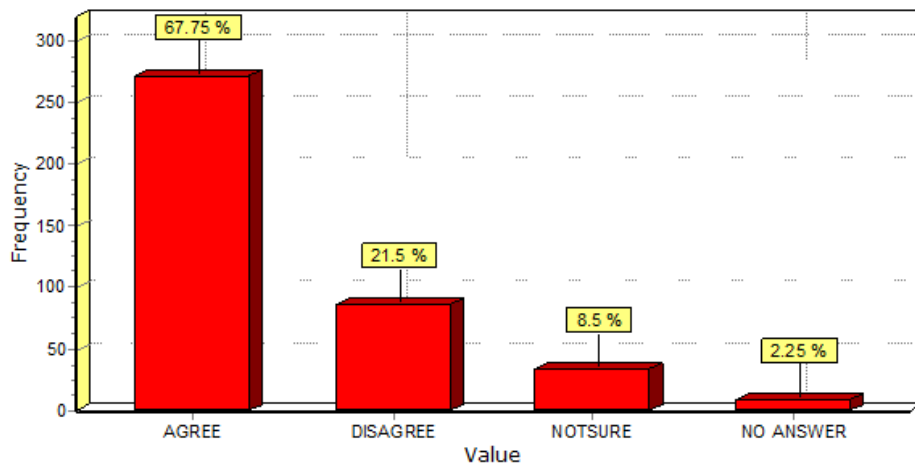


Figure 22: The customers who prefer to use the internet to buy groceries

Rural people are becoming more familiar with computer and internet usage; however, these facilities are not necessarily available at their homes. They value its use to make shopping easier. It saves time and money to travel to the shopping mall to buy groceries. Chapter 3 indicates how customers shop online with ease.

Travel Far From Home For Shopping

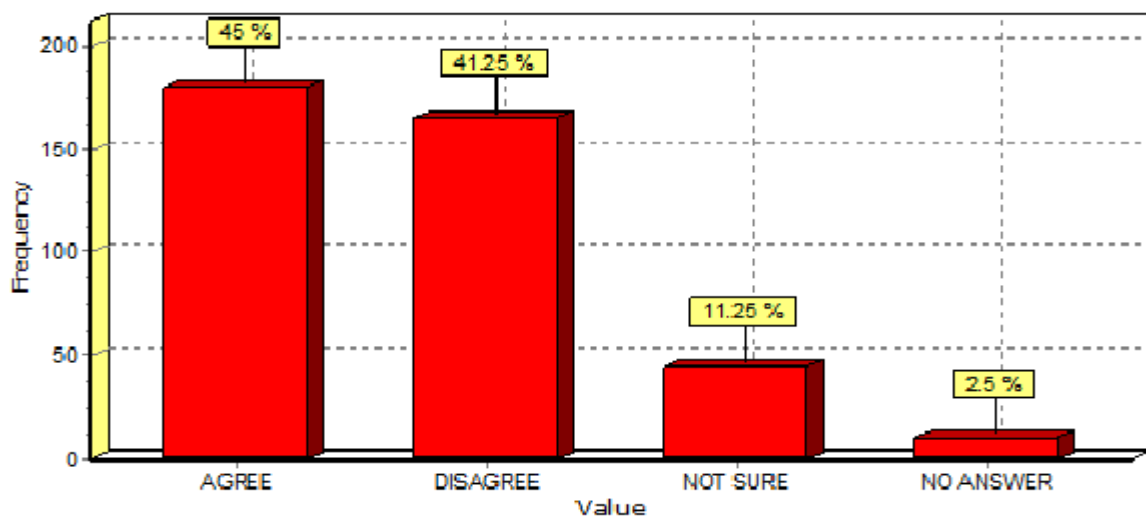


Figure 23: Travel far from home to shop for daily needs

Figure 23 reveals the number of customers who travel long distances to do shopping in town. According to the bar graph, most people agree that there is a great need for shopping malls or spazas to be built at all places where people are living in rural areas, which will save bus and taxi fares.

Most consumers do not like to walk long distances to spaza shops in rural areas, and instead travel by taxi or bus to shopping malls in town every week or every day. Some prefer to go to town at month's end to buy groceries which will last them for the whole month.

The figure shows that most people need more shopping malls closer to their homes. They are exposed to many evils because of the long distances which they have to travel for every-day commodities.

The Need for More Shopping Malls

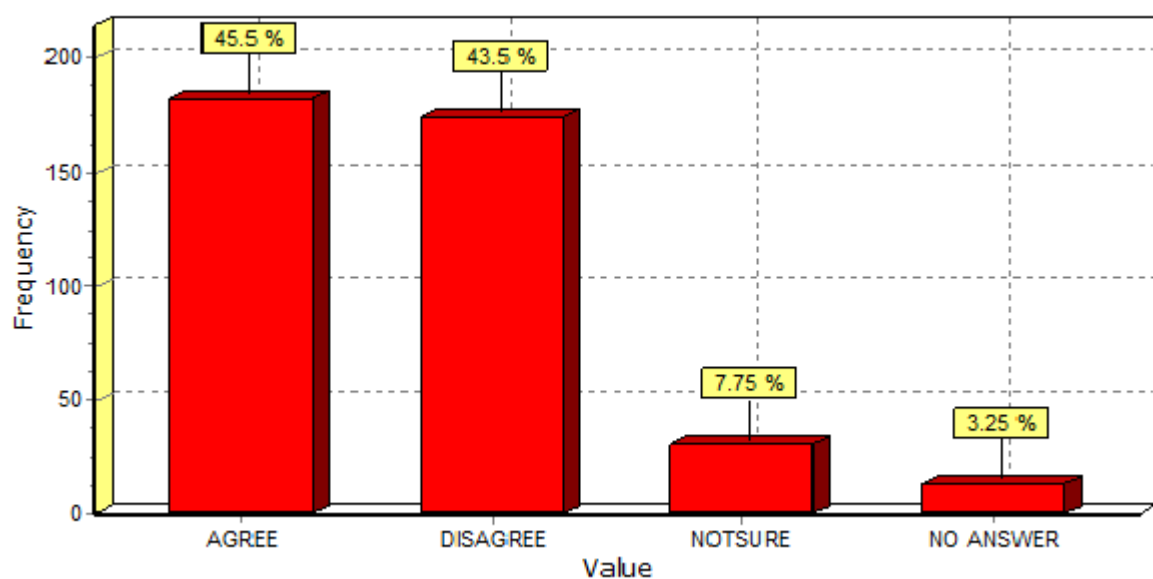


Figure 24: The need for more shopping malls

Figure 24 demonstrates the view of the people who need shopping malls to be built close to the villages at Nkandla municipality, particularly in the rural areas, in order to make it easy for people to do their shopping conveniently and save money at the same time.

