

AN INVESTIGATION INTO THE INFLUENCE OF THE QUALITY AND
STANDARDISATION OF MERCHANDISING ACTIVITIES IN GROCERY
RETAILING CHAINS ON IMPULSE PURCHASING
IN THE DURBAN AREA

Sandra Bourel

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I, Sandra Bourel, declare that this dissertation represents my own work.

Signature.

APPROVED FOR FINAL SUBMISSION

Supervisor:..

.....Date: 18/4/01

Mr R. B. Mason: B.A., M.B.L., Dip. Mkt. Res. & Adv., Dip. Mktng Mngt..

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Technikon Natal,
Durban, South Africa.

DEDICATION

To my parents,
Michel Bourel and Michelle Bourel
Who waited so long for this
And my little sister
Virgine Bourel,
Who always believed in me.

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ABSTRACT

Little is known about the implications of merchandising activities of retailers, despite the fact that retailing plays a vital role in the economy. South African retailers, who are the only players in their domestic territory, need to be aware of the economic situation and of the expansion strategies of the main international retail actors. Unlike South African retailers, international companies are experienced in the world-wide grocery retailing field and have shown a lot of determination in expanding their presence and power on an international scale.

This dissertation illustrates the landscape of grocery retailing today, and the risk faced by a reactive attitude by South African retailers in the face of international competition. The dissertation provides a framework, and a complete description, for integrating merchandising activities, which include visual merchandising activities, as a crucial tool to influence consumers' buying behaviour, through their impulse buying behaviour.

This research project has, as its main purpose, the identification of a relationship between merchandising activities in the grocery retailing field and the impulse buying behaviour of shoppers.

The dissertation addresses three issues for efficiently managing merchandising activities, namely, the importance of the level of standardised merchandising, the role of perceived

quality of merchandising, and the importance of the in-store visual presentation, to consumers, of products on promotion.

Central to these issues are the factors and the criteria that influence consumers' impulsive behaviour. These are developed in the dissertation in order to identify the extent to which merchandising activities can have an impact on spontaneous buying behaviour. A review of such merchandising factors in the grocery retailing industry is presented in this study.

The dissertation will enable South African retailers to have a clearer vision of the grocery retailing market, specifically with regard to the evolution of merchandising activities on an international scale, thereby illustrating the strategies they should adopt to be prepared to compete with powerful international players.

In Chapter One an introduction to the dissertation is provided, including the objectives and hypotheses. The main objective of the study is to investigate the type of relationship between standardised, quality merchandising in South African grocery retailing chains and the propensity for impulsive buying behaviour, and to identify factors that motivate shoppers to purchase products from stores spontaneously, and so help to improve the image of the retailer as perceived by the consumer.

Chapter Two, the literature review, gives a framework of the South Africa grocery retailing industry, explains how the radical changes in technology and other innovations have altered traditional retailing networks, describes the merchandising factors in the grocery industry on a national and international scale, and discusses impulsive behaviour of shoppers in a grocery store.

Chapter Three presents the methodology used for the research. Qualitative and quantitative research methodologies used are explained. Both methods of research have been used in order to obtain the opinions of brand managers on the role of merchandising activities. SPSS version 9.0 was used to analyse the quantitative questionnaires completed by 210 shoppers in the Durban area. Manual procedures were used to analyse the qualitative questionnaires completed by the retail branch managers.

Chapter Four illustrates the findings, including the validation of the hypotheses. The findings of both quantitative and qualitative analyses showed the importance of standardised and quality merchandising to influence, directly or indirectly, spontaneous buying behaviour of consumers, whether the products are on promotion or not. The qualitative analysis covers the summaries of each of the six branch managers' interviews, grouped by chain store, followed by a conclusion, comparing the interviews, and extracting the main trends of the merchandising policies of the different retailing chains. The quantitative analysis covers the findings of the 210 respondents, and their behaviour and feeling towards merchandising activities. The results of the study indicate that merchandising activities play an important role, in the grocery retailing industry, as a tool to influence consumer buying behaviour by effecting the consumer's unplanned motivation to purchase. The high level of quality merchandising in South African grocery retailing companies could be a response to their attempt to increase sales and store image. Sound merchandising planning has been regarded as essential for the survival of European and North American retailing companies, which desire to increase their market shares and their recognition on a national scale.

Specific recommendations for merchandising improvement for South African retailers are discussed in Chapter Five. The continuous evolution of the grocery retailing sector, with the emergence of on-line shopping retailers on Internet e-commerce sites in the United-States and in Europe, and the innovation and new technologies available to retailers, are discussed in this final chapter. Indeed, Chapter Five points out the changes required to merchandising practices to adapt the domestic offering, firstly to the perpetual exigencies and requirements of consumers, and secondly to the offer of international players. The dissertation will enable South African retailers to be aware of the possibilities they have, through merchandising activities, to enable shoppers to better appreciate their shopping trip, and to be more receptive to specific products or promotional offers.

Impulse buying behaviour is a real source of profit for retailers, and the more they succeed to understand the needs and requirements of their consumers, the more they will be able to develop specific merchandising activities to satisfy their customers, and thus the more they will benefit from such investments in merchandising improvements.

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Chapter 1 - Introduction

1.1. INTRODUCTION

Retailing plays a vital role in the economy. The grocery retailing industry is the first link in the distribution chain, from the customer's point of view, which delivers goods and services to the markets (Abratt, Bendixen and Du Plessis, 1995). Fierce national competition, shrinking market share, spiralling costs and rapid technological and political changes are causing many grocery retailing companies to reassess critically the manner in which they operate and manage their businesses (Vermeulen, 1996). South African managers, following the isolation of the apartheid era, now have to learn quickly how to do business internationally and how to compete on their own territory with international firms which, facing saturation of their local markets, are seriously purchasing international expansion (Corstjens and Corstjens, 1995). There have been profound changes in grocery market structures in the European countries and North America and shifting alliances in the channel of food distribution (Hogarth and Scott, 1997).

This dissertation draws on the role of merchandising activities, i.e. the different levels of standardisation and quality, which may be contributing factors to increasing sales through an increase of consumers' impulse buying behaviour. The issue is not unique to the South Africa grocery industry but is generally relevant to the grocery industry and to the management of grocery retailing operations.

While consumer buying behaviour is hard to change, some possibilities and opportunities still exist to change and adapt the consumers' habits to suit the retailers' new operating management procedures. What attributes encourage one-stop shopping and what encourage 'shopping around'? What is the level of planned purchases and what is the level of planning (for brand, promotional product and category)? How do consumers choose in front of the

shelf, what is the value of different shelf positions, and the different positions within the store? The emphasis here is on the constructs and merchandising operations that help to understand and influence consumer-buying behaviour.

This dissertation discusses the criteria of merchandising quality that can influence the consumer buying decision of different products and the way standardised merchandising can be helpful to increase the loyalty of shoppers for one specific store or chain. It is based initially on the findings of exploratory research carried out in the grocery retailing industry. The research seeks to identify the elements of a successful and attractive store image as perceived by shoppers in the South African food retailing industry.

Some of the key research questions, which underlie this discussion of merchandising and consumer buying motivation relationships are: What are the key characteristics of successful merchandising management? What is the process of, and in which way does it influence, consumer-buying behaviour? Are the concepts of standardised and quality merchandising still relevant? Indeed, is there a relationship between merchandising activities and shopper retention and their perception of the store image (i.e. the perception they have of the store equity)?

1.2. BACKGROUND TO PROBLEM

In such a competitive field as retailing, only the fittest will be able to survive and make a profit. In more and more countries, the fast moving consumer goods (FMCG) industry is becoming more concentrated and more sophisticated. This trend is based on social and technological changes, and on the managerial sophistication that has revolutionised the retail industry. Once large-volume, high investment chains have used up their differential advantage, the most powerful way to create loyal, and thus profitable, business is to offer their customers uniquely appealing products that are uniquely available in their stores. In South Africa the grocery industry is dominated by the Pick 'n Pay group, Shoprite-Checkers and Spar (Pitt, Bromfield and Nel, 1992 ; Corstjens and Corstjens, 1995:244).

If large international manufacturers intend to manage retail development throughout the world, they need to be aware of how their sophisticated retail partners are developing their international interests (Corstjens and Corstjens, 1995). With the exception of hard discount operations, large retailers have to cultivate a mainstream brand (or chain) proposition. Every supermarket, which does not go for the extreme price position, has to be attractive to all the main market segments in terms of quality, convenience and price perception. They have to cultivate a broad image which attracts old and young, rich and poor, male and female, Black, White, Indian or Coloured. A mainstream store cannot afford to alienate the health-conscious consumer. Retail brands, in the sense of a chain with a distinct image, will always be a 'blunt instrument' for segmentation and differentiation compared to the finesse achieved by product manufacturers: segmentation via brand proliferation. The more retailers succeed in concentrating shopping, the more power they have. A shopper converted to less frequent, one-stop shopping forfeits the right to choose favourite brands (Heilbrunn, 1995).

A large store always has to restrict its investment in store values to a level affordable by the price sensitive segment shoppers. In terms of 'image', in contrast to manufacturers, stores must aim to alienate nobody rather than to strongly appeal to only one targeted segment. They cannot become too specific (e.g. young and trendy) because of their need to win volume within the coverage area, which is bound to be heterogeneous. Some retail chains are clearly differentiated from others: nobody could mistake a Pick 'n Pay hypermarket for a Spar, or a 7-11 convenience store for a Makro club warehouse. On the other hand, within a given format (hypermarket, discount store, warehouse club) retailers tend to gravitate to very similar layouts, promotional techniques and prices (Corstjens and Corstjens, 1995).

The changes that have taken place in grocery retailing have been characterised by the growth of large multiple chains, the closure of large numbers of small and independent shops (leading to a steady rise in the average store size), and the widespread adoption of innovative merchandising techniques. In developed countries, since 1976, the number of retailers and stores has fallen. The fall in shop numbers is mainly, though not entirely, accounted for by the decline of small shops. In grocery retailing the multiples have sought to exploit the opportunities offered by economies of scale in shop size and distribution handling. They have opted for consumer segmentation based around either the one-stop shopping concept of the superstore, or the low-cost profile of limited-line discounters. Retailing chains have been able to offer goods at prices which the independent, no matter how efficient, can hardly attempt to match. Where do these changes leave retailers and consumers? The grocery store groups are competing particularly on the grounds of price but this strategy is now so widespread that other elements also have to be pursued (Thomas and Waite, 1988:294).

In certain areas managing tactical activities which influence consumers' behaviour and perception are very important for development of 'mindspace', and for development of a coherent and consistent message, which means what the store can deliver in value added to the consumer. Promotions such as free gifts and competitions can create impulse purchases. The act of purchase, however prompted, and the usage, which naturally follows, will translate into 'mindspace.' Intelligent management of impulse buying for certain products (i.e. low interest products) can in this way be a source of differential advantage. Many FMCG markets are mature and have such small differences between their products that creating sustainable differential advantages based on a functional delivery is almost impossible (Corstjens and Corstjens, 1995).

There are shopping items which have a high presence elasticity, that is, if the need is not immediately satisfied, it disappears. This situation exists for impulse products, which are only considered for purchase if the consumer notices them in-store. Often it will apply to new products seeking trial for the first time, both grocery, and, for example, magazines or part works, gadgets and children's novelties. This elasticity can be increased with advertising, which explains or adds interest to the products (Corstjens and Corstjens, 1995:208).

Attracting consumers is tougher than ever. The number of retail store formats has exploded. Consider, for example, segmentation occurring within the four primary types of retail outlets - food stores, chain drug stores, mass merchandisers and wholesale clubs. Retail organisations are developing superstores, discount stores and ethnic outlets. Many outlets, including superstores, super combos, wholesale clubs, discount drug stores and warehouse stores, are expected to continue to increase their market penetration significantly. The lines between traditional retail trade channels are blurring further as retailers scrambled to offer the

convenience of one-stop shopping. Food stores are expanding into mass merchandise, mass merchandisers are expanding into food, and drug stores are expanding into mass merchandising and food. With competition intensifying among retailers, attracting consumers to particular stores and brands has become increasingly difficult. Faced with the plethora of shopping choices, today's 'savvy' shoppers often view retailers as interchangeable and that has made consumer behaviour less predictable than ever. Despite the general demand for one-stop shopping, research shows that certain consumers will buy certain products from specific stores (Ries, 1996). This finding reflects the fact that shoppers have been conditioned to look for deals in certain categories and often select outlets based on the availability of such deals. It is not uncommon, for example, to find the same consumer shopping at both high-end and low-end outlets, saving money on certain items in order to better afford luxury items. This trend has increased pressure on retailers to differentiate themselves by developing a reputation as the place to shop for certain product categories. When done successfully, differentiation along these lines can infuse a retailer's name with brand equity, establishing a clear connection in the consumer's mind between the name and the fulfilment of certain needs (Ries, 1996: 56-73).

Reaching consumers with any type of marketing message, however, has become increasingly difficult because of the fragmentation of traditional media. Network TV, home to the mass-market advertisements of the 1950s, no longer rules the TV roost, as cable TV channels have exploded in advertising dollars. VCRs and remote control devices along with the emergence of pay per view (instantaneous payment by credit card through satellite systems) programming have muddied the TV advertising waters even further. The fragmentation trend also has hit other traditional media, including newspapers, magazines and radio stations. Reflecting these changes and the hectic pace of modern lifestyles, consumer research (Costello, 1992:18)

shows that two thirds of today's brand selection decisions are made in the store. Manufacturers consequently are focusing greater attention on understanding consumers and tailoring in-store marketing and merchandising to meet their needs. Spending on trade and consumer promotions has grown dramatically in recent years, with more and more manufacturers considering non-traditional ways of getting their message across to consumers as part of an overall effort to leverage brands through retailers.

Price plays a much larger role in the positioning of stores than in the positioning of product brands. Even supposedly high quality chains continually remind shoppers of their commitment to price. Price rarely provides a differential advantage for product brands: often the more expensive brands are category leaders. In contrast, the price perception of a large retailing chain is a cornerstone of its image. This is not just the case for hard discounters with an unambiguous price positioning, but also for those who aim at a mainstream compromise between price, quality and assortment. However, there are other marketing mix tools that can be used to get a high competitive advantage (Mulhern and Padgett, 1995).

Retailers control a number of key marketing-mix variables, for example, presentation, price, and promotions. The more retailers become interested in running their own brands in competition to manufacturers' brands, the more they can benefit from taking control of these variables. The brand perceptions of a consumer in the store will be different from those measured in the abstract, say in market research in a shopping centre or home. According to Corstjens and Corstjens (1995: 41, 174) a retailer can influence the positions on the perceptual map of its and competitors' brands, not just by the drastic act of de-listing, but also by its position in layout, pricing, promotion and 'flagging' with information: the opportunities are as follows:

- (1) Presence or prominence in store: In markets where impulse buying is important or variety seeking the norm, eye-level location or an end-of-gondola feature will often be a critical factor in purchase, sometimes more critical than absolute brand preference. Brand preference research often ignores the physical facts of presence in store: the weight of lifting heavy bottles down from a high shelf or the extra second needed to notice a brand on a low shelf. Sales of a brand will be reduced by two-thirds if it is moved from eye level to a foot level position. As a rule of thumb, retailers' own brands occupy the eye level shelf space in store. Presence in store is particularly critical for new products. Retailers can always guarantee distribution for their new products, which gives them a special advantage in this vital activity.
- (2) Promotions and prices: Manufacturers used to plan promotions as part of 'their' marketing mix, following for example an everyday low-price strategy for their own label. Nowadays, retailers often use promotions as part of their 'own label' marketing. The setting of prices and control of promotion strategy is likely in future to represent a large part of the retailers' objectives to control their brands.