Although there is a need to urbanise rural areas and a sufficient potential for generating job opportunities and creating wealth, many national and international companies seem to be afraid of initiating such projects. It would be interesting research to be undertaken to establish risks and fears of setting up national or international business in rural districts of South Africa. An ideal starting point would be to undertake a case study of a successful initiative which transformed a rural district (anywhere in the world) to a well-oiled urban town.

Bus or Taxi Fares Are Very Expensive

Frequency table for BUSORTAX

Value	N	%	Cum. %
AGREE	202	50.50	50.50
DISAGREE	132	33.00	83.50
NOT SURE	55	13.75	97.25
NO ANSWER	11	2.75	100.00
TOTAL	400	100.00	

TABLE 2: BUS OR TAXI FARES FOR TRAVEL RATE

Table 2 above shows respondents' views on the increase in bus and taxi fares. It reveals that most people agree that the fares for buses and taxes are very high, and that the government should provide some other means of transport to help the poor

Economic Growth in Rural Communities

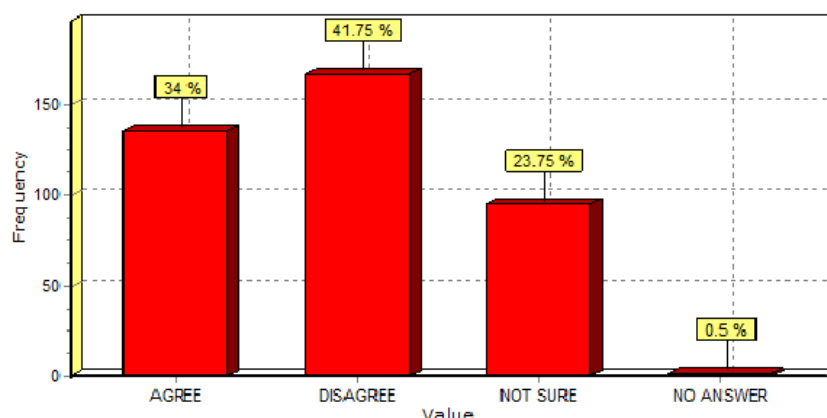


FIGURE 25: ECONOMIC GROWTH OF FMCG RURAL COMMUNITY

Many respondents agree that economic growth in South Africa is slow or non-existent. Almost 42% of the respondents are hopeful about the economy of the country. A sizeable number of people seem to be unaware of the economic situation in the country. They have probably become indifferent to the sustained unemployment situation.

Many graduates in rural communities have never ventured out and are left with-out jobs. It is either they do not want to leave their home towns or have not been educated about the opportunities away from home. Many graduates have become complacent and stay on the farms or assist at local schools as teachers.

Internet and Advertising

Figure 26 indicates the percentage of respondents who rely on internet advertising of commodities which they need at home. Many consumers are exposed to technology and use the internet to view what is available at stores in the city.

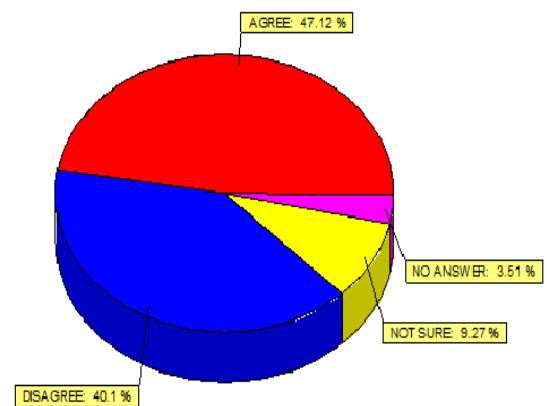


Figure 26: Internet shopping

Sadly, most of what is available online is not available at the local stores.

Internet Café for Rural Development

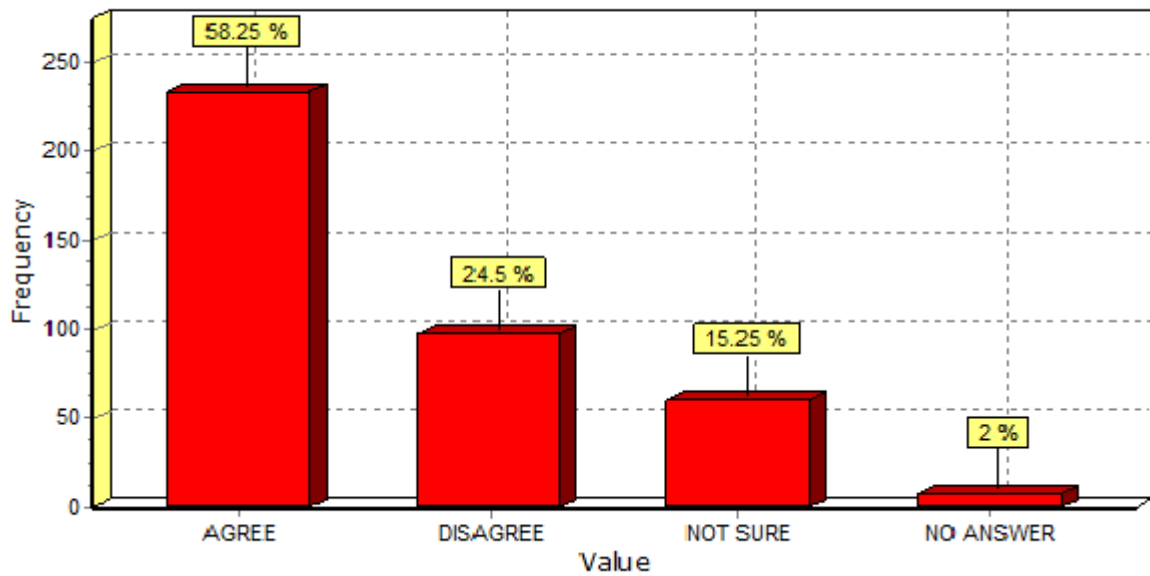


Figure 27: Internet café needs in rural development areas

More people are agreeable to internet cafés being built in rural areas. It seems that Internet shopping would make shopping easy for people living in rural areas. As indicated in Figure 27, they regard that as a way of saving money. Many customers believe that even with delivery costs, it would be cheaper and safer to deliver goods to their homes.

Services Provided by the Local Stores

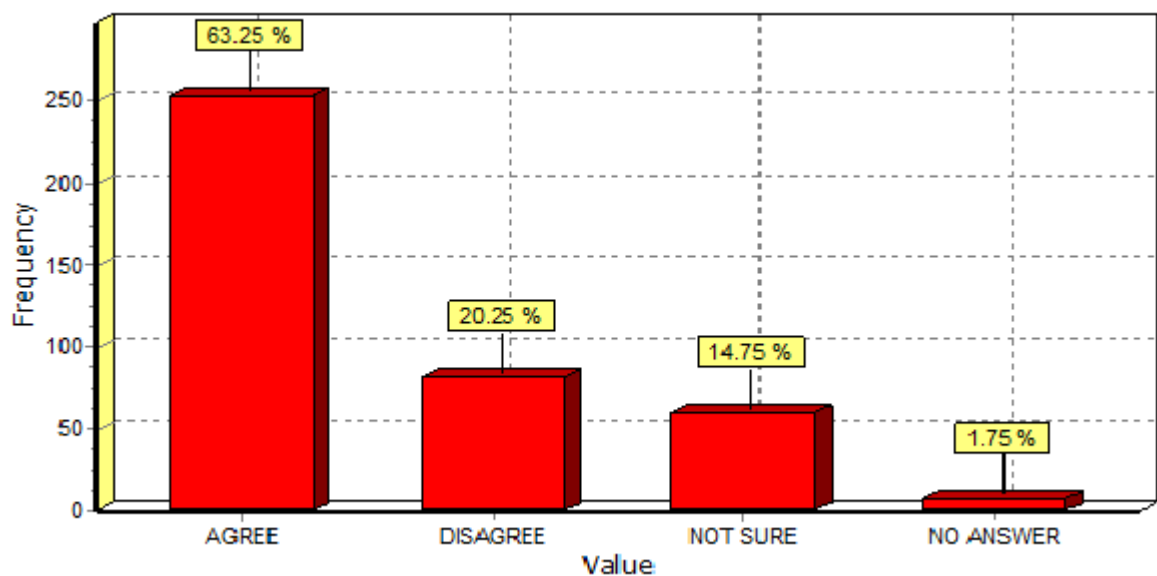


Figure 28: Local store services

Services by local dealers are well supported. This is an indication that modern business has a good opportunity of survival, yet they are hesitant about setting up much needed services within rural boundaries. There is a need to investigate the reluctance of the business communities to invest in rural areas. The issue of crime, Xenophobia and other fears need to be identified and resolved in order to initiate economic development in rural communities within South African borders. Other issues such as in adequate infrastructure, no electricity, no water, inadequate sanitation and poor roads need attention.

Good Quality Product and Fair Price

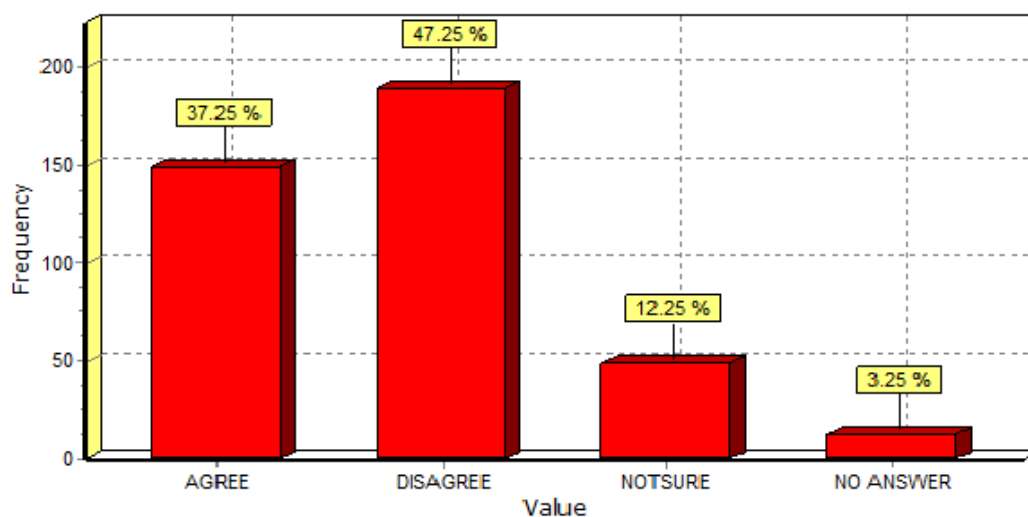


Figure 29: Good quality product and fair price

Figure 29 illustrates the views of the people who about quality of goods in local shops compared with retailers in the cities. A large numbers of shoppers firmly believe that the quality of commodities in the local shops is compromised. Surprisingly an even larger percentage of shoppers are satisfied with the quality of commodities at the local shops. This contradiction may be based on the fact that local shoppers do not know any better, because most of them have not ventured out of are scared of city environments.

Most middle-class consumers prefer Pick n Pay, Checkers, Shoprite Checkers, OK Grocer, and Game. Lower-class people prefer to shop at Power Spar and Boxer Super Store.

Price Satisfaction



Figure 30: Price satisfaction in FMCG sector base in retailers

Figure 30 reveals the respondents' views on price satisfaction at local spaza shops. Many customers disagree with price regulation and the addition of VAT to the product price. A large majority of shoppers believe that they are "ripped-off" by local dealers.

Stores Assist in Buying Via the Internet

Table 3 reveals respondents' views in relation to stores that assist their customers to get used to buying through the internet. Some retailers have a marketing team to market the business and show the community how to shop online without taking a walk to the shop. Groceries are be delivered free of charge while the customers are sitting at home or performing household duties. More open lectures to communities would assist customers to know how to go about shopping online.

Frequency table for ADVERTISING

Value	N	%	Cum. %
AGREE	232	58.00	58.00
DISAGREE	121	30.25	88.25
NOT SURE	35	8.75	97.00
NO ANSWER	12	3.00	100.00
TOTAL	400	100.00	

TABLE 3 : TABLE OF PERCENTAGE ADVERTISING ONLINE FOR FMCG INDUSTRIES

Most consumers using advanced phones can access commodities online.