It seems that, for most shoppers, choice is rational rather than emotional, and shopping is a functional activity rather than a pleasurable one. If this is the case, a greater degree of price sensitivity can be predicted. Grocery retailing is generally a low added value activity, compared to, for example, jewellery retailing which is high added value. Shoppers seek neither prestige nor pleasure from the experience. Shopping is a rational decision where price (or rather the shopper's perception of price) is destined to play a major role (Corstjens and Corstjens, 1995:126). All the following issues have implications for the retail marketer :

- (1) Retailers cannot segment consumers to anything like the degree that manufacturers do, and must therefore favour a bland rather than a pointed image.
- (2) Brand proliferation is strictly limited when applied to retail chains.
- (3) The quality of the shopping experience (store values, service, cleanliness, convenience, image) provides a much weaker source of differential advantage than quality of product that provides differential advantage for many product brands.
- (4) Price is an important opportunity for retailers. They must keep their real prices competitive and must sustain their price perception.

Looking now at the supermarket chain, it is clear that it must attract a large proportion of potential shoppers to each of its stores. A retailer will not wish to position separate stores of a chain too differently from each other for fear of losing any coherent image for the chain (and thus economy of scale in marketing). The retail chain could choose to develop a separate (more pointed) positioning for each store to suit its local competition. This would mean no global positioning, no national advertising, and no national pricing policy. If, by contrast, the retail chain wants to create a homogeneous set of stores, the overall positioning has to be some sort of average. A consistent pricing policy and advertising campaign throughout the country and centrally run strategic thinking means compromising the ideal position for each individual store. The aggregated 'ideal position' for each of the main chains are likely to converge on each other, as averages tend to do (Hess and Gerstner, 1987).

According to an AC Nielsen study (1999a), manufacturers try to position their brands in complementary ways to other brands in the minds of their consumers. Their aim is to differentiate their brands. A retailer's competitive position, by contrast, is primarily defined by location. Within grocery retailing, several shop formats have been found to correspond to significant shopping needs. The following typology broadly captures this differentiation (Timmermans. and Vermeulen-van der Rijt, 1996).

- Superettes and convenience stores offering a limited range, mostly food. Prices are higher but compensated by convenience : proximity shopping and extended opening hours.
- Supermarkets concentrating on food and offering quality produce with good service.
- Hypermarkets selling about 35 000 lines on floor space of over 2500m².
- Hard discounters offering less than 1000 lines, a spartan atmosphere, and the promise of rock-bottom prices.

In today' s grocery industry there are a lot of changes occurring: in the way the managers run their stores or chains, in the ambiguous relationship between manufacturers and retailers, in the way the South Africa grocery industry faces the rapid internationalisation of the European and American firms, in the choice of strategic marketing policy on the price or other strategic marketing mix tools. Today, the technology, the consumers' new buying profile, the saturation of national markets, and the internationalisation have lead retailers to intensify their efforts to keep their market shares. Some issues to overcome the situation have to be analysed, such as the consumer motivation to buy, or the role of marketing mix tools to create substantial advantage to the firms which can no more play on the price factor or the possibility that the European or American model of expansion can be duplicated in South Africa. Most of these issues will be covered in this dissertation, which will provide a better overview of the grocery

retailing sector and provide ideas for solutions that could be quickly adopted to remain competitive.

1.3. STATEMENT OF PROBLEM

According to Stewar (1996), supermarkets in the United States and United Kingdom make use of quality and standardisation as important aspects in their merchandising activities. Observation and anecdotal evidence have shown that supermarkets in South Africa rarely use such activities.

Quality and standardisation of the merchandising activities involve a similar method of operation in the management of retail activities and a similar physical appearance. Homogeneity of stores implies standardisation of all the displays and layout of the stores which have the same name (e.g. Shoprite-Checkers, Pick'n Pay, Spar).

Stewar (1996) believes that supermarkets' sales could be increased through standardised and better quality of merchandising in South Africa.

Therefore, this study will investigate the problem of a lack of merchandising standardisation in South African supermarket chains, such as Pick 'n Pay, Shoprite-Checkers and SPAR which are the "Big Three" well known supermarket chains in this country.

1.4. STATEMENT OF THE OVERALL OBJECTIVE AND SUB-OBJECTIVES OF THE STUDY

The objective of the study is to investigate the type of relationship between standardised, quality merchandising in South African grocery retailing chains and the propensity for impulsive buying behaviour, and to identify factors that motivate shoppers to purchase products from stores spontaneously, and so help to improve the image of the retailer as perceived by the consumer.

The sub-objectives of this study are as follows :

- 1- To identify how standardised merchandising influences the consumer buying behaviour (i.e. impulse purchasing).
- 2- To identify if sales promotions would be perceived by consumers as more favourable through better quality merchandising.
- 3- To identify the relationship between the quality of merchandising and impulse purchasing.
- 4- To identify what the criteria of a quality standardised merchandising display are in supermarket chains (secondary research).

1.5. STATEMENT OF HYPOTHESES

To meet the objectives of the research, three hypotheses will be tested:

H1: It is hypothesised that there is a positive relationship between standardisation of store merchandising and impulse purchasing.

H2: It is hypothesised that there is a positive relationship between the perceived quality of merchandising displays and sales of promotional products.

H3: It is hypothesised that there is a positive relationship between perceived quality of store merchandising and impulse purchasing.

1.6. DELIMITATION OF THE STUDY

The study only focussed on the merchandising activities of the retail outlet, even though it might have been obvious that other activities could also be standardised and centralised.

The study was oriented to consumer buyer behaviour only and did not include the business side of the profession i.e. relationships between suppliers and supermarkets. Thus this study did not focus on the standardisation of the delivery, purchasing or any other activity linked to the retailing system. The research only analysed the merchandising activity. The study was delimited geographically to the greater Durban region.

1.7. RELEVANCE OF THE STUDY

In such a complex and competitive market, the survey on standardisation of merchandising of supermarket chains investigated what could be done to improve merchandising in the South African retail market. This survey also focussed on the criteria of good merchandising, which has a significant impact on the marketing image which the store conveys. The aim of the survey was to determine how a better store image through standardisation of the merchandising could help to meet customers' expectations and so increase impulse purchases, thereby increasing the sales and reputation of the supermarket chain. Moreover, the more retailers know about their customers, the more likely they are to satisfy the customers' needs. Why, how and what motivates people to buy is part of this knowledge. These questions were covered by the study.

This study contributes to increased knowledge in the following ways:

- ◊ By analysing the behaviour of the consumers through an investigation of their method of buying (planned or impulse) and their perception of supermarkets' displays and layouts, the research increases marketing knowledge concerning merchandising activities in supermarkets.
- ◊ It also identifies if South African supermarket chains could benefit from improved quality and standardising of their merchandising in order to increase their reputation and their store image.

- ♦ Moreover, it identifies if such merchandising management techniques (as used in the United States and in Western European countries) could be implemented by South African supermarket chains.

1.8. ASSUMPTIONS

The study is based on the following assumptions:

- Consumers mostly behave in a rational manner when shopping for groceries
- The Durban area, because of its diversity of population and the presence of national grocery retailing companies, is a suitable location to identify the shopping behaviours which are the focus of this study.

1.9. CHAPTER SUMMARY

The first chapter introduces the topic of the research, namely the standardisation of merchandising in retail shops in South Africa and its influence on consumer buying behaviour. It also sets out the objectives and hypotheses of the study, the assumptions, and finally it delimits the scope of the research itself.

The second chapter covers the literature review, presenting the background to the topic (merchandising in South African supermarkets, the notion of standardisation and the consumer buying behaviour in supermarkets in South Africa). The second chapter also focuses on previous relevant studies that have been done on the subject.

The third chapter presents the methodology of the study, which includes research design, sampling, discussion of the data collection and capture methods, and the methods which were used to analyse the data collected. This third chapter also explains the questionnaires: one aimed at the merchandising manager, in order to provide a better understanding of the retailer's merchandising policy, and the other aimed at the consumers, in order to understand how they shop according to the merchandising in the supermarkets.

The fourth chapter presents the findings and analysis of the research and the interpretation of the results.

The fifth chapter presents conclusions drawn from the results given in chapter four, and recommendations to improve the overall merchandising situation of retail shops in South Africa, as well as recommendations for further research in the subject field.

1.10. DEFINITIONS OF THE KEY WORDS OF THE STUDY

Impulse purchase: Also named unplanned purchase or spontaneous purchase. It is an act of purchase that has not been planned before entering the store. Impulse purchases are made on sight with little or no serious comparison of alternatives. Impulse buying is normal because the product receives as much attention as it deserves (Walters and Bergiel, 1989:391).

Merchandising: The classic definition of merchandising details the four rights - the right merchandise, at the right place, at the right time, in the right quantities. It includes also short-run, creative tactics based on management philosophies that can provide a differential advantage (Mason, Mayer and Ezell, 1991).

Mindspace: The mindspace is the consumer's perception of the environment of shopping, regrouping all the attributes which exist in the environment that create a message, which corresponds to an interpretation of the environment where the consumer is doing his shopping trip. The merchandising manager can influence the store environment attributes (layout, display, assortments) to change the mindspace of the consumer in order to create a coherent and consistent message of the store image and atmosphere in the mind of the consumer (Corstjens and Corstjens, 1995).

Standardisation of merchandising. Merchandising activities can be *customised*, which means that the branch manager has autonomy in the way he wants to manage his store (planograms, display techniques, layout of products), or merchandising activities can be *standardised completely or partially*, which means that the top management delivers instructions to the branch manager in order to create a homogeneity of store image among all the stores of a chain (Mason, Mayer and Ezell, 1991).

Visual merchandising. Visual merchandising has three basic functions: it reinforces the market positioning statement, it arouses interest, encourages comparison and moves the customer towards commitment, and finally it communicates the offer to the target customer group (Harris and Walters, 1992).

Chapter 2 - Literature Review

"The future of retailing depends on the future of consumers tastes, which are by nature impossible to forecast" (Ford, 1991: 17).

2.1. INTRODUCTION

In such a competitive field as retailing, only the fittest will be able to survive and make a profit (Pitt, Bromfield and Nel, 1992). Today retailing is dominated by huge organisations such as supermarket chains, department stores, hypermarkets, warehouse clubs and general merchandise discounters, which provide the majority of the retail sales (Ford, 1991). Moreover, many of the practices and principles adhered to today are different from those in the past even though many older principles are still being successfully followed by merchants around the globe (Diamond and Pintel, 1996).

Retailing is constantly reinventing itself. Many practises that were once commonplace have changed owing to customer demand. There are trends that are in evidence today, and others that may appear in the future.

The main catalyst for change will be information technology, which allows constant improvements in efficiency due to a better monitoring of consumer purchases, lower inventories, quicker stock-turn and a fuller assessment of direct product profitability.

Merchandising is an emerging factor in the grocery sector, which is linked to the new trends in that field, such that stores should satisfy all the customers' expectations, needs and requirements. This can be realised through a merchandising organisation, which is responsible for maintaining the inventory offered for sale in accordance with the requirements of consumers. Merchandising policy and visual merchandising are two retailing strategies which co-exist to focus jointly on the best methods to attract peoples' attention, upgrading displays or obtaining a good position for the product on the shelves (Diamond and Pintel, 1996).

Prices, and above all price promotions, have become extremely important factors in the decision-making process of consumers. Most purchases are made in a rational manner according to consumers' shopping lists by people who have a specific budget allocated to basic consumption goods. Although generally purchases are planned, in certain cases customers buy without careful consideration, and their purchases are based upon emotional appeal and feeling. This impulsive buying process does not follow the traditional method whereby consumers have a preconceived idea of what they need to buy (Diamond and Pintel, 1996). Merchandising, and price promotion procedures, are some strategies that can increase retailers' sales through an augmentation of impulsive buying.

This chapter focuses on the state of the retail market today and new trends likely to be important in the new millennium. It also describes the merchandising activities available to cope with the high level of the competition in the retailing field, and which are capable of influencing consumer-buying behaviour. Finally, the chapter endeavours to show the quality and the standardisation of merchandising as critical elements in the development and maintenance of retail operations in the new decade.

2.2. THE FMCG¹ INDUSTRY

2.2.1. THE BACKGROUND TO GROCERY RETAILING ON A WORLD WIDE SCALE

2.2.1.1. General background

There are a number of factors in retailing which are likely to be constant over the next millennium. These include the economic role of the retailer, the evolving trade-off between price and service, and the need to target a particular segment of the overall market in order to enjoy above-average profits.

According to Anteblian-Lambrey (1998), the retailing sector has been in a perpetual evolution since the beginning of the century. On a general basis, the traditional retailer (independent grocery) has been gradually replaced by the retailing firm. This involves a contrast between artisan business and industrial retailing. This development of retailing is linked to the development of mass-consumption.

According to Ford (1991), the economic role of the retailer has traditionally been that of a key intermediary between manufacturers and consumers. Since the splitting of production and consumption, which occurred with the Industrial Revolution, it has generally been inefficient for producers to supply goods directly to consumers. The retailer is the last link in the chain of specialised distributor, which developed to move goods between manufacturers and consumers. As such, the retailer has always enjoyed special proximity to the end consumers. Thus, the history of retailing is inevitably linked to social and economic history.

¹ Fast Moving Consumer Goods

Retailing plays a vital role in the economy. The retail industry is the first link in the distribution chain, from the customer's point of view, that delivers goods and services to the market (Abratt, Bendixen and Du Plessis, 1995).

The greatest changes occurred after the Second World War. Each stage in the evolution of retailing can be traced to shifts in economic power across society. For example, the growth in the relative spending power of the middle class accounted for the rise of department stores in the late nineteenth century, while the increasing dispersion of wealth throughout society in the period after World War II accounted for the development of supermarket chains (Bolen, 1988).

The development of very large retail units grafting substantial food and non-food sales to a supermarket operation started in the early 1960s in the United Kingdom. Applying the basic principles of discount stores, low-prices and minimum service, growth has been spectacular (Cox and Brittain. 1996:11).

In developed countries, even though there will be a growth in new retail formats as very specialised shops or small, independent retailers satisfy local demand, a de-conglomeratisation or reduction in the number of major retail firms serving the market place will continue to be seen, thereby increasing their buying power in relation to vendors (Dunne and Kahn, 1997).

2.2.1.2. Characteristics of grocery retailing firms' success in the 1990s

The success of the grocery retailing firms is due to the association of different factors that have revolutionised the traditional grocery business of the independent retailers. These factors have changed the shopping trip of shoppers and attracted them to a one-stop shopping concept. These main factors are firstly, the substantial car parking space under the control of the superstore retailer and serving the superstore largely or exclusively, secondly a range of 25,000-30,000 items, covering most foods and many non-foods (the latter may take 40% of the total selling area), thirdly a broadly similar pricing, service and general marketing strategy to the discount store, fourthly the provision of often cut-price petrol retailing adjacent to the store and its car park, and finally the comprehensive in-store use of information technology such as electronic point-of-sale equipment, and advanced food preparation equipment, e.g. for in-store bakeries (Cox and Brittain, 1996:15).

The apparent strength of retailers in the second half of the twentieth century can be largely attributed to improvements in social mobility and 'democratic spending power' during this period. Retailers have changed in the course of the twentieth century. They started out as places for displaying products, but are now places where the consumers' tastes can be identified and, in addition, many retailers have positioned themselves as the allies of consumers against manufacturers (Ford, 1991).

The rapid expansion of store numbers in the 1980s and 1990s, and growing car ownership, has given most shoppers a choice of two or more large supermarket stores within easy travelling distance. This has meant that most shoppers are not completely loyal to any one store and indeed there is evidence that they are becoming less loyal. The increasing concentration in the industry has also meant that it is becoming more and more difficult to

increase market share, and any further increase is likely to be at the expense of the big players rather than small independents. The intensity of competition in the industry was further heightened by the onset of recession and the arrival of the European hard discounters in the early 1990s (Hart *et al.* 1997:44).