Online Shopping and Safety

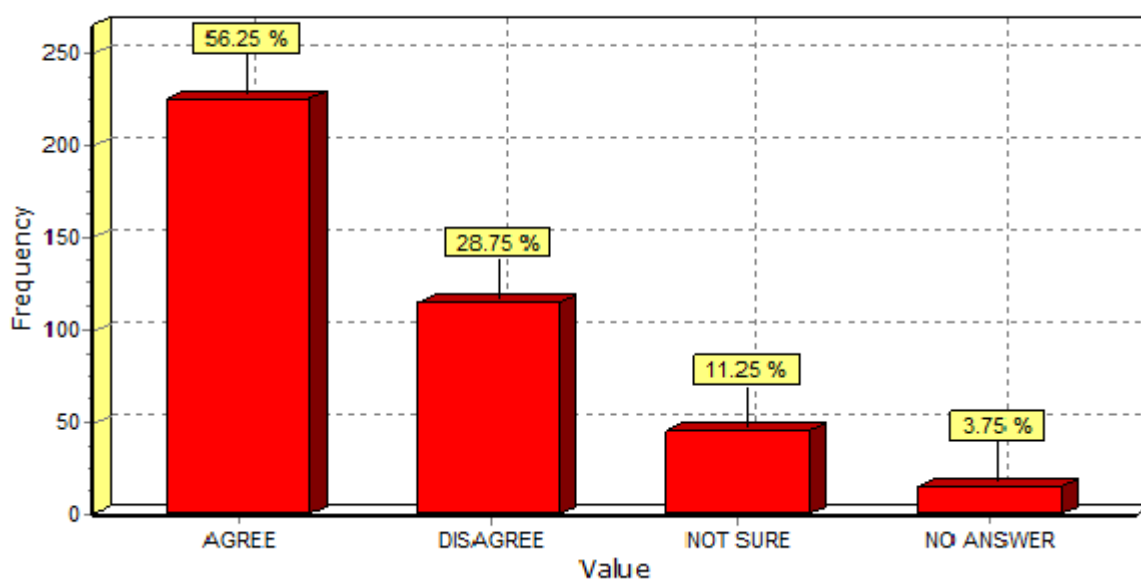


Figure 31: customer confidence in online shopping and safety

Figure 31 reveals respondents' views regarding safety of online shopping. Most people believe that online shopping is easy, quick and safe, it records information for the customers' protection, and it is captured secretly. Most customers agree that most retailers prefer them to shop online and use bank cards to pay at teller points rather than carry cash. However, many people (slightly less than half of the respondents) are still afraid of online shopping.

Rural Development Infrastructure

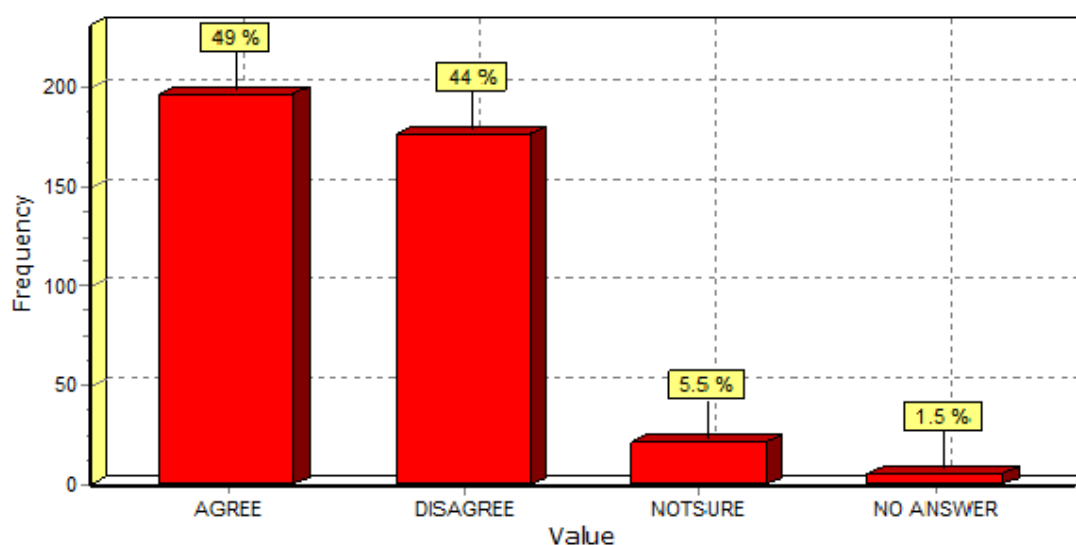


FIGURE 32 : RURAL DEVELOPMENT INFRASTRUCTURE NEEDED

The graph (32) reveals respondents' views on whether there is a need to develop infrastructure to improve the lives of people living in rural areas.

The most respondents agreed that there is a dire need to upgrade basic infrastructure in order to attract investment into their rural communities. These include: electricity, water, sanitation, road up-grade, schools, police stations, post offices, clinics and hospitals. These services ought to be accessible twenty-four/seven. Efficient and safe public transport systems are non-existent. Entrepreneurs would be discouraged to even think of investing in areas which prejudices their investment.

The relevant service providers are urged to focus on providing basic infrastructure to stimulate investment in rural settlements. Similarly, adequate policing would also assist in attracting investment by ensuring that crime and prostitution are minimised. The benefits of added national and international investment into rural areas cannot be over looked; these include:

- Reducing migration rate of people into cities.
- Preventing cities from turning into overpopulated and troubled areas.
- Creating job and entrepreneurial opportunities in a less crowded environment.
- Lower rentals.
- Better supply of human capital.

The benefits of urbanising rural towns would benefit existing oversaturated cities as well as rural towns. The social evils of oversaturated cities will also be lessened.

Improvement in the Supply of FMCG to Rural Areas

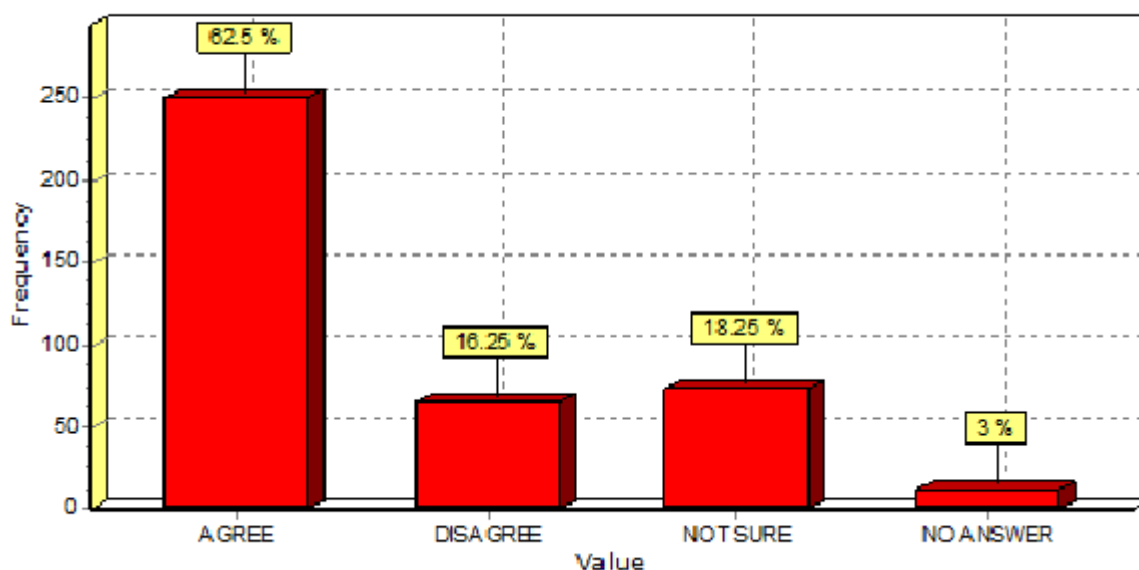


Figure 33 : Improvement in the supply of FMCG to rural areas

Figure 33 indicates that a noticeable majority of shoppers believe that the local shops need to improve the general quality and quantity of fast moving consumer goods. The success of a business relies on the quality of the service which it provides to its consumers; however, this seems to apply to areas where there is competition – probably in urbanised areas. In a rural town, in the absence of any competition, the supplier tends to ignore this vital service. Thus, consumers in rural settlements have to survive on inferior quality of goods, unavailability of certain goods, and un-controlled price hikes.

Job Creation and FMCG

More than 66% of the respondents agree that these *fast moving consumer goods* can be used to their advantage. It is probably the only hope of improving their social standing. Since they are also the only consumers of products which business houses are making substantial profits from, this could be an avenue which can be investigated to create jobs. Respondents believe that FMCG can be considered as a tool for job creation and rural development.

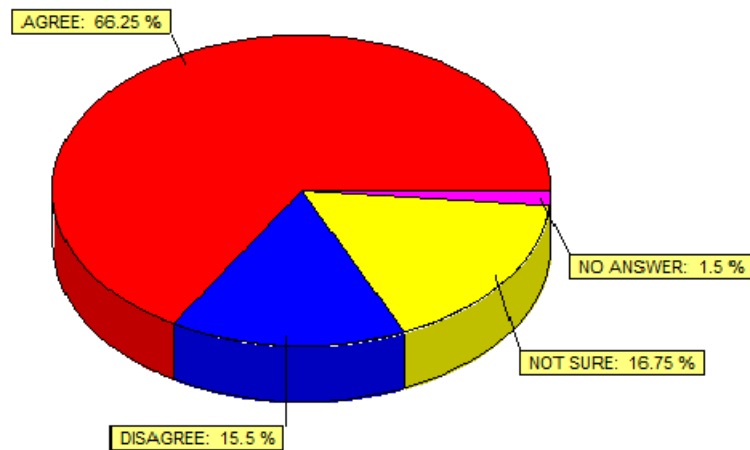


FIGURE 34 : JOB CREATION AND FMCG

In this regard there have been developments in several emerging economies as explained in Chapter 3. The strategy which Price Waterhouse and Cooper has developed for the FMCG sectors in China and India provides direction for thinking about FMCG in the South Africa as a whole. FMCG consists of three large product categories. They are packaged foods, cosmetics and toiletries, and household care products. The FMCG industry is large enough to institute change.

Migration to the City

Many respondents indicated that they support the idea of migration from the rural areas to the city (Figure 35 –below) to improve their living conditions. In the rural areas most teachers, nurses, social workers, engineers and all other educated and qualified people are forced to leave home to enjoy a better quality of life. If their jobs were available closer to their homes, it would make sense not to migrate.

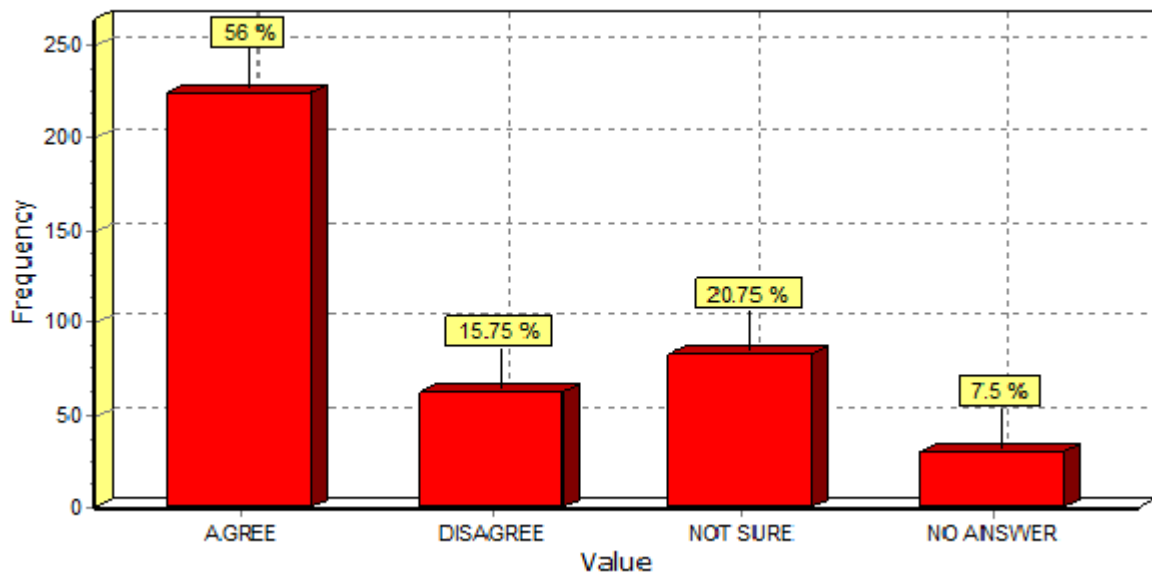


Figure 35: Migration from a rural area to the City

Rural communities still remain hopeful that investors would come in to create job opportunities so that their families could still maintain their cohesive standing. As discussed in chapter five, in most countries, power and authority are vested in various individuals and groups through politics, race and economic status and is rooted in urban societies who benefit from such power and authority.