Some of the leading retailers have long pursued 'consumerist' policies. They have used their clout with consumers to force manufacturers to improve quality and reduce prices. They have played off one manufacturer against another, thereby boosting consumer surplus and compromising producers' profit (while naturally taking part of the consumer surplus as their own profit). This role has been most marked in the grocery industry. Retailing has become the sincerest (because it is most lucrative) form of consumerism. In the 1990s, the consumerist movement has truly come of age (Dupuis and Prime, 1996).

2.2.2. THE SOUTH AFRICAN GROCERY RETAIL INDUSTRY

2.2.2.1. The evolution of South African grocery retailing

According to Abratt and Higgs (1994) there have been rapid political, social and economic changes in South Africa since 1990. As a result of the fall of apartheid, South Africa is slowly taking its place in the global village. Marketing planning plays an important role in the larger South African companies. The high level of marketing planning in South African companies could be a response to many years of sanctions and isolation.

According to a study conducted by AC Nielsen (1999b), published in *Progressive Retailing*, structural changes will challenge many of the positions of the leading players in the retail industry. Since 1986, when riots stamped their mark on the retail landscape, the

number of retail stores has been growing. This is in contrast to the trends in most other parts of the world. According to Dunne and Kahn (1997), in the United States or European countries the trend is a reduction in the number of retailers, continued emphasis on expenses in order to achieve margin increase and the demise of the mid-sized retail chain. The trends followed by the South Africa grocery industry typically look like those seen between 1970 and 1985 in the other parts of the world (Dunne and Kahn, 1997). As major stores, like hypermarkets and supermarkets open, offering modern, cleaner and more exciting shopping environments with broader ranges and cheaper prices, so the smaller convenience stores find it harder to compete. They either change their formats, or go to the wall and close down. From 1970 to 1995, urban grocery stores were the most affected by the blossoming 'majors', their numbers dwindling rapidly and consistently. Rural grocery stores were less vulnerable, being protected by their isolated location and logistical role in the distribution of groceries. The 1986 unrest saw many stores burnt down. These were fairly quickly rebuilt. Then, the trend of new store openings continued, gaining strength. This is largely what economists would term an 'adjustment'.

Under the old apartheid regime, the number and nature of the retail stores serving each community was pre-determined and controlled. Only specific sites in each urban municipal area were zoned for retail, specific types of restricted retail licences were granted, and blacks were only allowed one store of a particular size, within their own demarcated area. All that fell by the wayside as South African society transitioned into the 'New South Africa'. Initially the authorities had their hands full coping with endemic violence, and checking on the licences fell away. The major stores' distribution channels could not get sufficient products to the people in the townships. At the same time, massive black urban unemployment forced people to explore new alternatives. Entrepreneurs started 'running'

parcels of goods into the townships and selling them from their homes, which became 'spaza stores'. The informal sector was born and the model was set up. The process is still underway, spreading everywhere. At the time, the traditional stores' formats were being forced to adapt. As the majors grew, so they competed with the core grocery business of the small convenience stores, sometimes called 'mom and pop' stores. They offered cheaper, bigger ranges of groceries. However, the sheer number of small stores and their proximity to the consumers allowed them to play a supportive role for fill-in convenience shopping trips. They were left selling impulse items like soft drinks, cigarettes (needed daily), milk, sweets, snacks, newspapers and magazines (Rachman and Maloles III, 1996).

Despite their growing numbers, small grocers only manage to attract a smaller and smaller share of the consumers' grocery shopping needs. More and more stores, with smaller and smaller turnover and throughput per store, are choosing a shrinking portion of the grocery pie. Even the grocers that trade in rural areas are steadily losing out. This is being caused by the concentration phase South Africa is entering (AC Nielsen, 1999b).

2.2.2.2. Grocery retailing orientation in South Africa

According to Farquhar (1998:38), the South African market is currently experiencing huge change. Anyone involved in marketing or retailing operations will not only confirm this, they will also add that the pace of change is accelerating and that they will have to adopt new strategies to survive.

The concentration of business in major stores reached very advanced levels in the 80s, compared with any other first world economy in the world. Majors accounted for nearly 80% of all grocery spending. There are only certain locations in South African urban

society that can support stores of a size such as the very large supermarkets or hypermarkets. As self-service supermarketing spreads to the 'platterland', major chain groups had to revise their formats to create smaller units. Furthermore, smaller regional chains had slowly been colonising these towns or villages, whilst the big three - Pick 'n Pay, Shoprite-Checkers and Spar- fought it out in the larger urban areas (Pitt, Bromfield and Nel, 1992).

Today, these three grocery-retailing chains - Pick 'n Pay, Shoprite-Checkers and Spar - compete in South Africa. Even the growing number of small shops in the developing areas are being challenged by these three chains. Pick 'n Pay group's market share (including, Pick 'n Pay Hypermarkets, supermarkets, family stores and 7-Eleven Africa) exceeds 38 per cent of the overall South African food mass retailing market (Pick 'n Pay annual report, 1999). However the market leader is Shoprite-Checkers. Through the merger of Shoprite, Checkers and OK outlets, the group has reached R18bn turnover, which dwarfs the R12bn of Pick 'n Pay (Keenan, 1999:10).

One further factor enters the mix at this point: since, in the apartheid era, black people were not permitted to trade outside their areas, major retailers who attempted to enter the townships in the new South Africa found little support from the community (or its structures) for their monolith stores.

There are many signs of redress in real living standards in South Africa. Most black families do not have their own car, but rely instead in traditional public transport and the growing armada of taxis. This means that stores have been established closer to people, forcing the creation of a larger number of smaller superettes. The war to colonise the 'Middle Sector' of the trade is on. All of the major mass-merchant and discounter chain

Specific recommendations for merchandising improvement for South African retailers are discussed in Chapter Five. The continuous evolution of the grocery retailing sector, with the emergence of on-line shopping retailers on Internet e-commerce sites in the United-States and in Europe, and the innovation and new technologies available to retailers, are discussed in this final chapter. Indeed, Chapter Five points out the changes required to merchandising practices to adapt the domestic offering, firstly to the perpetual exigencies and requirements of consumers, and secondly to the offer of international players. The dissertation will enable South African retailers to be aware of the possibilities they have, through merchandising activities, to enable shoppers to better appreciate their shopping trip, and to be more receptive to specific products or promotional offers.

Impulse buying behaviour is a real source of profit for retailers, and the more they succeed to understand the needs and requirements of their consumers, the more they will be able to develop specific merchandising activities to satisfy their customers, and thus the more they will benefit from such investments in merchandising improvements.

technology, and structural and demographic changes is altering the behaviour of people in the market place, and consequently the retailing industry itself (Retailing: A reflection of a changing culture, 1999).

2.2.3.1. Competitive trends

According to Randall (1999:7), in more industrialised countries, retail concentration has increased dramatically. Buying has become more centralised and retail management more sophisticated. The resulting swing in the balance of the power away from manufacturers and towards retailers is happening everywhere, but is most marked in the grocery industry. The realities of the situation in the UK, Europe, USA, Asia and in several developing countries vary, but the trends are similar, retailers must learn to live with the new situations, those who respond pro-actively will win and maintain their market shares.

Aside from this continuously changing retail environment, perhaps the most disconcerting challenge to the manufacturers is the growing concentration and merging in the retail field (Rachman and Maloles III, 1996). Because retailers are slashing prices to gain or keep market share, they are now spending more time on sourcing decisions. Even though most retailers do not want to integrate vertically, an understanding of all the elements of the manufacturing process is imperative. Once that is accomplished, they are seeking out the lowest cost producer. American retailers, such as Wal-Mart are also using their large-scale buying power to influence American manufacturers to improve efficiency to offer competitive prices. Moreover, development of partnerships within the channel is imperative. Given the cost pressure that the consumer has placed on the channel, channel members will be forced to share even more information and work together as 'partners' to reduce inventory landed costs and provide better product selection. Retailers are now more

willing to share inventory information with vendors. Thus, 'EDI' (Electronic Data Interchange) systems, utilising automatic replacement programs initiated by the vendor with the data supplied by the retailers' computer and followed by electronic funds transfer payments, account for over a third of many retailers' basic stock replacement (Dunne and Kahn, 1997).

According to Corstjens, Corstjens and Lal (1995:363), in the last ten years, in industrialised countries the competitive behaviour among fast moving consumer goods (FMCG) retailers has followed two distinct paths. Some retailers (such as the French ones) have been largely price driven, while on the other hand, other retailer chains have competed on quality, in particular in store differentiation via own labels and fresh products, range and store size. There are different approaches to retail competition. Retailers can compete for customers on the basis of location, services, low prices, or the appeal and quality of product assortment, including fresh products. The location now gives less edge than it did, and so services are now largely the sources of sustainable advantage, particularly in the face of intense price competition. The continued growth of superstores and warehouse and discounter clubs has begun to create chaos in the retailing market. These relatively new outlets are in direct competition with the regular grocery industry, i.e. supermarkets, hypermarkets and convenience stores, and bring a need for price-cutting (Rachman and Maloles III, 1996). The two remaining alternatives, price and product assortment can create a sustainable, profitable consumer proposition in the long run (Corstjens, Corstjens and Lal, 1995).

The trade-off between price and service evolves as a result of retail competition. Clearly, the higher the standards of service, the higher the prices charged, so all retailers must make a choice about their precise levels of service and price to be offered (Ford, 1991: 21).

The competitive structure of retailing as a whole is undergoing rapid change. The changes are causing a rethinking of the concept of retail competition, as well as changes in consumer shopping habits (Mason, Mayer, and Ezell, 1996: 93).

According to Morganosky (1997), another major competitive trend in US retailing is the increasingly diverse array of retail formats available to consumers. Owing to the emergence of these new retail formats, competition between retailers of all types is heightening. The trend toward format diversification is not unique to the United States of America, even if this trend is most visible in the US market. Consumers are continually seeking new outlets and demanding more from those retailers they choose to patronise. Discounters, outlet stores, and off-price retailers have experienced notable market share gains. The seemingly endless change of retail formats presents both major problems and opportunities for the retailers. The opportunity lies in the fact that retailers of a particular format (such as discount stores) appear to be increasingly successful in attracting consumers from an ever-widening variety of the other retail formats. The problem is that they are also sharing their consumers with other retailers across this diverse array of formats. Thus, the ability of retailers to bundle their retail strategy mix in a way that builds loyalty is particularly challenging in the current retail environment. In relation to food products, traditional supermarkets are most directly in competition with super-centres (or Malls), sharing 59 per cent of their customers. Supermarkets share about 30 per cent with warehouse clubs, 18 per cent with convenience stores and 16 per cent with limited line

discount food stores. Supermarkets exhibit high levels of competitiveness against all of the other food channels pulling in 95 per cent of super-centre customers, 97 per cent of warehouse club customers, 96 per cent of convenience store customers, and 100 per cent of limited line discount store customers.

According to Dupuis and Prime (1996), retailing, as well as the other economic activities, are affected by globalisation. Retail internationalisation is not a recent phenomenon, but it has accelerated since the mid 70s. The competitive struggle of retail store brands is becoming global. Some countries, such as Germany for hard discount and cash and carry, speciality and targeted stores for the UK, and hypermarkets for France, have all won a leading position. At the same time, counter-attacks are being launched by local competitors i.e. hard discounter copies like AD, Fnac versus Virgin competition in France.

In South Africa, the Pick 'n Pay Group has had its first successful global experience in the Philippines, and desires to expand its business internationally within the area of retail in order to ensure a source of income for future profit growth in the medium to long term - 5 to 10 years (Pick 'n Pay Annual Report, 1999).

2.2.3.2. Alternative ways to cope with the growth of competitors

According to Rachman and Maloles III (1996), in the mid 1990s four strategies were established to avoid intruders from altering the retail market on a national and international scale. The first one was the alternative of opening new locations and dominating the market-place by establishing grocery retail stores inside malls or near motorway peripherals. The second was to increase merchandise assortments, i.e. opening pharmacies inside supermarkets. This corresponds to the vogue of 'scrambling merchandising', which

means simply that a retailer broadens his product line, as a result, becoming more competitive (e.g. successful everyday low price strategy). The two other strategies to protect the retail market were advertising and price war strategies. However, these strategies lacked success: increasing merchandise assortments gets firms into businesses they cannot operate profitably in today's market, and everyday low prices became the driving force behind many of the most successful retail formats in the past ten years. The actual delivery and ability to price well below competitors became the cornerstone of many companies. Apart from these strategies, new alternatives have emerged in the retail field to avoid competition. To cope with the high level of competition, the concept of secondary market expansion is an increasingly attractive move. Thus, firms such as Wal-Mart who typically faces less competition are able to pay lower wages, and face fewer zoning restrictions. These firms typically locate in communities of fewer than 200,000 in population, which are under-served by national competitors. These communities provide more viable markets than many of the major metropolitan areas already served by almost every major retailer (Mason, Mayer and Ezell, 1996:97). In South Africa, the Pick 'n Pay group began the concept of secondary market expansion a few years ago, with the creation of 'Pick 'n Pay family stores'.

Aside from this continuously changing retail environment, perhaps the most disconcerting challenge to the manufacturers is the growing concentration and merging in the retail field (Rachman and Maloles III, 1996). All retailers have to deal with these major trends in the competitive world. All firms are caught, for better or worse, in the realities of the total competitive environment. On the other hand, firms in a particular industry must deal with not only competitive changes but also shifts in the demand of consumers' market. A challenge is also the continuous fragmentation of the retail market.

Changing consumers' values present a particular challenge to the retailer. For example, the challenge of the time-constrained consumer offered an opportunity to create new channels in the form of home shopping networks and catalogues. Some of the key reactions to changes in the marketplace are :

- ◊ The decline of mass marketing and the rise of micro marketing
- ◊ Non traditional retailers
- ◊ Same concept, new approach
- ◊ Conquering foreign markets with technologies
- ◊ Maintaining a profitable store in the face of a declining marketplace.

2.2.3.3. Technological trends

During the past, due to sanctions against the South African government, companies were frozen into their relative competition positions by South Africa's isolation from international research and development. Because of the subsequent changes, South Africa necessarily has to steal a march on competitors by upgrading and improving technology to adapt to the changing environment of business (Visagie, 1997).

The new millennium will see an intensification and acceleration of trends linked to technological changes. The main catalyst will be information technology (IT), which allows constant improvements in efficiency which in turn affects the price of service trade offs (Ford, 1991:19).

Already, experts all agree that e-commerce entities, such as Internet, intranet, extranet, electronic mail, infra-red technology, EPoS (Electronic Point of Sales), EDI (Electronic Data Interchange), ECR (Efficient Consumer Response), and smart cards enable companies to be more efficient and flexible in their internal and external operations, to work more closely with their suppliers and to be more responsive to the needs and expectations of their customers, regardless of their geographical location, and to sell to a global market (Page, 1999).

To understand why IT enhances value and helps retailers to understand consumers' needs or improve service levels, it is essential to understand firstly the world in which the consumer lives, referred to as the 'global village', which means the world is 'getting smaller', becoming more intimate and more overcrowded (Huxtable, 1999).

IT has led to better monitoring of consumers' purchases, low inventories, low lead times and stockholding, quicker stock-turns and elimination of out-of-stock situations (Page, 1999).

According to Huxtable (1999), the absence of a key item can send 10 per cent of sales away, and a 5 per cent increase in customer retention can lead to a profit increase between 25 per cent and 85 per cent, showing that a loyal customer is more profitable than a convenience customer. This holds the promise of 'just in time' retailing, resulting in reduced inventory costs and working capital requirements. Operating efficiency gains like these will gather pace in the new millennium (Ford, 1991:19).

IT will become a fundamental tool to communicate to FMCG consumers. One-to-one communication with consumers is, in fact, the way in which the world is moving and there are many new media available to facilitate this (Huxtable, 1999).