CONCLUSION

In this chapter the researcher interpreted the graphs and tables from the statistical figures. Inputs from the respondents were reviewed, about online marketing, and enhancing the communication strategies of the FMCG. The secondary effects of fast moving consumer goods were also identified. The next chapter deals with the deductions and recommendations.

Chapter 10

DEDUCTIONS AND RECOMMENDATIONS

INTRODUCTION

This chapter presents a synthesis of the research study. The study area was the Nkandla rural district in KwaZulu-Natal. The study has been able to understand the impact of new communication strategies for rural development through the use of common commodities. It has particularly focused on which method can be effectively used to enhance the status of rural communities through the marketing of fast moving consumer goods in rural communities. This chapter presents the overall observations as well as recommendations which are in keeping with the objectives of the study

The conceptual model differed slightly in that it focussed on how to improve the service provided by the FMCG industry from urban based head offices. However, after examining the needs of the rural communities, the recommendations shift to how the stores should be based in the rural districts. This stance had many spin-off benefits for rural communities.

OBSERVATIONS

The following observations have been gleaned from the interviews (via questionnaires) with rural consumers:

The Status of FMCG Markets in Rural Communities

Although slightly more women are involved in doing household shopping, a substantial number of men also do shopping. Both men and women have issues about shopping conditions in rural areas. The isolated rural shops / stores are very basic and do not necessarily provide all the commodities which a household may need. Variations of items are almost non-existent in these outlets.

Most of the people who are involved in household shopping, in rural towns, are between the ages of 18 to 35-year-olds. Unlike the urban shopping experience, rural shopping is a dreary routine. The experience of a leisure outing to the shopping mall is absent. In urbanised areas, boredom is often easily eradicated by joining one's friends for a walk through the shopping malls and/or a drink in the mall. Unfortunately, in the rural areas, thrill of shopping in a mall is not available: Boredom is directed towards socially unacceptable behaviour.

Most of the respondents' completed matric and others have degrees because they have gone to tertiary institutions. Although most people in these rural towns have at least a basic education (Grade 12), many of them are unemployed. It creates the impression that rural areas harbour most of the educated unemployed human capital. The unemployment rate within the targeted rural areas is substantially high. The only economic activity revolves around buying and selling of household goods.

Many rural people support local stores (spaza-shops included). However, almost half of the community travels "out-of-town" to do their shopping. This does not augur well for community/rural development, which the African Union ranks as a high priority. The impression created is that the poor would have to live off whatever is on shelf of the local shops while the other half (affluent people) travel out to the city to buy cake.

The inference here is that local shops do not keep all the necessary items that one would need on a daily basis. Those who have the means, have to travel out to get their necessities.

Consumer Preferences in Rural Communities

The preferences of the rural may appear to be contradictory but many preferences are based on historical and existing circumstances which many rural people have become accustomed to. However, with the exodus of graduates to urban areas and through the penetration of electronic communication technologies into rural suburbs, outlooks are changing.

In view of unfortunate circumstances and no alternatives, many rural people support local stores (spaza-shops included). However, almost half of the community travels 'out-of-town' to do their shopping. This does not augur well for community/rural development, which the African Union ranks as a high priority. The impression created is that the poor would have to live off whatever is on shelf of the local shops while the other half (affluent people) travel out to the city to 'buy cake'.

People who are reliant on local stores, as well as those who travel out to do shopping, would prefer the convenience of buying groceries online from branded retailers such as Checkers and Pick n Pay if they had the opportunity of doing so. Consumers also indicate that they would appreciate the pleasure of having shopping malls built in rural districts.

Rural communities are becoming more aware the functions of computers and internet; however, these facilities are not necessarily available at their homes or within easy reach. Respondents would also appreciate viewing products online. They understand its use in make shopping easier. They are also aware that this new communication technology saves time and money to travel to the shopping malls to buy groceries.

Many people indicated that they prefer a more safer and reliable transport system to get them safely, and timeously, to shopping destinations. They are exposed to many evils during long journey which they have to endure to buy every-day commodities.

Respondents indicated that they would prefer basic infrastructure to put in place in rural districts. Many of the rural people are aware that this will motivate investors to infiltrate their districts. Respondents complained about poor sanitation, absence of electricity, bad roads and inefficient policing. These communities firmly believe that good basic infrastructure will accelerate urbanisation and this would generate job opportunities as well as stimulate wealth creation.

Shoppers complained about exorbitant prices which they have to pay for basic necessities. A large majority of shoppers believe that they are “ripped-off” by local dealers. They prefer some sort of price regulation.

Electronic Communication

Rural people are becoming more familiar with computer and internet usage; however, these facilities are not necessarily available at their homes. They value its use to make shopping easier. They acknowledge that it saves time and money to travel to the shopping mall to buy groceries. Most consumers would prefer the convenience of buying groceries online from branded retailers such as Checkers and Pick n Pay.

Graduates are exposed to technology and use the internet to view what is available at stores in the city. This knowledge is shared with others in the community and they are fast becoming aware of the benefits of electronic communication. Sadly, most of what is available online is not available at the local stores. Further, not everyone has access to modern electronic computing. Although cell phones are penetrating rural districts at an exponential rate, feasible electricity supply and well as suitable internet availability still poses a problem.

More people are agreeable to internet cafés being built in rural areas. It seems that Internet shopping would make shopping easy for people living in rural areas. Customers are also under the impression that even with delivery costs, it would be cheaper and safer to deliver goods to their homes.

Many people are still very afraid of using the internet for buying or selling. They feel that the safety of their money is compromised.

Rural communities tend to believe that the government is totally responsible for improving their lot. Almost response was that the government must build the shopping mall or the roads or provide the jobs and so on.

The Role of FMCG Industry in Sustainable Development

Responses indicate that the fast moving consumer goods industry in rural districts is a huge business. This industry can be effectively used urbanise rural areas and create sustainable jobs by utilising the abundance of skilled and unskilled labour which is available within these homesteads.

It is observed that the rural population are keen on supporting shopping malls which could be built in rural districts. This would act as the catalyst for further sustainable development.

There would be many spin-offs by bringing the FMCG industry closer to rural districts. These would include, among others, infrastructure upgrade, building of homes, improving sanitation, efficient supply of water and electricity. Further spin-offs in other industries such as the furniture, entertainment or transport industry would generate sufficient jobs and wealth. Extended spin-offs would include eradication of social evils bothy in existing overcrowded cities and in rural districts.

Most respondents, once again, believe that the ‘government’ should be or is the custodian of sustainable development in rural districts. Many respondents agree that economic growth in South Africa is slow or non-existent. Almost 42% of the respondents are hopeful about the economy of the country. A sizeable number of people seem to be unaware of the economic situation in the country. They have probably become indifferent to the sustained unemployment situation.

Respondents believe that FMCG can be considered as a tool for job creation and rural development. The FMCG is big enough to inspire local Entrepreneurs to set up service providing facilities such as transportation or packaging services.

In this regard there have been developments in several emerging economies as explained in Chapter 3. The strategy which Price Waterhouse and Cooper has developed for the FMCG

sectors in China and India provides direction for thinking about FMCG in the South Africa as a whole. FMCG consists of three large product categories. They are packaged foods, cosmetics and toiletries, and household care products. The FMCG industry is large enough to institute sustainable change for rural development.

The Role Which the FMCG Industry Could Play in Urbanising Rural Communities

Many graduates in rural communities have never ventured out and are left with-out jobs. It is either they do not want to leave their home towns or have not been educated about the opportunities away from home. Many graduates have become complacent and stay on the farms or assist at local schools as teachers. Respondents believe that the FMCG industry should become localised so that its spin-offs, as indicated above, could benefit local talent and accelerate the urbanisation process.

Many consumers are exposed to technology and use the internet to view what is available at stores in the city. This area of communication technology could be exploited by the FMCG industry to globalise rural communities in order to accelerate urbanisation.

The benefits of urbanising rural towns would benefit existing oversaturated cities as well as rural towns. The social evils of oversaturated cities will also be lessened. The FMCG industry is large enough to institute change.

RECOMMENDATIONS

The recommendations are based on observations as well as the literature review and the conceptual model.

Relevant stakeholders, probably the government, non-profit organisations and the business sectors need to provide an action plan for urbanisation of rural communities. The action plan must set out foreseeable time lines for completion of each project. Government spending, especially on private resources must be totally eradicated and channelled into urbanisation

projects. Project planners/leaders must include a greater percentage of intellectuals. Politicians must be few and regarded as overseers of the project (not owners). Their history of corruption does not augur well for entrusting them with outsourcing of reliable service providers. Trustworthy intellectuals need to be identified to occupy project leaders post for rural development.

The FMCG market must be identified as one of the starting points for rural development as this industry has penetrated the heart of the rural communities. Their products are used daily in every home where occupants can afford to use these products.

The project leaders must take into account the current status of FMCG markets in rural areas in order to eradicate problems. These include introducing shopping malls for shopping, entertainment and economic development.

Developing infrastructure to accommodate shopping malls would allow workers to stay at home. This will promote the growth of healthy family living. Good families would make good citizens. Good citizens would create strong and efficient countries. Efficient countries would foster peaceful living and harmony.

Consumers must be given the opportunity to travel safely to shopping malls close to home and must also be awarded the opportunity to use new communication technology to do online shopping. The vast number of graduates can be used as ‘think tanks’ in rural development.

In the quest for urbanisation, the concept of ‘price fixing’ must be addressed. The introduction of major chain supply stores and online shopping would assist rural dwellers in overcoming unnecessary price hikes.

however, many such companies are afraid of investing in South Africa because of uncontrolled unrest. There is a need to investigate how we can overcome the problem of unrest so that multi-

national companies may invest in South Africa. Their investments could be profitably channelled into rural districts.

It would be interesting research to be undertaken to establish risks and fears of setting up national or international business in rural districts of South Africa. An ideal starting point would be to undertake a case study of a successful initiative which transformed a rural district (anywhere in the world) to a well-oiled urban town.

There is a need to investigate the reluctance of the business communities to invest in rural areas. The issue of crime, xenophobia and other fears need to be identified and resolved in order to initiate economic development in rural communities within South African borders.

Further research needs to be undertaken to investigate why graduates in rural districts are not being used to attract business into rural districts.

CONCLUSION

This chapter is the final chapter of the study. It took into account, the objectives of the study when listing the observations of rural communities. Recommendations which were made were based on the literature review which examined how the FMCG industry was used to urbanise rural districts as well as on the empirical study. The conceptual model differed slightly in that it focussed on how to improve the service provided by the FMCG industry from urban based head offices. However, after examining the needs of the rural communities, the recommendations shift to how the stores should be based in the rural districts. This stance had many spin-off benefits both the FMCG industry and communities within the rural consumers.

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For office use only: Respondent Number: _____

Voluntary questionnaire for the Entrepreneur/Consumers/ Students

**THE USE OF NEW COMMUNICATION STRATEGIES TO ENHANCE
MARKETING OF FAST MOVING CUSTOMER GOODS (FMCG)**

**University of Zululand
Department of Communication Science**

Researcher: Vivian Sifiso Mbuyazi (Student Number: 20052440)

**Supervisor: Prof H. Rugbeer
Co-supervisor: Prof C.T. Moyo**

Note on the respondents

- I appreciate your willingness to assist in this research, however, please note that you are not compelled to partake in this survey.
- Your contributions to this questionnaire will remain private and confidential. No one will be able to trace your responses back to you as a person.
- Your permission to use these responses is required. This will form the first part of the questionnaire.
- This is a confidential survey and your name will not be linked to your responses. All personal information will remain confidential.

The questionnaire as two parts:

Section A: Requests for permission to use your responses for academic research.

Section B: Requests that you indicate how the use of Impact of internet in marketing strategy and Communications attractiveness and it affects human behaviour in the Fast Moving Customer Goods (FMCG) sector

How to complete the questionnaire

1. Your opinion is required. It does not matter what other people think. I am solely interested in your opinion. Tell me how you feel. Your responses are important to me.
2. Read each question carefully and take a moment to contemplate your answer.
3. Please use a **pen** to mark your responses by placing a tick (✓) or a cross (X) in the appropriate column, or by writing down the appropriate information, where ever required.
4. Please do not change any of your responses afterwards (for instance: do not scratch out or tippex any of your responses).