New efficiencies stemming from technological developments (like computerised stock keeping) alter the current trade-offs between service and price. When one retailer hits on an idea to reduce prices without affecting service (or to improve service without raising prices) then competitors try to respond in kind. So, there is no steady state, and if the original idea is based on widely available technology, it is difficult to achieve any sort of sustainable advantage, since competitors can copy it rapidly. Moreover, innovations in price or service raise customer expectations, effectively compelling competitors to follow suit (Ford, 1991:20).

A problem for retailers is, thus, the impossibility of creating sustainable competitive advantage with technology. While the benefits of technology are real enough, competitors can always duplicate them. Hardware is generic. Moreover, external software consultancies can generally match the efficiencies achieved by internal departments, so the impact even of proprietary technological innovations is short-lived. Distribution companies are all to some extent in the business of efficiency (since the economic role is to link producers and consumers as efficiently as possible). For this reason, falling behind in technology will leave most retailers at a massive competitive disadvantage. Thus retailers must invest in the latest technology just to stay in the game. Technology becomes necessary but not sufficient for success. In this way, automation raises the stakes of retailing and the benefits of technology are in the main passed on to consumers in the form of lower prices or enhanced service. Furthermore, 'commoditisation' of retail offerings

become more rapid with the uptake of technology, so differentiation between retail outlets in the new millennium will have to be based on something less transitory than technological novelty (Ford, 1991:25).

Elaborate technologies, including electronic marketing, will enable retailers to think differently. They have to integrate more sophistication in their networks, which includes the data base treatment, and direct marketing techniques, and also an accurate promotional plan (Leforestier, 1996).

2.2.3.4. Structural and strategic trends

Segmentation will become even more critical, because only by meeting particular consumers' price-service trade-off requirements, will retailers be able to charge a premium and achieve economic profits (that is, profits above the average level for the retailing industry). To appeal to any one segment will often mean alienating and even deliberately excluding consumers outside that segment. In general, retailing will increasingly be characterised by transience, fashion, risk and cyclicity. All the way along the retail spectrum, the business environment will be more boom-and-bust than ever before (Lewis and Trevitt, 1996).

According to Leforestier (1996), retail companies will profitably respond to the threats (such as a higher market concentration and an increase of consumer sophistication) by trying to stabilise and secure their earnings. There are a number of ways of doing this : for example, by establishing a portfolio of complementary retail chains to diversify the risk of any single chain, or by diversifying into unrelated non-retail businesses, or by integrating backwards and acquiring, or taking partial equity stakes in, manufacturers, or by forming

alliances with other retailing, distribution or manufacturing companies. Such methods, however, may prove inimical to the interests of consumers and thus undermine the strong traditional relationship between retailers and consumers which have been the basis of the relationship in the 1990s. What these trends mean for retailing is that well-off people will grow less tolerant of shopping which they consider boring and mundane, but keener than ever on shopping which offers fun and excitement. In effect, retailing will be competing with leisure pastimes like television, sport or funfairs. But if consumer trends point towards more thrilling and outrageous retail outlets, the uncertainty and risk associated with providing them may hurt retailers. The notion of loyalty is widely important for retailers. New technologies such as smart cards and electronic couponing have permitted retailers to measure the loyalty of their customers.

The retailers have promoted their signs or logos as real brand names, to build a consistent image of their shops, in order that customers can easily identify the store from the competitors. The service should be part of their offering (Petit, 1999). Today, faced with the huge offerings, the consumer goes to shops which he considers to have the best choice. The problem is to adapt the service to the local clientele of each store. Sometimes, in retail chains, there is a high degree of centralisation of the decisions, as in the American retailing, or, as in France, the distribution is globally decentralised but each shop keeps its independence. However, organisation of a global loyalty policy might provoke coherence troubles when the global policy is totally centralised. The need of adaptation, in each store in different geographical zones, is important for the organisation and the quality of services offered to the clients.

The structural and strategic trends in the retailing industry should also take into account the regulatory trends, which influence the policies and the development of each retailer. While many retailers pay attention to the economic conditions, many fail to concern themselves with the impact of government regulations. While there is a strong desire by retailers to limit the role of government, many fail to see how the current interpretation and enforcement of anti-trust laws could negatively impact on retailers' actions for future growth. If South African retailers are to compete globally, they must understand not only their own regulations, but also the environment of those countries in which they want to compete (Dunne and Kahn, 1997).

2.2.3.5. Consumer trends

According to Adams (1992), alarmed by the growth of the alternative-format retailers (such as warehouse clubs and discounters), grocery industry leaders since 1992 have begun to form a task force to analyse the grocery supply chain and its trade practices, to apply the practices of the other retail trade channels, and to develop recommendations for making supermarkets and hypermarkets more competitive. Known as the Efficient Consumer Response (ECR) Working Group, the task force enlisted the assistance of a management consulting firm, which has been instrumental in the development of the Quick Response Process used by mass merchandisers to reduce inventory costs and to speed products to retail shelves. Consumer satisfaction must be the ultimate goal of the ECR strategies in the store assortment, replenishment, promotion and product introduction areas. Quite simply the suppliers and retailers that understand consumer needs most thoroughly will stand the best chance of implementing ECR successfully.

Just as the retail industry has changed in recent years, so has the consumer. There is some question as to the nature and sources of these changes. Did consumer changes cause retailing to change? Or, did the changes in retailing cause the consumer to change? According to Dunne and Kahn (1997), the inability to pinpoint the answer to the 'lead or follow' question is an indication of retailing's failure to understand the environmental changes that have occurred in the past. Two consumer changes will continue to affect the future of retailing: first, the willingness by consumers to trade money for time, and second, an increased level of sophistication among consumers. In fact, consumers are becoming more time pressed and as a result will be willing to pay extra for convenience, especially those in the middle class and upper class. Moreover because of the multitude of products on the market today, with their various features, prices, and labels (private vs. manufacturers), as well as the assortment of retailer formats, today's consumer knows more than before about the market place. This also contributes to the increasing value-consciousness of consumers and the increasing level of sophistication among consumers.

2.2.4. THE GROCERY RETAILING CHAIN FORMAT

2.2.4.1. Retail chains

Most of the supermarkets, superstores and hypermarkets are under the organisation of chains, which means that at least a minimum of the managerial activities are centralised and standardised (Cox and Brittain, 1996: 11).

A chain retailer operates multiple outlets (store units) under common ownership, and it usually engages in some level of centralised (or co-ordinating) purchasing and decision-making (Berman and Evans, 1995).

The relative strength of chains is great and their popularity has risen through the second part of the 1990's. The dominance of chains varies greatly by type of retailer. In the supermarket field, supermarket chains represent 85 per cent of the market (Berman and Evans, 1995).

2.2.4.2. Competitive advantages and disadvantages of chains

According to Harris and Walters (1992), there are many competitive advantages for chain retailers: bargaining power, wholesale function efficiencies, multi-store efficiencies, computerisation, access to media, well-defined management, and long-range planning.

Many chains have bargaining power when dealing with suppliers because of the amount of the chains' annual purchases. As a result, these chains can receive new items as soon as they are introduced, have reorders promptly filled, get proper service and selling support from suppliers, and obtain the best prices possible. In addition, large chains may gain exclusive rights to sell certain items and may have suppliers make goods under the retailers' brands.

Chain retailers can achieve cost efficiencies by performing wholesaling functions themselves. Buying directly from suppliers and in large quantities, shipping and storing goods, and attending trade shows sponsored by suppliers to learn about new offerings are just some wholesaling activities that can be fulfilled by chains. By doing so, they can sometimes bypass wholesalers, and the result is lower supplier prices to the retailers. Thus prices paid by chains are often less than those paid by independents, without violation of any legal act.

Efficiency in multiple-store operations can be gained through shared warehousing facilities, volume purchase of standardised store fixtures, employee uniforms, centralised purchasing and decision making, and other factors. Chain retailers typically give headquarters executives' broad authority for overall personnel policies as well as buying, pricing, and advertising decisions.

Chain retailers, because of their resources and number of transactions, are well able to use computers in ordering merchandise, taking inventory, forecasting, ringing up sales and bookkeeping. This use of computers increases efficiency and reduces overall costs.

Chains, particularly national or regional ones, can take advantage of a variety of media, from television to magazines to traditional newspapers. Large sales volume and geographic coverage of the market allow chains to utilise all forms of media.

Most chains have well-defined management philosophies, whether centralised or decentralised. These tend towards solid overall strategies, and employee responsibilities are clearly outlined. In addition, continuity is usually ensured when managerial personnel are absent or retire, because there are personnel to fill their places, i.e. a succession plan.

Finally, many chain retailers expend considerable time and resources in long run planning. Frequently, specific personnel are assigned to long-term planning on a permanent basis. Opportunities and threats are also carefully monitored.

Chain retailers do have a number of disadvantages: inflexibility, high investments, reduced control, and limited independence. Once chain retailers are well established, their

flexibility is limited. Adequate, non-overlapping store locations may be hard to find. Consistent strategies must be maintained throughout all branches, and prices, promotions and product assortments must be similar in each store. For chains that use centralised decision making, there may be difficulty in adapting to local needs, such as taking into account differences in lifestyles among city, suburban, and rural customers (Greenleaf and Lehmann, 1995).

Chains' investment costs may be high. Multiple-store leases, fixtures, product assortments, and employees are involved. The purchase of any merchandise may be costly because of the number of store branches which must be stocked. Managerial control may be tough for chains, especially for those with geographically dispersed branches. Top management cannot maintain the control over each branch that independent owners have over their single outlets. Lack of communication and time delay in making and enacting decisions are two particular problems. Personnel in large chains may have limited independence in their jobs. In many cases, there are several layers of management, unionised employees, stockholders, and boards of directors. Thus, some chain retailers are now empowering their personnel to give them more independence, so they can better address special customer needs as these needs arise (Berman and Evans, 1995: 109).

2.2.4.3. Organisation of chain retailers' formats

Chain retailers of various types often use a version of the equal-store organisational format (whereby buying is centralised and branches become sales units with equal operational status). Although chain store organisation structures may differ, they generally have the following characteristics :

- There are a large number of functional divisions, such as sales promotion, merchandise management, distribution, store operations, real estate, personnel, and information systems.
- Overall authority and responsibility are centralised, with individual store managers responsible for sales.
- Many operations are standardised (fixtures, store layout, building design, merchandise lines, credit policy, and store service).
- An elaborate control system keeps management informed.
- A limited amount of decentralisation enables branch stores to adapt better to local conditions and increases the store manager's responsibilities. For example, while some large chains standardise 80 to 90 per cent of the merchandise carried by their outlets, store managers are free to fine-tune 10 to 20 per cent of the mix to appeal to local markets, be they rural or urban, African-American or Hispanic, or high or low income (Berman and Evans, 1995: 345).

2.2.4.4. Rationalised retailing

Some chain retailers are also using rationalised retailing programs that involve a high degree of centralised management control combined with rigorous operating procedures for every phase of the business. The aspects of a chain's operations would be performed in a virtually standardised manner in a number of its outlets. Rigid control and standardisation make this technique an easy one to implement and manage.

In addition, a firm can add a significant number of units in a relatively short time period. Each operates many stores that are similar in size, number of items carried, store layout, merchandising, and sales approaches to others in that chain (Berman and Evan, 1995: 395).

2.2.4.5. Aim of retail chains

According to Vacheret (1999b), the aim of supermarket or hypermarket chains is to quickly obtain or maintain a 'critical size', which means the store size which offers the highest degree of profitability. In order to differentiate the discount stores from supermarkets or hypermarkets, it is necessary to install, inside the store, some specific attributes (whether in the food or in the non-food area) that enable the differentiation between the different formats. For example :

- Development of a strong and innovative point-of-sale policy (creation of a consumption universe which involves groups of displays presenting the same product category)
- The lack of attention to the customer affects the food lines more than the non-food lines. Retailers have to find issues to grab the customers' attention for food products.
- Now the organisation of food offerings responds exclusively to the traditional logic of 'shopping lists' which is not enough to cover all the new expectations of the consumer who expects 'solutions' ready made for immediate consumption.
- Retailers have to set up good signage in order that shoppers do not spend too much time trying to find goods they are looking for.
- The will to re-organise the whole store according to the principle of immediate consumption (impulse purchase, e.g. snacks) versus deferred consumption (e.g. car, television set, multimedia purchase)
- The principle of dual organisation is a good tool, e.g. selling salad and salad dressing together or coffee grounds with drip coffee filters or percolators.

However, the traditional organisation of the store will make it difficult to adapt to these changes.

Beyond the necessity of the retailer to understand and anticipate the needs of the consumer, the development of retail-restoration will be an ideal lever to reinforce the attractiveness of supermarkets. There is a real need for investment by retailers to improve the consumer's convenience inside the store. Three aspects have to be focused on to make the store attractive to the consumers' eyes: in the convenience of purchasing, availability of service, and the store atmosphere and display presentation (Berman and Evans, 1995:168).

2.2.5. NEW OPPORTUNITIES IN GROCERY RETAILING IN THE NEW MILLENNIUM

According to Anteblian-Lambrey (1998), the strategic-base orientation, useful for the development of the retail industry, is still dominated by costs. The growth of retailing chains' turnovers has for a long time been linked to an increase of sales surface. During the past 10 years, new retail concepts have appeared developing new combinations of advantage to the consumer : low price and reduced choice at the point of purchase.

Big retailers have succeeded because they have known to adapt themselves to, and to anticipate, demand changes (Lhermite, 1996). The retailers' strategies are firstly built around the point-of-purchase, by the organisation of a shop (outlet) concept which implies a layout, a display, a wide range of products, a sale formula and so, a target consumer. Then, the strategy is further developed through an identity policy: specification, centralisation or decentralisation, and a choice of establishment (location).

2.2.5.1. Future strategies

According to Jones (1998) there are several strategies to focus on in the new millennium:

- Point-of-purchase strategy: An outlet concept which implies point of purchase, which refers to the 'retailing mix': sales method, surface, location types, arrangement, disposition and targeted-clientele. This is the optimal format.

- Display Strategy: It is a desire to clarify supply. It means to limit the depth and sometimes the width of the range of products. In other words, the setting of a 'micro marketing policy' to stick to the local market demands and requirements. The location allocated to the product takes into consideration the grabbing of the consumer's attention, which means essentially increasing the sales in the shop. Thus, the high volume sales items will be placed at the beginning of a gondola.

Moreover, each retailer defines a 'provider strategy' by establishing a 'range of products' policy, enabling a rigorous management by category of products, which includes the preference of the clientele, the turnover of the stocks, and the delay of supplying. The globalisation of the economy starts with trade, goes through the production and ends with distribution. Liberalisation of trade and the logistics progress have implied a kind of de-localisation for the manufacturers (Cox and Brittain, 1995: 15). Also, the retailers are going to intensify and accelerate this globalisation of the economy by buying their products from the site of production, and this will develop international structures of purchasing.

2.2.5.2. Overview of retailing in the new millennium

Studying retailing is firstly studying the concrete, the shops. But at the same time it is the study of big structures, complex organisations, which involve significant investments.

From the size acquired by certain groups and the demonstration of their success, it can be seen that European distribution has known how to adapt, and how to adopt the principal marketing and strategy concepts. Everyone is aware of the frenetic competition in retailing, the need to be the most rapid, to redefine an image, a concept or an outlet. It means to establish a 'mixed shop', pertinent, effective, adapted, to a customer more and more changeable and fragmented. In addition, domestic group expansion is henceforth unavailable, and so expansion can only be international (Hart, Kirkup and Preston, 1997:44).

Retailers in the new millennium will be able, relatively easily, to obtain efficiencies in certain areas. Right across the retail spectrum, there are particular types of retail outlet where retail principles like computerised stock-keeping, efficient warehousing, marketing segmentation, and promotional synergies have hardly made any impression.

As suggested earlier, the historical link between consumers and retailers has given the latter the air of fervent consumerists and has made them the dominant force in the distribution chain. Information about what products and services consumers are interested in has been the retailers' key weapon in controlling physical distribution and achieving higher returns than wholesalers, transport companies and most manufacturers. For much of the twentieth century, the value added in the distribution chain has been concentrated at the retail end. Now certain phenomena may change this. The steady rise of direct marketing

has given manufacturers an inside track to consumers. By adroit segmentation and consumer appeals, manufacturers are bypassing the retailer altogether. Manufacturers are also paying much more attention to physical distribution. They understand their distribution costs better than before and are honing them accordingly. This has meant taking a much closer look at the relative contribution of different retailers and attempting to improve their terms. If a particular retailer is making a negative contribution to a manufacturer's bottom line, the manufacturer's best alternative is to discontinue business with that retailer (Lhermite, 1996).

According to McLaughlin, Perosio and Park (1998), changing consumers and changing technology alter the way consumer product manufacturers and retailers go to market. Strategies and practices at every stage of the evolving distribution are being critically re-evaluated. At the retail level, increasing competition for often no-growth markets has emerged from a variety of non-traditional grocery operators, mass merchandisers, deep discount drug stores, warehouse clubs and super-centres, to name a few (Kinsey and Senaver, 1996).

Wherever there are competitors, a most common occurrence in retailing, the use of an every day low price strategy is almost unavoidable, even if other strategies exist. But this low price strategy may sometimes cause a retailer who has failed for a couple of days, or maybe weeks, to beat last year's sales figure, to return to 'high-low' pricing as a means of capturing additional market share. Indeed, over the past decade and a half, retailers have actually taught this 'sophisticated' consumer to only buy 'sale' merchandise. In the long run, retailers must re-educate the customer as to what value is and what it is not, by being honest with the consumer in their promotions and pricing. Price is only a part of the value,

(not the equivalent) as suggested by Dunne and Kahn (1997). To the consumer, value is the ratio of benefits received to the cost paid. Thus, a retailer must not only know what is good value from the consumer's perspective, but also must abandon the notion that some consumers will not buy anything unless it is on sale. As long as retailers constantly run sales with misleading 'suggested' or 'regular' prices, many consumers will only buy sale items. However, by recognising the sophistication of consumers and the new trends of the environment (technology, regulation and the competitive landscape) retailers need to be disciplined not to order so much comparable inventory that they are forced into frequent sales.

In order to fight against a perpetual price war, other marketing mix strategies can be used by retailers, such as playing on the store image or on the in-store merchandising activities to satisfy the needs and expectations of these increasingly sophisticated consumers (Dunne and Kahn, 1997).

2.3. IMPULSIVE BUYING BEHAVIOUR : A SALES OPPORTUNITY

2.3.1. INTRODUCTION

According to Dunne and Kahn (1997), it is impossible to pin-point the answer to the 'lead or follow' question about which of the two, the change in consumers or the change in retailers, affect the other. This was the main dilemma of the 80s and the 90s for retailers. The 2000 decade will be different. Retailers will begin a quest to understand the criteria which can change the pre-conditioning of consumers (Rousselin-Rousvoal, 1999b).

The end of the 90s and the beginning of the new millennium need new perspectives in the retailing industry. Retailers are looking for new opportunities to increase their market shares through influencing consumer-buying behaviour. The invasion of hard discounters and the decrease of consumers' purchasing power have lead the FMCG industry to react. Beyond the development of price war and private brand proliferation policies, retailers are now focusing their efforts on analysis and understanding the consumer better. Today, the retailers' main aim is to increase the loyalty of their shoppers through a better understanding of their needs and behaviour, and of the factors that can influence their buying behaviour. Understanding buying behaviour through analysing the factors which can influence the impulsive side of consumer behaviour is the final step to success. Consumers want to get their bearing easily in the store without having to ask their way. They want to save time and money. Retailers have started to improve their strategies to facilitate the supply of products to consumers, to bring the offer immediately and comprehensibly to consumers. Through merchandising activities, retailers have found an interesting gap to compete on a basis other than price or quality (Pontgelard, 1996:53; Yvernault and Fraysse, 1999:52).

2.3.2. CONSUMER BEHAVIOUR AND IMPULSE PURCHASE

2.3.2.1. General consumer behaviour

According to Bettan, Luce and Payne (1998:25), consumers often do not have well-defined existing preferences, but construct them using a variety of strategies contingent on task demands. Consumer choices concerning the selection, consumption, and disposal of products and services can often be difficult and are important to the retailers who want to attract consumer attention. As has been said previously, rapid technological change, for instance, has led to a multitude of new products and decreased product lifetimes. In addition, new communication media such as the World Wide Web have made enormous amounts of information on options potentially available. Further, consumers are often asked to make difficult value trade-offs, such as price versus safety in purchasing expensive products, environmental protection versus convenience in a variety of goods, and quality of life versus longevity in complex health care decisions. Marketers' decisions are characterised by perceptions attuned to change rather than absolute magnitude, and diminishing sensitivity to changes to stimuli. More generally, behaviour is shaped by the interaction between the properties of the human information-processing system and the properties of the task environment. This implies that processing approaches may change as consumers learn more about problem structures during the course of making a decision. Thus, the task of, and new challenge for, retailers is to enable the consumer to feel more pleasure in shopping, to help him to understand the products better, and to be aware of the variety of products available in the store.

2.3.2.2. Impulse buying behaviour

One type of purchase that may be categorised within the experiential domain is impulse buying. Impulse purchase occurs when consumers purchase products and/or brands that they had not planned on buying before entering the shop. With impulse purchase, at least a part of consumer decision making is influenced by the retailer (Berman and Evans, 1992:168).

According to Mowen (1995:427), impulse purchases may be defined as occurring when a consumer experiences a sudden, often powerful and persistent, urge to buy something immediately. The impulse to buy is hedonistically complex and may stimulate emotional conflict. Also, impulse buying is prone to occur with diminished regard for its consequences. Mowen (1995) has described impulse buying as a "buying action undertaken without a problem previously having been consciously recognised or a buying intention formed prior to entering the store". Although little research has been done on the mechanism responsible for impulse purchases, it is likely that such purchases result from the consumer seeing a product and reacting with an extremely strong positive affect toward it. The positive feelings lead to a desire to experience the product or service, which results in a purchase. Impulse purchases occur frequently; various studies have found that as many as 39 per cent of department store purchases and 67 per cent of grocery store purchases may be unplanned.

When consumers utilise an experiential choice process, the purchase is made with little cognitive control and seems to happen in a largely automatic manner. This description applies to brand-loyal purchases and impulse purchases as well. An impulse purchase has been defined by Schiffman and Kanuk (1994) as a buying action undertaken without a

problem having been previously recognised or a buying intention formed prior to entering the store. An impulse purchase thus may be described as a choice made on the spur of the moment based upon the development of a strong positive feeling regarding an object. Impulse purchases have also been described by Mowen (1995) as a mindless reactive behaviour. Impulse purchases involve strong affective states. The behaviour becomes somewhat automatic, has little intellectual control, and reveals a strong emotional content. As such, it is the antithesis of the rational consumption that one finds in high-involvement purchases and to a certain extent in low-involvement purchases. In one study of impulse purchases, published by Rook and Fisher (1995), researchers conducted depth interviews asking respondents to report on their feelings when they made impulse purchases. In each case, the purchase seems to have been preceded by the consumer's strong feeling that a product should be purchased. The affective state led directly to behaviour without the person forming beliefs or thinking very hard about the purchase. It seems that in some cases consumers may act to repress thinking, which might dampen the feeling experienced (Mowen, 1995:487).

Often, retail sales involve unplanned or impulse purchase. A large percentage of grocery consumers ignore newspaper advertisements before shopping, do not prepare shopping lists in advance (or deviate from these lists once in the store), and make purchases that are completely unplanned. This signifies the value of point-of-purchase displays, attractive store layouts, well-organised stores, and store windows. Candy, cosmetics, snack foods, magazines, and other items can be sold as impulse goods if they are placed in visible high-traffic locations in the store. Because consumers buy so many goods and services in an unplanned manner, the retailer's ability to forecast, budget, order merchandise, and have the proper number of personnel on the selling floor is made harder. Retail customers

normally visit a store, even though mail and telephone sales have increased dramatically in recent years. The large number of final consumers, the interest of many consumers in shopping in person and in comparison shopping among different brands and models, the small average sale size, the unplanned nature of purchases, and the consumers' desire for privacy from in-home selling are just some of the reasons for the popularity of retail shops. And because consumers must be attracted to a particular store, the retailer needs to consider such factors as location, transportation facilities, store hours, proximity of competitors, merchandise assortment, parking, and advertising (Berman and Evans, 1992:12).

The 'shopping list purchases' represent only 75 per cent of the total expense of a shopper. In order to increase the proportion of unplanned products and to change the pre-established shopping trip of shoppers, retailers have to set up strategies to prompt consumers to buy spontaneously. The consumer buying behaviour has changed. Today, consumers do not choose to imitate a social group. They prefer the product perceived as the most adapted to the considered situation during the purchase. Retailers use simple means to pre-condition consumers: the gondola ends, the strategy of promotional implantation, and extended facings. With bad shop organisation, the trips of shoppers can be expensive for retailers. Ten per cent of the 25 per cent of the potential impulse purchases are lost. This represents a loss equal to 2.5 per cent of the annual turnover (Rousselin-Rousvoal, 1999a).

2.3.2.3. The different levels of impulse purchase

With impulse purchases, at least a part of consumer decision making is influenced by the retailer. There are three kinds of impulse shopping (Mowen, 1995:302):

- 1- Completely unplanned - A consumer has no intention of making a purchase in a good or service category before he or she comes into contact with the retailer.
- 2- Partially unplanned - A consumer intends to make a purchase in a good or service category but has not chosen a brand before he or she comes into contact with the retailer.
- 3- Unplanned substitution - A consumer intends to buy a specific brand of a good or service but changes his or her mind about the brand after coming into contact with a retailer.

With partially unplanned and substitution kinds of impulse purchases, some decision making takes place before a person interacts with a retailer. Completely unplanned shopping is usually related to routine decision-making or limited decision making, there is little or no time spent shopping, and the key step is problem awareness. Impulse purchases are more susceptible to in-store displays than pre-planned purchases.

According to a major supermarket study, on a given shopping trip, about 53 per cent of purchases are completely unplanned, 10 per cent are partially unplanned, and 3 per cent are unplanned substitution. Over 80 per cent of the purchases of the following products involve some level of impulse behaviour: candy, gum, snacks, pasta, cookies, crackers, and condiments (Morganosky, 1997).

When store loyalty exists, consumers regularly patronise a particular retailer that they know, like and trust. Such loyalty enables consumers to reduce decision making because they do not have to invest time in learning about and choosing the retailer from which to make purchases. Over the years, research had addressed various aspects of store loyalty.

For example, store-loyal consumers tend to be time conscious, use the entertainment media, enjoy shopping locally, be fashion leaders and not rely on credit. Almost one-third of supermarket shoppers patronise only one store in a typical week, and over 70 per cent of grocery spending is done in a consumers' main supermarket (Berman and Evans, 1992:168).

2.3.2.4. Internal factors that can influence consumer behaviour

Impulse purchases, as well as those made as a result of brand loyalty, can be categorised as experientially oriented. In addition, mood appears to influence whether a person uses a decision-making or an experiential approach to choice. People in a positive mood state responded more favourably to emotional appeals than to informational appeals. In contrast, people in negative mood states responded more favourably to informational appeals than emotional appeals. These findings were extended by the researchers to the choice process. They found that when people were in negative moods, they tended to rely on an informational approach to product selection. When in positive moods, choice was more closely related to a focus on their feelings and fantasies about using particular brands (Mowen, 1995:488).

2.3.2.5. The impulse buyer as an opportunity for higher profit

According to Rook and Fisher (1995) buying impulsiveness is a uni-dimensional construct that embodies consumers' tendencies both to think and to act in identifiable and distinctive ways. Buying impulsiveness, by the definition given by Rook and Fisher, is characterised as a consumers' tendency to buy spontaneously, unreflectively, immediately, and kinetically. Highly impulsive buyers are more likely to experience spontaneous buying

stimuli; their shopping lists are 'more open' and receptive to sudden, unexpected buying ideas. Also, their thinking is likely to be relatively unreflective, prompted by physical proximity to a desired product, dominated by emotional attraction to it, and absorbed by the promise of immediate gratification. As a result, impulsive buyers are more likely to act on whim and to respond affirmatively and immediately to their buying impulses. In extreme cases, impulsive behaviour is almost entirely stimulus driven; a buying impulse translates directly into an immediate, yielding, and physical response : the consumer 'spasm'. Moreover, impulsive buyers are likely to experience buying impulses more frequently and strongly than other consumers. Various factors may intervene between the impetus and the actions. Even highly impulsive buyers do not give in to every spontaneous buying demand, as a variety of factors may alert consumers to the need for immediate deliberation and consequently 'interrupt' the transaction from impulsive feeling to impulse action. Factors such as consumers' economic position, time pressure, social visibility, and perhaps even buying impulse itself can trigger the need to evaluate impulsive purchase.

2.4. MERCHANDISING ACTIVITIES: FACTORS FOR SUCCESS

2.4.1. INTRODUCTION

As shown in the previous sections, many changes in retailing methods and procedures have been observed over the last decade, as have changes in the behaviour of consumers. The main catalyst has been the influence of 'big retail chains' and 'self-service' (Yvernault and Fraysse, 1993). The main concern of retailers is to increase profit, by increasing impulse buying through the use of merchandising activities. Today, shoppers want to be able to quickly find landmarks in the shop without any help from any store staff. The decor elements and the products' layout replace, for the most part, the sales person. Retailers have to provide better accessibility to products and an immediately comprehensible offer. The look of each store chain (inside and outside the store) is the most important factor to translate the history and the positioning of each store brand (Pontgelard, 1996). Impulse buyers, as explained previously, are the main opportunity to increase profit. Merchandising activities are an interesting tool that can be used to stimulate impulsiveness and revolutionise the grocery retailing industry by the introduction of a new concept: 'Fun Shopping' (Parigi, Costil and Charrier, 1999:38).

According to Cook and Walter (1991:215), dealing with consumer impulsiveness involves considering the issues that motivate customer-purchasing behaviour. A number of factors can be interesting, such as the incentives like loyalty cards, couponing or television advertising, but the most important factor is the improvement of merchandising (atmosphere of the store, store layout, space allocation, design, in-store facilities) in order to create 'equity', a store image, demonstrating its personality and the advantages of shopping there. Today, shoppers are looking for pleasure and facilities when they shop in a

grocery store. They do not want to go shopping by routine. They want an attractive store where they can shop easily and in a pleasant environment. In-store entertainment and merchandising is an essential way to build loyalty (Jones, 1998:56). This principle is the same as the principle of 'Fun Shopping' presented by Parigi, Costil and Charrier (1999:38).

The classic definition of merchandising detailed the 'four rights' of retailing, the right merchandise, at the right place, at the right quantities, at the right time (Mason *et al.*, 1991:310). A more modern definition of merchandising points out the need to include short run, creative tactics based on management philosophies that can provide the firm with its differential advantage in the market place. Merchandising is a part of the strategic plan, the creative positioning tactics which support the long-run mission and objectives of the firm (Corstjens and Corstjens, 1995).

A new concept has also emerged in merchandising: the concept of 'micro-merchandising'.

It is a strategy that enables a retailer to adjust shelf-space allocations to respond to consumer and other differences among local markets. Thus, Dominick's Finer Foods, a supermarket chain in the United States, now allots shelf space to children's and adult's cereal on the basis of the demand patterns at its different stores. Sales and inventory turnover have gone up accordingly. And Wal-Mart makes adjustments in the space it allocates to various product lines to reflect the demographics, weather, and popularity of different sporting events at its various stores (O'Mara, Beyard and Casey, 1996: 396).