Thank you for your participation.
Contact Details: **Vivian Sifiso Mbuyazi**
Email address: mbuyaziv@gmail.com
Mobile phone: **0732165499**

SECTION A

Please provide the following confidential information to indicate that you are granting me **permission** to use your responses in my research. *Your personal identity will NOT be revealed when the survey results are published in my thesis.*

1. Your surname:	
2. Your initials:	

3. Your home address:			
	Suburb		Postal code

4. Your telephone OR cell phone number:	
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5. Fax No: (optional)	
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6. Email address:	
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7. Your signature:	NOT COMPULSORY
8. Your gender:	

<i>Male</i>		<i>Female</i>		<i>I do not want to answer this question.</i>	
-------------	--	---------------	--	---	--

9. Your age:

18 to 25 years	1	
26 to 35 years	2	
36 to 50 years	3	
Over 51 years	4	
I do not want to answer this question	7	

10. Your employment status: [place a tick (✓) or a cross (X) in one of the following]:

I am employed	1	
I am un-employed with no income	2	
I collect a government grant (unemployed / disabled / old age pension)	3	
I do not want to answer this question	4	

11. Please give a brief understanding of your educational background.

Place a tick (✓) or a cross (X) in one of the following:

I have not completed my schooling	1	
I have a matric certificate	2	
I have an undergraduate qualification	3	
I have a post graduate qualification	4	
I do not want to answer this question	5	

SECTION B

In this section you will be answering questions on how you buy normal day to day items such as soap, toothpaste, bread and milk. **These are called FAST MOVING CUSTOMER GOODS (FMCG).** (Please insert a tick (✓) or a cross (X) on the box that corresponds to your response).

		AGREE	DISAGREE	NOT SURE	DO NOT WANT TO ANSWER
12	I buy most of my necessary items at the local stores?				
13	I buy most of my necessary item at rural spaza –shops?				
14	I buy most of my necessary items at urban (city) spaza-shops				
15	I buy most of my necessary items at Hypermarket stores				
16	I buy most of my necessary items on the Internet				
17	I buy most of my necessary items at Checkers				
18	I buy most of necessary items in Pick n Pay store				

TRAVEL

		AGREE	DISAGREE	NOT SURE	DO NOT WANT TO ANSWER
19	I cannot get the soap which I use daily at the local shop.				
19	I travel far from my home to buy my daily needs.				
20	Our local store keeps all the goods which we use every day.				
21	We travel once a month to town which is far from home to buy of our necessities.				
22	We travel once a week to the town which is far from home to buy of our necessities.				
23	We need more shopping malls close to our villages				
24	Bus or taxi fares are very expensive to travel to shopping centres to buy goods				
25	We do not have money to travel for shopping				

INTERNET SHOPPING AND ADVERTISING

		AGREE	DISAGREE	NOT SURE	DO NOT WANT TO ANSWER
26	I cannot get the soap which I use daily shopping through the net..				
27	I travel far from my home to get internet carfare to get access.				
28	Our local store keeps all the goods which we use every day advertising on the internet.				
29	We travel once a month to the town which is far from home to buy of our necessities. Instead of saving time and money shopping through the internet.				
30	Shopping online is user-friendly to most uneducated people.				
31	We need more shopping malls close to our villages				
32	Bus or taxi fares are too expensive to travel to				

	shopping centres to buy goods it is better to shopping on the internet.				
33	Products that are online are of good quality and are fairly price?				

AVAILABILITY OF SPECIFIC ITEMS

	State whether each of the following items are available close to your home:	YES	NO	NOT SURE	DO NOT WANT TO ANSWER
34	Toothpaste.				
35	Lux Soap				
36	Bread				
37	Petrol				
39	Panados				
38	Omo washing powder				
39	Surf Washing powder				
40	Oil				
41	Meat				
42	Chicken				
43	Maize meal				
44	Beans				

PRICE SATISFACTION

	Are you satisfied with the price which you pay for the following items at the spaza shop?	YES	NO	NOT SURE	DO NOT WANT TO ANSWER
45	Toothpaste.				
46	Lux Soap				
47	Bread				
48	Petrol				
49	Panados				
50	OMO washing powder				
51	Surf Washing powder				
52	Oil				
53	Maize meal				
54	Meat				
55	Beans				
56	Vegetables				
57	Cosmetics				

ADVERTISING

	Do the following stores assist you in buying via the INTERNET	YES	NO	NOT SURE	DO NOT WANT TO ANSWER
58					

	Pick n Pay				
59	Game Stores				
60	Checkers				
61	Ok Grocer				
62	Woolworths				
63	Shoprite Checkers				
64	Boxer Super Stores				
65	Power Spar				

PERCEPTIONS ABOUT THE ONLINE SHOPPING AND SAFETY

		Agree	Neutral	Disagree
66	Is Online shopping safe?			
67	Online shopping is reliable (It does not give many problems)			
68	Online shopping is more convenient than ordinary			
69	Passwords are well protected on the internet.			
70	Online shopping is very affordable. It is much cheaper than ordinary shopping.			
71	Online shopping is easy to understand			
72	Online shopping is easy to use			
73	All personal details which are used to perform internet shopping are safe.			
74	Online shopping ensures that one's personal details are always kept safe?			
75	I prefer Online shopping over physical (normal) banking.			
76	Internet access (from a service provider) is easily available.			
77	Online shopping access is affordable to every one.			
78	I feel very secure when doing online shopping			
79	Online shopping is more easily accessible			
80	I am not interested in online shopping			
81	My culture & traditions prevent from shopping online			

RURAL DEVELOPMENT

		AGREE	DISAGREE	NOT SURE	<i>DO NOT WANT TO ANSWER</i>
82	Government must encourage big business to open stores in rural areas.				
83	Government must encourage the use of internet in rural areas.				
84	Government must spend more money in improving access and use of internet in rural areas.				
85	If internet is introduced to rural areas it will encourage trade and economic growth in these areas.				
86	Use of internet in rural areas will make buying of daily goods easy.				
87	If more rural people buy on the internet, large companies can improve the delivery service of goods to rural areas.				
88	Fast moving customer goods can be easy available to rural people if internet and delivery services are improved.				
89	Improving the availability of FMCG in rural areas will eventually improve rural development.				
90	Improving the availability of FMCG in rural areas will led to job creation for rural people close to their families.				
91	Improving the availability of FMCG in rural areas will eventually prevent people from migrating to the cities.				

Thank you for completing this questionnaire.