2.4.2. MERCHANDISING TRENDS

Changes in the external environment (saturation of the market, competition, and economic situation) facing the firm can also be powerful forces in affecting both marketing strategy

and merchandising trends. According to Mason *et al.* (1991) there are two main trends to take into account in the merchandising strategy of a firm: productivity improvement and the increase of margins.

2.4.2.1. Productivity improvement

In order to improve the productivity of the business two aspects have to be considered (Mason *et al.* 1991 : 649) :

⇒ Improved merchandise mix

Many grocery chain stores are reducing the number of marginal lines carried. Some chain stores are vulnerable in consumable items, health-and-beauty aids, and various housewears categories because they compete with every discounter in the city, every drugstore, and every mass-merchandising outlet. Grocery stores are dropping lines subject to heavy discounting and low margins. Major appliances in particular offer little return relative to their space and inventory costs. Retailers are realising that consumers have no special inclination to shop for these products at grocery stores. The secondary market expansion can be a response to try to improve the merchandising mix by implanted specialised stores (e.g. pharmacy, laundry).

⇒ Cost reductions

The keys to reducing variable costs include self-service, better use of technology, longer store hours, and making better use of part-time help.

2.4.2.2. Margin increases

New ways of increasing margins are being introduced. Higher-than-normal prices on low visibility items or infrequently purchased items are being implemented. Charging for services such as repair or installation is also occurring more frequently. Other important methods are:

⇒ Merchandise-assortment planning

Retailers are beginning to take a leadership role in identifying the kinds of merchandise which should be added to their assortments. No longer are retailers relying primarily on suppliers to suggest new merchandise lines, particularly as retailers begin to understand more about market segmentation, the role of research in helping to plan product assortments, and the meaning of scanner generated in-store data on product sales (Lusch, Dunne and Gebhardt, 1993: 340).

⇒ Space reduction

Management is moving aggressively to convert unproductive retail space to other uses. The move is accelerating among department stores, large speciality stores, discount stores, mass merchandisers, and even shopping centres. More productive use of space must be found when land costs, taxes, and rentals become so high that sales productivity drops below a minimum level. Conversion or cutbacks to smaller space allow the retailer to save on staff, inventory, and energy. Renting to outsiders in some situations can be more profitable than retailing (Lusch, Dunne and Gebhardt, 1993: 340).

⇒ Vertical merchandising

The trend in many outlets is also toward vertical merchandising, the so-called cube effect, and away from displaying merchandise in low horizontal formats. Vertical merchandising lowers construction costs and increases space productivity, making smaller stores possible. However, without creativity, vertical merchandising can be boring. Another problem is that management can build excessive inventory by the use of vertical merchandising. Furthermore, during slack demand and periods of high inventory carrying costs, inventory is likely to be lower. Vertical merchandising can thus make a store look as though it is going out of business (Cook and Walters, 1991: 115).

⇒ Classification dominance

This is the displaying and arranging of merchandise in such a way that psychologically the consumer is convinced that the firm has the largest assortment of merchandise in that category in the city. Normally, management will display all different sizes and colours of items for which they want to make a dominance 'statement'. Often, all reserve stock will also be displayed to give a strong statement about the depth of the merchandise available. Large amounts of space are required for classification dominance. Clearly management must be careful in selecting the merchandise lines with which it will use this display technique. Management may decide on flexible fixturing as they continue to look for ways of reducing construction costs and increasing space productivity (Hart and Davies, 1996).

⇒ Co-ordinated graphics

Accelerated use of self-service to increase store productivity has made in-store consumer information and communications more important than ever. Management is seeking less labour-intensive and less costly, but more effective, means of communicating the store image and message to consumers. Graphics play an important role in this effort. Clear, consistent, informative graphics should begin externally with advertising and continue throughout the store. All aspects of communication, including promotional signs, point-of-sale graphics, department identification, and institutional messages, are most effective when co-ordinated. Informative signs are important. Many customers want to inform themselves about merchandise before making a purchase. Sales clerks are often unavailable and may lack technical knowledge about sophisticated products. Careful explanations about the product use, warranties, and technical dimensions of the product can be facilitated by the careful use of informative signing (Cook and Walters, 1991: 115).

⇒ Increasing emphasis on theatrics

Retailers also are realising that not only must they make a major statement in a particular category of merchandise, but they must also present it in a powerful visual way. Design and layout are thus becoming an increasingly important factor in attracting consumers. Product demonstrations, lectures by well-known designers, and the use of music, art, and other visual means of communication will be an increasingly important part of retail merchandising (Buttle, 1984: 110).

2.4.3. MERCHANDISING POLICIES

2.4.3.1. In-store merchandising policy

According to Hart *et al.* (1997:27), in-store merchandising is determined initially by space planners in the company's head office based on computerised information. Through electronic point-of-sale (EPoS) systems, trade sales and trade histories of products can be used to allocate shelf footage to products. The flow of products remains uniform nationally and all the chain stores conform to the nationally determined product flow.

The plan is then sent from head office to store. High-volume, low-profit items are placed at the bottom of the shelving (e.g. baked beans), whereas high profile, new products are placed at a level to catch the consumers' eye and are frequently placed next to a similar established line.

At store level, management works within the plan and decides on the facing within different commodity groups. Within one store, a typical week would see 20 to 30 product updates. The store manager is then responsible for implementing the plan and subsequent updates, within given productivity levels. As part of this process, visits take place to competitors' stores to look at specific commodity groups in order to assess whether the product is a good selling line (Hart *et al.* 1997: 29).

2.4.3.2. Merchandising assortment policy

In addition to the merchandise ranges, there are extra services in the form of dry cleaning, post office, pharmacy, bakery, coffee shop and delicatessen that can be provided. The company sees future growth being created through greater enhancement of the chain brand

name itself. This will take place in part as a result of an improved market offering, achieved through greater attention to design, layout, merchandising and the development of its chain brand ranges. Quality and value for money is the cornerstone of the company's market offering, and the merchandise ranges are developed to support this strategic positioning. The depth of the range and assortment of quality products creates this perception of quality and value. For example, Safeway, an English grocery retailing chain, has collaborated with the company's French partner, Casino, in the development of new ranges, e.g. wine, expanding the variety of international wines. The company has also been active in developing a wider choice of regional products, both mainstream products and specialist products, e.g. Welsh cheese, dried ham from Dorset (Hart *et al.* 1997: 31).

2.4.3.3. Merchandising and pricing policy

Retailers with a marketing orientation view merchandising and pricing strategy as the pivotal elements around which their total marketing strategy is developed. That is because they are customer-focused, and customers seek merchandise within their budget constraints which influence pricing (Lusch, Dunne and Gebhardt, 1993:25).

The merchandising and pricing decisions do have a major influence on the location decision. First, a retailer should tailor the merchandise and its price to a well-defined customer segment. Second, most individuals have a primary place of residence and work. So for the merchandise to be accessible to the target customer segment, the location decision is critical. Furthermore, depending on the type of merchandise, the customer will be willing to travel varying distances. Certainly, it is also clear that the retail location is not easily changed. A retailer can easily adjust prices, promotions, customer services, or even

merchandise assortment but is constrained by lease commitments, space requirements of the business, or the unavailability of a better or more affordable location.

2.4.3.4. Merchandising planning policy

According to Harris and Walters (1992:118), planning merchandising requires co-ordination between manufacturers, retailers and consumers. Six steps can be pointed out in this co-ordination :

- ◊ Developing a trading format and store environment strategy
- ◊ Location option
- ◊ Store ambience themes
- ◊ Visual merchandising and merchandise co-ordination
- ◊ Customer handling system
- ◊ Customer service facilities and customer service augmentation

According to Cook and Walters (1991:115), the purpose of the merchandise assortment strategy is to give direction to the buyers for assortment range building and procurement. The merchandise assortment strategy will have detailed those customer-purchasing characteristics which are seen as important for merchandise decisions. The hypothetical customer profile has implications for buying decisions. These are :

- exclusivity
- quality
- style/design
- continuity

- convenience, suggesting
- co-ordinated displays (to assist choice across items), and
- merchandise continuity (to facilitate re-purchasing of styles)

2.4.3.5. Merchandising budgeting

Successful retailers must have good financial planning and control of their merchandise. In fact, some have said that a retailer is really a financial control officer. The retailer invests money in merchandise for profitable resale to others. A poor choice of merchandise will result in a low or negative return on investment. Therefore, in order to be successful in retailing, as in any other activity, an individual must have a plan for what is accomplished. In retailing, this plan of operation is called the merchandise budget. A merchandise budget is a plan for projected sales for an upcoming season, when and how much merchandise is to be purchased, and what mark-ups and reductions will likely occur. The merchandise budget forces the retailer to develop a formal outline of merchandising objectives for the upcoming selling season (Lusch, Dunne and Gebhardt, 1993:16).

In developing the merchandise budget, the retailer must make these five major merchandising decisions (Rachman and Maloles, 1996):

1. What will the anticipated sales for the department, division, or store be?
2. How much stock-on-hand will be needed to achieve this sales plan, given the level of turnover expected?
3. What reductions from the original retail price must be made in order to dispose of all the merchandise brought into the store?
4. What additional purchases must be made during the season?

5. What gross-margin (the difference between sales and cost of goods sold) should the department, division, or store contribute to the overall profitability of the retailer

2.4.4. IMPLEMENTATION OF MERCHANDISING

2.4.4.1. Merchandising management

As has been said previously, the purpose of merchandise management is to ensure that the merchandise inventory component of the marketing mix supports the merchandising philosophy of the firm. Merchandise management is the management of the product component of the marketing mix (Mason *et al.* 1991: 310). The merchandise management, that is, the merchandise buying and handling process and its effect on a store's performance, is the analysis, planning, acquisition, handling and control of the merchandise investments of a retail operation (Lusch, Dunne and Gebhardt, 1993: 253).

2.4.4.2. Optimal merchandising mix

According to Crouch and Shaw (1989: 17), some customers insist on an attractive store ambience; most want polite and knowledgeable service; all expect satisfaction from the merchandise they purchase. In today's economy of abundance, many customers are buying for wants and not for needs. They are looking for excitement, and for merchandise that is unusual and different. However, they are finding standardised stocks of the same merchandise everywhere they shop. The sameness of merchandise emanates from the educational limitations of the buyers who have been taught to 'play it safe' by avoiding risky fashion, to 'play it cautiously' by buying from a limited number of standard vendors who sell the same 'packages' to all of their major accounts, to 'play it for profit' by advertising only those goods supported by manufacturers' advertising allowances. Many retailers believe that their objective is to make a profit and fail to realise that a profit is the

result of having goods or services that are so satisfactory that the customer is willing to pay a premium, or a profit over and above the distributors' cost. This may sound like an exercise in semantics, but the recognition and practice of this concept has a tremendous effect on those engaged in trade at all levels. Once accepted, it forces the seller to an ever-present state of awareness that it is up to him to make the transaction so satisfying that a profit is earned. A merchandise line consists of a group of products that are closely related because they are intended for the same end use (all televisions), are sold to the same customer group (junior miss clothing), or fall within a given price range (budget women's wear). The three dimensions of the optimal merchandise mix need to be defined :

1. Variety: the variety of the merchandise mix refers to the number of different lines the retailer stocks in the store.
2. Breadth: also called assortment, it refers to the number of merchandise brands that are found in the merchandise line. For example, a supermarket has a large amount of breadth, or assortment, in the number of different brands of mustard that it carries. Six or seven national or regional brands, private brand, and a generic brand.
3. Depth: refers to the average number of SKUs (stock keeping units) within each brand of the merchandise line. The supermarket manager must decide which sizes and types of French mustard to carry. Research has shown that the depth of a retailer's product assortment has a strong association with the customers' purchasing behaviour (Vacheret, 1999a). The larger the assortment, the lower the loyalty toward individual brands and the higher the sensitivity to promotions. Thus, retailers need to select their

merchandise line strategy carefully and only after noting the behaviour of their target market.

2.4.4.3. Merchandising management errors

According to Lusch, Dunne and Gebhardt (1993:319), while many new retailers believe that carrying over seasonal or fashion merchandise into the next merchandising season is the most common merchandise error, it really isn't. Failure by the buyer to inform the sales staff about how the new merchandise relates to the current stock, ties in with the store's image, and satisfies the needs of the store's target market is the most common merchandising error. A key point in this error category is failure to keep the department manager and sales force informed about the new merchandise lines, so that these goods will be available to the customer. Too often the new merchandise is left in the storeroom, or the salespeople are not informed about the key feature of the new item, and thus the customer never becomes excited about it. Another merchandising error is improper handling or ineffective visual presentation of the merchandise by the sales staff, such as failure to stock the new merchandise behind old merchandise whenever possible.

2.4.5. NEW TECHNOLOGIES IN RETAILING

It is fundamental to retailers to sustain a competitive advantage, and to create a strong image. New technologies have permitted retailers to facilitate merchandising procedures, such as planograms, computer-based-techniques, or merchandising layout, in order to achieve these goods (Pontgelard, 1996).

2.4.5.1. Merchandising planograms

The sentiments of the targeted customer group must be taken into account if sales and profits are to be maximised. Techniques exist which help enforce the disciplines of strict space allocation. Software packages are capable of producing 'planograms', which are visual plans displaying the horizontal and vertical location for merchandise, i.e. on what fixture, in which part of a store, and in what quantities (Harris and Walters, 1992: 81-162).

Planograms have the great advantage of being a convenient method of disseminating the results of the design and planning process to store managers, and thereby provide a uniformity of approach to the customer. The disadvantage of a uniform plan for a company with a multiplicity of outlets may lie in the fact that, in small ways, customers' tastes in one part of the country may differ from those in another. Therefore, to reach an optimal company layout, it may be necessary to modify layouts from one store to another. Gradually, the development of the technology, and its associated software, and the potential for increased managerial delegation, is enabling modifications to layouts on the in-store computers. Thus, management can reflect differences of taste in different parts of the country and react to local conditions faster (Erden, Oumtil and Tuncalp, 1999:27).

While the production of planograms as the basis for shelf management is useful in many instances, it is particularly applicable to large retail outlets. Planograms are not, however, essential in all retail outlets. The aim of all retailers in the design of store layouts is to anticipate the needs of customers and reflect them in their layouts.

For decades retailers have planned their allocation of merchandise space with a planogram, showing where and how merchandise items should be displayed in a store and in what

quantities. Traditionally, planograms were constructed by hand, using many judgemental rules, and the same planogram was used for all stores in a chain. In the mid-1980s, computer-technology began to change this approach. There now exists computer hardware and software systems that allow the retailer to scientifically construct a planogram for a specific store to maximise profits. These systems essentially view space as the scarce resource and then allocate merchandise to the space in order to generate the highest level of profit per unit of space (Lusch, Dunne and Gebhardt, 1993: 632; Corstjens and Corstjens, 1995).

2.4.5.2. Merchandising and computer-based techniques

According to Cook and Walters (1991:215), one often-favoured method of calculating departmental space requirements is to consider the merchandise needs of customers and use the merchandise plan as an input for space allocation. Having adopted an approach for the merchandise classification which meets the positioning requirements, a model stock plan is used to reflect the characteristics of choice, exclusivity, co-ordination across styles, colours, sizes, materials, price points or other relevant factors. There are a considerable number of computer-based techniques, which can be used to evaluate the profitability of assortment selections. Some will make assortment proposals and allow the merchandise manager to fine-tune the selection to meet particular market or customer needs. Once decided upon the programme will calculate :

- 1- the sales and profit expectation of the assortment compared with departmental goals
- 2- the stockholding requirements for display and for reserve stocks
- 3- fixture and fittings; suitability for display and costs

- 4- detailed re-merchandising of fixtures and identify storage costs and transfer of reserve stock to fixtures (including a number of issues of concern, such as security of valuable merchandise and transfer problems of bulky items during store opening hours)
- 5- service requirements for service facilities and for staff.

If each of the core merchandise groups is considered by this method, an overall view of the ideal space requirement is reached. If it equals (or is less than) the space available, the plan can be confirmed and implemented. Typically, the requirements exceed the space available and revisions are necessary. Clearly, the productivity of space is important and should be seen as a major influence on departmental space allocation and location. The ratio of sales per square foot or linear foot is used for planning and controlling department size and location. The sales per square foot ratio will differ by merchandise type and with the level of stock held on display and the value of the stock.

2.4.5.3. Merchandising layout

According to Harris and Walters (1992: 162), layout charts may be printed documents or screen displays on personal computers in stores. By the use of suitable software, managers have available a visual presentation of layouts which show not just the description and/or product numbers, but a graphical representation of each product as it should appear on the sales fixtures. However, despite the aids of technology a compromise layout may be necessary. Reasons for the compromise may include :

- ◊ No item can have less than one unit of display space even if it has a slow rate of sale.
- Thus, often these products are given more space than is necessary. Consequently, some

products would get less space than their rate of sales suggests and often these are likely to be the fast sellers.

- ◊ The allocation of costs in the DPP (direct product profitability) or the space management models may not be truly objective as they require subjective assumptions or decisions, such as, for example, should space be valued on the cubic footage occupied, the cubic footage of the shelf, the number of facings, or the location of the fixture.
- ◊ Weight may be a consideration, e.g. heavy items must be placed on the floor.
- ◊ Promotional activity on one item may distort the sales volume and hence the gross and net profit of another.

According to Lea-Greenwood (1998), in determining shelf layout, assumptions are made of the volume of sales likely to be achieved. To monitor performance it is necessary to know what the level of sales has been, which products have been accurately forecast, which have over-performed, and which have under-performed. Given this information, the retailer is in a position to revise layouts. Superficially, it may appear that increased space should be given to popular products and reduced space to the unpopular ones. While ostensibly this seems a simple and merely mechanical task, it has to be borne in mind that :

- ◊ Sales rates may have been inaccurately recorded which would invalidate the calculations;
- ◊ The plan may not have been implemented diligently which might affect the sales;
- ◊ Stock may have been in the store but not on display due to bad management which could again affect the sales achievement;

- ◊ Stock may not have been delivered due to failures in inventory or distribution management, hence sales might have been effected;
- ◊ Competitive activity may have affected sales of products or the whole store, locally or nationally;
- ◊ Promotional activity by one supplier may have affected another suppliers' products on sale.

All of these combine to cast uncertainty on which are the best revisions to make to the layouts. In addition, layout changes may be required due to :

- ◊ The introduction of new lines and the deletion of existing lines;
- ◊ Seasonal changes ;
- ◊ Mark-downs to increase sales rates;
- ◊ Mark-ups to take advantage of a strong sales trend;
- ◊ Promotional activity of one product having an effect on another, e.g. promoting canned fruits and selling at the same time more cream.

The minor, or perhaps major, changes to the steady state require consideration in design and planning so that they may be implemented in the operations and control stage. They imply that space management, while having a long-term aspect to it, requires a continual monitoring and revision process to achieve optimal performance. It is, however, in this monitoring process that the earliest and best indication comes as to the effectiveness of the corporate strategic analysis, choice and implementation. From it is derived comfort for the retailer if his market positioning statement was right or the need for prompt and remedial action if he was wrong (Cadeaux, 1997).

2.4.5.4. Merchandising software

The retailers' interest in merchandising software increases as they have to adapt themselves to consumers' specific needs. Previously merchandising software tools were used uniquely by industrial companies. Nowadays, in a context where the growth can not be achieved by the opening of new points-of-sale due to legislative restriction, optimising outlets becomes important. Thus, the supermarket chains' merchandising teams have a real job to do. Beyond the elaboration of three-dimensional plans for planograms, the merchandising software enables the transmission and the exchange of these plans through a specific Internet site. It is profitable for centralised purchases, because the information can come down in real time to the stores (Vacheret, 1999b).

The merchandising software also enables the automation of repetitive tasks, e.g. regarding the size, the format of a product, and its packaging changes, all the planograms will integrate these product changes in order to make the modifications. This is also a real tool for management and assortment optimisation. The user can define their own criteria of product evaluation (turnover, margin, stocks, etc.) and then they can balance their importance respectively with their policy. So, the 'optimal assortment', thus defined, can be automatically integrated into the implementation plan, with the corresponding facing for each reference of product according to the available linear space. This merchandising software can help the retailers in the organisation and conception of gondolas and of displays when they open new stores, or when they re-model an old one. It enables, on one side, the architectural plan to be integrated, and on the other, to exploit the data from a study of the store's linear space. All is measurable by the user, from the gondola disposition, to the types of fixtures, and through the implantation of the 'universe'

(grouping of displays of the same category of product i.e., coffees with tea and coffee filters), and of the family of products. Each of the different options can be visualised in three dimensions to evaluate the coherence and aesthetics of the constituted universe. But, the major benefit consists of anticipating the repercussions of a choice on the performance of the linear space. Thus, it is easy to forecast, for a certain store-size, the performance in the case of an increase of the linear space of the fresh products compared to a reduction of the grocery products, or the butter versus the margarine (Vacheret, 1999b).

2.4.5.5. New ways of organising the display of food

Retailers spend more and more money to improve the store aspect or environment. They invest in changing the disposition of the shop's linear layout in order to facilitate the shopping course of consumers inside the store. Investing to improve the organisation of the food display is now a real focus of retailers (Vacheret, 1999a).

According to Leforestier (1999) the store of tomorrow will have a good and clean atmosphere. Focused lights will show each linear self area to advantage according to the products. Soft music and attractive odours will be part of the loyalty tools. Clearly, the client who is in a hurry will also find benefits, such as interactive terminals, displays organised according to the different needs (immediate or delayed consumption: meals, banquet, or snack). These will permit the time pressured consumer to save and gain time. He will also save time from the scanner label, or intelligent label, as the cashier will be semi-automatic. The time saved in logistic operations will enable a better customer service to be provided. Time is needed to settle such a programme in a store. A lot of tests are required before the store can effectively use this new concept of merchandising. Between the difficulty of opening new stores (legal restriction laws, high initial investments) and the

ease with which price markings can be changed, the new merchandising solution is usually the last response to the changing retail market.

2.5. THE TRANSFORMATION OF MERCHANDISING ACTIVITIES SINCE THE 80S

2.5.1. INTRODUCTION

The cut-throat competition between distribution channels and well known retail chains, the difficulty to create new points of sale in developed countries where the governmental restrictions are becoming increasingly severe, and the maturity of consumers are factors which have considerably modified the relationship between manufacturers, retailers and consumers (Petit, 1999).

As explained in the previous sections, merchandising is a conglomerate of a lot of activities. Retail management's focus is continuing to shift from merchandising to marketing. A few years ago, merchandising's primary focus was to have the right merchandise, at the right place, at the right time, in the right quantities and at the right price. Today, as marketing, merchandising means that all of the retailer's activities support an integrated marketing strategy with a strong consumer focus (Mason *et al.* 1991:646). Merchandising is the competitive weapon of retailers, being the main concern of managers who desire to succeed in the market place in the new millennium. Merchandising touches all of the activities of retailing. Merchandising activities are even a complementary element to promotional activities and are a tool to manage the relationship between manufacturers, retailers and consumers.

2.5.2. WHY MERCHANDISING IS IMPORTANT IN RETAILING

According to Morganosky (1999) when investing in merchandising activities, retailers aim at focusing on six points that can considerably increase their profit. The first point deals with the constant concern of adapting the offer to the consumers' needs, then to

differentiate the offer from competitors, to increase the trade (i.e. the number of times a customer comes to shop in the store), the average basket (the average value of the shopper goods in terms of money), and the loyalty of shoppers. Merchandising aims also to stimulate the impulsiveness of consumers and make them lose their traditional defensive habits in order to make them spend more and to transform the store into a real communication support, and finally, to cope with the growing Internet wave of competition.

2.5.2.1. To adapt to the consumers' needs

The environment encountered by consumers in their shopping activities has been the object of a growing amount of research attention (Eroglu and Ellen, 1993; Milliman and Fugate, 1993). This area of interest, termed 'atmospherics' by Kotler (1973), concerns the potential effect that environmental cues within a retail setting have on human perception and behaviour. Markin *et al.* (1976) suggest that such environmental cues pervade a retail store in the form of messages and suggestions aimed at communicating with the customer. Furthermore, Sarel (1981) suggests that consumers are interested in these environmental cues during virtually all of their shopping endeavours. According to Mazursky and Jacoby (1986), these cues can be a key determinant of the image which the consumer may form about a store. This image in turn may affect the consumer's resulting behaviour.

Of 50 per cent of unplanned purchasing activity which takes place in self service food-stores, about 25 per cent is influenced by the environment. Phillips and Bradshaw (1993) suggest that within the store environment, this may include the power of branding, point-of-sale stimuli, store atmospherics and power aisles. The opportunity for using these

factors to best advantage will be influenced significantly by the style of layout and display location.

Rows of aisles or similar large quantities of display may be less effective in triggering a more thorough information search and browsing compared to varying the layout format frequently. This is because our senses tend to be dulled with exposure to continuous stimuli, referred to as 'adaptation theory' (Schiffman and Kanuk, 1994). Changes in shape, size or direction may also provide anchor points of learning, so encouraging more detailed information search. Furthermore, unique positions such as end of aisles provide greater visibility and, hence, a greater opportunity to view products.

Selective perception enables shoppers to screen out much visual clutter which is considered incompatible with their existing value systems (Hart and Davies, 1996).

Faced with a continuity in layout, shoppers will rely more on quick decision rules to make the shopping task easier. When consumers are faced with time-poverty, there is a greater tendency to rely on peripheral cues as a mean of assessing the worth of a product compared to relying on the detailed quality of the arguments presented by any in-store merchandising stimuli (Bitner and Obermiller, 1985). Under peripheral processing, more unplanned purchases are likely to be made. Peripheral cues, according to Petty and Cacioppo (1986), include visual stimuli like branding and packaging, but display aesthetics and location would also be expected to be part of this. Source effects are also considered to be important peripheral cues. A store name might have some effect, as a source in the evaluation of products or brands. In some cases, shops within shops emphasising the brand name may be influential. Display locations emphasising branding may be more important for items which are less frequently purchased, or for new-category items, because of their

associated perceived purchase risk. This would obviously include many of the new, expanded ranges which have appeared in supermarkets in recent years.

The more extensive supermarket layouts do not appear to cater for the time-poverty shopping segment. This can be improved, according to McHugh and Greenen (1993), by encouraging sufficient browsing so as to select additional products. Davies and Bell (1991) suggest that the male grocery shopper in particular, while seeking convenience, could be tempted to spend more time and money in-store, if a more interesting, less clinical layout is introduced by the food retailer.

Retailers can experiment by testing consumer opinion with small changes in the layout. However, this method is limiting in the styles of different layout which can be tested due to the costs involved. Traditionally, food shopping has been viewed by many retailers and consumers alike as a necessary but unpleasurable experience, compared to other types of shopping which are viewed more as leisure or recreational shopping. The diversification of supermarket ranges into non-food areas such as clothing, entertainment and stationery, or specific imported goods, provide retail management with a new opportunity for developing a more pleasant shopping experience through creative merchandising to adapt their store more accurately to the expectations and needs of consumers (Hart and Davies, 1996). For traditional grocery products, the retailer's need to maximise space and profitability has been combined with the consumer's need for convenience (Schlossberg, 1992).

2.5.2.2. Differentiating the offer from competitors

Traditional grocery retail outlets are no longer safe in the knowledge that their trusted customers will return again and again. New options, such as forecourt shops, home

shopping channels, direct mail catalogues, housewife distribution such as Amway, and the Internet are expanding rapidly. In this New World, having access to the desired product may not be as important as the thrill involved in obtaining it. The options mentioned above have improved the distribution channels so that those goods are more easily available, enabling a wider choice and better access than consumers have experienced before (Jones, 1998:56). According to research published in the Supermarket News, USA, 64 per cent of customers actually hate to shop. In this homogeneous environment retailers have to create their own competitive advantages to differentiate their offer, responding accurately to the needs of the consumers. Hence, it is of interest for them to have a look, an image, or a personality which reflects their positioning, their atmosphere of shopping (Farquhar, 1998:31). The retailers have to give new shoppers a reason to visit and existing shoppers a reason to visit more frequently. By creating a pleasant environment to shop inside the store, retailers can increase their turnover and customer base, and the perceived 'added value' gives to the store a sustainable competitive advantage (Jones, 1998: 56).

As competition intensifies for the world grocery retailing chains, and as the concentration increases, it would appear that merchandising, and visual merchandising specifically, become more strategic issues in terms of store design and positioning. The retailers who use it as such are enjoying cost and integration benefits. Moreover, visual merchandising is important in communicating awareness of the brand in new markets internationally (Lea-Greenwood, 1998). Emap (1997) suggests that those retailers who have embraced the sometimes uncomfortable and nebulous area of design and visual merchandising are enjoying a more focused approach to brand management, even going so far as to rename the visual merchandising function as visual marketing, and employing brand managers who have the promotional elements of corporate brand communication as part of their

responsibility. Assembling the right visual merchandising to support the right product, price, etc. fits neatly into getting the most profitable and effective effort behind the offer.

According to Lea-Greenwood (1998), visual merchandising is enjoying a higher strategic profile within fashion marketing, as organisations attempt to differentiate themselves in an increasingly competitive environment and particularly in the internationalisation process. Visual merchandising is one of the few remaining methods of differentiating the brand image of a retail chain, whether non-food or grocery goods, in a crowded market place. However, in an effort to professionalise the function, centralisation may lead to uniformity, which can have a negative effect. One new route for visual merchandising may therefore be to harness technology to create differentiation at a local or national level.

2.5.2.3. To increase the trade, the average basket, and loyalty

A retailer must be aware that there are different types of buyer behaviour. This behaviour will vary with the particular needs of the buyers (Are they in a hurry? Do they have a clear idea of what they want to buy?) and the type of goods. Shopping for convenience goods tends to be a routine exercise, a chore even. It is necessary but hardly exciting. Shopping goods, on the other hand, such as compact disc players, clothes and computer accessories, are more expensive and attractive and require more thought (Lewis and Trevitt, 1996).

The retailer must cater for the buyers' needs, but will also attempt to influence their behaviour, so as to make the maximum number of sales. Merchandising activities, such as store design, choice of decor, store layout and types of display are all playing their part (De Lestrac, 1996: 10).

Lewis and Trevitt (1996) suggest that retailers can affect buyer behaviour through five aspects, namely the speed of shopping, the shopping duration, unplanned purchases, excitement, and movement through the store.

a) Speed of shopping

Sometimes a customer is in a hurry. Usually this applies to shopping for convenience goods, particularly food. Perhaps the need is to get something for tea or to get the shopping done before the children get out of school. Stores ideally wish to slow down the speed of shopping, but they must allow for the quick shopper, otherwise the trade will simply go elsewhere. Queuing is the main problem, and recent attempts to deal with this include :

- Fast checkout, perhaps cash only, one basket only, or no more than eight items. Tesco's 'one in front' policy has reduced queues by 45 per cent. Here, a new checkout will be opened if there are more than two people in the queue.
- Placing CTN (confectioner, tobacconist, and newsagent) sections at the entrance to supermarkets – thus there is no need to go through the whole shop to buy a magazine or chocolate.
- Food shops specially designed for busy, fashionable shopping - Tesco Metros, for instance, cater for shoppers in busy town centre areas like London's Oxford Street. These customers will not have a car available to carry away a trolley load of goods, and may also be laden with goods from other shops. The range of goods caters for quick shopping, enough for the evening meal rather than a bulk buy for a week.

b) Shopping duration

As has been shown above, the retailer will, where possible, try to slow down the speed of shopping. Self-service enables customers to choose their own speed, but the store layout may well encourage more purchases than were originally intended. One technique is to place some demand goods near the entrance to get the shopper interested. The idea is to start the consumer buying and encourage browsing across the whole range of merchandise. Slower shopping generally means that more goods will be purchased because the various techniques of store layout, positioning of impulse buys, attractive displays, special offers, and even use of smell, are all given a chance to work. Shopping tends to take longer for expensive items.

c) Unplanned (impulse) purchases

These are additional buys made on the spur of the moment, perhaps inexpensive 'treats' such as sweets. These sales are made by the thoughtful positioning of goods on the shelves. Traditionally, these have been placed at checkouts, but more recently, supermarkets, in particular, have changed this: they now appear on the ends of rows in the main store or in the small CTN shop in the foyer. To some extent, this change has been forced onto retailers. In 1994, for example, Tesco (convenience food store), removed sweets from the checkouts because their customers asked them to.

d) Excitement

One way of making shopping an exciting experience is to use music and video in clothes and music shops, to set up demonstrations in computer stores, and to create movement in the displays in toyshops. Similarly, Christmas lights and fountains in shopping malls add to

the shopping experience. In grocery stores, music, olfactory attributes in bakery areas, attractive signs, and well-presented displays are also elements that can increase the pleasure of the shopping experience.

e) Movement through the store

Retailers will use store layout to control the flow of customers through the shop. With convenience goods, they should pass all such goods before they leave, whilst with shopping goods, the customer should be able to choose from the surrounding displays.

Finally, retailers are aware that if they create a pleasant shopping experience, chances are that consumers will stay longer, return more frequently and purchase more (Jones, 1998). Loyalty is the logical consequence of an increase in merchandising activities.

2.5.3.4. Stimulating impulsiveness and reducing traditional defensive habits

Retailers choose different layouts that make efficient use of the available floor space. According to Lewis and Trevitt (1996), with the grid system typical of the grocery store, retailers choose the position of goods on shelves according to whether the goods are demand lines, impulse buys, or promotional lines.

a) Demand lines

These are those goods most frequently bought. It has been found that in most types of business, 20 per cent of the goods offered are responsible for 80 per cent of the sales. These 80/20 goods (also called Pareto Goods) are normally spread around the shop to

encourage shoppers to visit every part of the store. It is also usual to place these goods near the entrance to encourage immediate interest from the shopper.

As a rule, best-selling items are usually displayed at eye-level ('eye level is buy level'), with related items above or below. This is because the customers tend to look up and down rather than from side to side.

b) Impulse lines

These are goods that are not on the shopping list but which the customer might still be persuaded to buy. They include chocolate bars and magazines. These are placed where the customer will be reminded to buy them as an afterthought, possibly near the checkout where queuing gives the customer time to make a decision.

c) Promotional lines

There are special offers such as three for the price of two, or cheap Guinness beer during the World Cup. They should be spread throughout the store, but not too close to demand lines or they will simply replace these in the shopping basket. The idea is to keep the customer interested and to avoid 'flat spots' along the shelves.

All these strategies of display enable the retailer to increase the attention of consumers and influence unplanned purchases. When goods were kept behind the counter, people used to buy only what was on the shopping list. Today with goods on open display, shoppers frequently buy extra items which they had no intention of buying when they entered the shop. There is no doubt that sales can be affected by the way in which the merchandise is presented (Oakley, 1990).

2.5.3.5. Transforming the store in order to truly communicate the store image

According to Joyce and Lambert (1996), the store image, defined as the way the store is defined in the shopper's mind, includes the examination of the individual store attributes, the global or overall impressions of consumers, and store labels. Olins (1992) suggests that retail grocery brand management means integrating every aspect of the communications process, in order to present a cohesive picture to the public, and that this effort will dominate business strategy in the next decade, particularly as international competition intensifies. Retailers spend considerable resources on designing store environments through visual merchandising. Visual merchandising is the result of a conceptual approach to store design and merchandise display (McGoldrick, 1990). Merchandising conveys an image of the store and enables the consumers to differentiate the store from its competitors. It is a means of communication, which is supported by other media, such as advertising, personal selling, and promotion.

2.5.3.6. Coping with the Internet wave

Despite the growth of various at-home shopping services, shopping for most purposes means physical visits to a shopping site. The site most frequently visited is either a supermarket or a shopping mall. In fact, going shopping can be a major source of entertaining and relaxation if the environment is pleasant and attractive (Dholakia, 1999). Oakley (1974) noted that shopping was one of the activities with the most positive attribute of being able to talk to others while doing work. According to Dholakia (1999), the commitment of time and effort to the shopping activities is directly related to the number (and duration) of shopping trips made by a household member. The shopping context is a major determinant of household shopping frequency. Groceries are purchased more frequently than clothing or gifts. Shopping frequency is also likely to be directly influenced

by the individual's shopping responsibility and their gender. Merchandising tactics that attract the shoppers' eye and enhance their shopping experience are likely to be more successful. In terms of supermarket and grocery shopping, it is the increased level of male participation that needs to be considered in store layout design. For men, spending time with the family is an important shopping motive, as is joint responsibility for grocery shopping. Because of the changing social roles, shopping at the supermarket is likely to see greater transformation than shopping at the mall.

The question at the beginning of the new millennium is, will going shopping be replaced by trips to cyber-stores, cyber-malls and Internet shopping? Recent accounts of electronic commerce seem to suggest that online shopping is finally poised for takeoff. According to Moran (1998) the primary user of online shopping is men, and, as men assume more shopping responsibility, either for household items like groceries or for personal items like clothing and music, alternative-shopping services will increase in attractiveness. However, cyber-shopping will not make a shopping experience as attractive and entertaining as shopping in stores.

Internet and web-based shopping is increasing. Shopping is more than just an activity for maintenance of the household, and is affected by factors beyond economic considerations. Recent research suggests that consumers combine categories of purchases that appear less than optimal, based on minimisation of travel costs (Dellaert *et al.* 1998). According to Lunt and Livingstone (1992:86), going out to shop is a conspicuous moment in consumption and its benefit can lead to increasing, rather than decreasing, the number of trips. Furthermore, if social reinforcement is, to some extent, obtained from the publicly visible act of going shopping, then the inconspicuous acts of cybershopping will not

provide the appropriate motivations. Also, when shopping is a joint or shared responsibility and the activity itself provides opportunities for interactions with the family, individualised systems such as cyber stores will not provide the reinforcement of these desired goals and behaviours.

However, according to Dholakia (1999), shopping context is an important determinant and the shopping experiences associated with grocery shopping at a supermarket are very different from clothing shopping at a mall. Visual merchandising is one of the most often adopted tools to increase the pleasure of grocery shopping and thereby avoid the increase of passive cyber-shopping.

2.6. MERCHANDISING AS A COMPLEMENTARY ELEMENT TO PROMOTIONAL ACTIVITIES

2.6.1. MERCHANDISING AS A TOOL OF PRICE PROMOTION

According to Lea-Greenwood (1998), chain brand managers have recognised the cost and effect benefits of integrated promotional campaigns. The chain brand manager is best placed to co-ordinate these efforts. Visual merchandising can be reinforced with 'stills' from the television, cinema and magazine advertising campaign within the internal display, thereby supporting the featured merchandise. Store personnel can be fully briefed on the merchandise featured in the campaign and, for the company, the success can be measurable by sales of the featured merchandise and a more positive view of the chain brand. Merchandising is a support tool to any promotional campaign. It attracts more shoppers' attention and significantly increases sales.

Retailers offer temporary price promotions to attract shoppers to stores and encourage them to purchase regular price merchandise. Price promotions affect regular price sales in a positive manner (Mulhern and Padgett, 1995).

Price promotions help to attract shoppers who purchase regular price merchandise (Gosh, 1990). The study published by Mulhern and Padgett (1995) measures the bundle of regular price and promotional items which individual shoppers' purchase on impulse due to quality merchandising to determine how promotions affect regular price purchases and individual consumer profitability.

According to Mulhern and Padgett (1995), of shoppers who identify the promotion (through a good quality merchandising presentation) as one of the reasons for visiting the

store, three-fourths make regular price purchases. On average, these shoppers spend more money on regular price merchandise than on promotion merchandise. Shoppers visiting the store for the promotion are no less profitable to the store than other shoppers. Price promotion represents a major component of marketing strategies in retailing. From a retailer's perspective, a primary motivation for offering price promotions is thus to stimulate sales of regular price merchandise.

2.6.2. IMPLICATIONS OF MERCHANDISING FOR RETAILERS

A positive correlation between price and promotional purchasing at the individual level has been demonstrated in the study by Mulhern and Padgett (1995).

Shoppers visiting the store for the promotion are less likely to shop primarily at the store offering the promotion. Because these shoppers are typically less familiar with the store layout than other shoppers, they can be expected to be more sensitive to in-store stimuli, such as shelf allocations, special displays, and signs. Retailers can use this dependence on in-store information in several ways (Hess and Gerstner, 1987).

Retailers may want to use special displays for regular price, impulse goods during price promotion periods. Displaying this merchandise close to promoted items increases the likelihood that the shopper will be exposed to the products and make unplanned regular price purchases while looking for promoted items. The bulk of promotion purchases were made by shoppers who did not visit the store in response to the promotion advertisement. However, these shoppers were no less profitable than other shoppers. For shoppers who do not respond impulsively to a promotion, the promoted items may act as a reward and the shopper will remember the special price and will be more favourably disposed to buy the

product another time. It is likely that many of the shoppers buying promoted items are not aware that they are purchasing items at discounted prices (Dickson and Sawyer, 1990).

Retailers may want to inform shoppers at the checkout counter of the savings the customers achieved by purchasing the promoted items. Some retailers print 'Bonus Buy' or 'Sale Price' on the receipt for each promoted item purchased. Such information could enhance the shoppers' perceptions of, and satisfaction with, the store.

Promotion sales to shoppers not visiting the store specifically for the promotion, i.e. add-on sales, occur because retailers cannot perfectly price discriminate. When price promotions are designed primarily to influence store choice decisions, retailers may want to limit add-on sales. Some retailers restrict the number of units of a promoted item a customer may purchase. A more effective way to limit add-on sales is to offer promotions only to selected shoppers, rather than make them available to all shoppers. With such a promotion, the retailer achieves a more precise level of price discrimination. There are several possible long-term effects of retail promotions that have not been addressed. One important long-term consideration is the future shopping behaviour of shoppers who visit a store in response to a promotion. These shoppers constitute a group of deal-prone consumers who are willing to alter store patronage patterns to take advantage of price specials. Retailers may be able to generate future shopping trips by these customers by managing the mix of promoted items and the level of discounts. This represents a form of relationship marketing because one-time buyers can be converted to regular shoppers. Because promotions have such strong effects on individual product sales, retailers can use them to build strong relationships with suppliers. Manufacturers and retailers can engage in strategic alliances that use price promotions to benefit both parties. For example, some retailers combine

individual brand promotions with an overall store promotion by providing coupons on future purchases at that store to shoppers who purchase multiple units of promoted brands. Price promotions may also have negative consequences. One obvious concern is that promotions cannibalise future sales of regular price merchandise. Also, by highlighting price, promotions may detract from shoppers' interest in, or satisfaction with, the quality of the products or services the retailer provides. Finally, promotions that are offered too frequently may condition consumers not to purchase merchandise unless it is promoted.

2.6.3. OTHER PROMOTIONAL TOOLS

It is likely that promotions by nearby competitors affect a store's performance more than promotion by distant competitors (Mulhern and Padgett, 1995).

Recently, there has been concern about negative consequences of retail price promotions, such as increased price sensitivity, weakening of brand franchise, and cannibalisation of regular price sales. However, as Farris and Quetch (1987) describe, price promotions have numerous positive consequences, such as helping companies manage variations in supply and demand, encouraging trial, and enhancing the shopping experience. An additional benefit for retailers is that price promotions can attract shoppers who will also purchase regular price merchandise. Buying behaviour does occur and, thereby, provides justification for the use of short-term promotion in retailing.

2.6.4. CONSUMER-ORIENTED APPROACH TO MERCHANDISING AND PROMOTIONS

The consumer-oriented approach seeks to identify the heavy users of promotions and to track their purchasing strategies involving the choice of a promotional brand (Chandon,

1995). The aim of the theory-oriented, research traditions is to test the explanatory power of various cognitive, attitudinal, behavioural and economic frameworks, be it to explain why and how consumers react to sales promotions or to understand when companies should promote.

According to Abratt, Bendixen and Du Plessis (1995), the objective of this theory is to investigate the perception of retailers and manufacturers with regard to in-store promotions. Perceptions of these two groups were obtained about the promotional activities conducted, promotion objectives, price and non-price promotions, and the effectiveness and evaluation methods of promotions. Findings were :

- Sales promotion expenditure has grown in recent years. It is larger than advertising expenditure. Comparable South African figures are unavailable but trends appear to be similar to those of the USA.
- The power of brands was used to stimulate consumers to purchase product through the trade distribution system. Advertising, point-of-sale material and packaging helped manufacturers build and maintain market share. The price premium this consumers' vote of confidence allowed, yielded the funds necessary to maintain large advertising and product development budgets.
- Two other factors that aided the development of 'pull' marketing were increasing self-service in distribution, and increasingly sophisticated media such as TV.

- The formula of brand differentiation, in-store communication and mass advertising, which has been prevalent since the end of 1945, has drastically lost ground in America.
- Price-off promotions, consumer coupons, or trade allowances have come to dominate manufacturers' promotions and advertising budgets.
- This has resulted in intensive price competition, a weakening of the franchise that brands enjoyed, and reduced margins for the manufacturers of packaged goods.
- This shift in emphasis by manufacturers has led to an era of 'push' marketing.

2.7. QUALITY AND STANDARDISATION OF MERCHANDISING ACTIVITIES

In order to maximise in-store profitability, retailers have to plan specific strategies to keep their store attractive and pleasant to consumers. The quality of merchandising is a subjective notion and each grocery chain can organise their display following their own criteria of selection. Therefore, there are some common characteristics that are followed by a lot of retailers who have experienced success. Moreover, the style of management influences, to some extent, the merchandising operations. The results will be different depending on whether management is standardised or customised. The question is to know up to which level in the organisational hierarchy centralised or decentralised management is required.

2.7.1. THE QUALITY OF MERCHANDISING PROCEDURES

As explained previously, the notion of quality is subjective. The creativity of each retail company will influence the chance to reverse profitability for the store, increasing sales and attracting impulsive buyers. However, there are some merchandising characteristics that can have a greater or lesser influence on the positive impact of the new merchandising (Lewis and Trevitt, 1996; Cadeaux, 1997; Harris and Walters, 1992). These are discussed in the following sections.

2.7.1.1. Store layout and design

- The entrance is at the opposite side to the exit
- Customers have to pass most of the display on the way to the checkout
- The grid pattern is used. This is the most efficient use of space

2.7.1.2. The positioning and display of goods

- Fruit and vegetables are positioned near the entrance. This gives an immediate impression of freshness - like an open-air market
- Goods which go together, such as meat and gravy, or wine and corkscrews may be displayed together. This encourages impulse 'add-on' buys.
- Rewards, such as soft drinks, wine and beer, are offered at the end of the shopping trip.
By now customers have the buying habit and may buy on impulse
- Fresh meat and fish are positioned at the back of the store. Carcasses can be moved in without the customer seeing.
- Crisps and confectionery are placed at intervals to keep children interested. Bored children distract their parents.

2.7.1.3. Positioning and display for fast sales

- Some suppliers allow stores a discount if they display their goods on shelves 130-135 cm from the ground. 'Eye-level is buy level,' i.e. products sell more rapidly at this level. Special discounts - 'three for the price of two' etc. - are used to introduce customers to new goods or to clear old stock.
- An end-of-aisle site may sell more than five times as much as a mid-aisle position. Goods are displayed more prominently here.

2.7.1.4. Own brands

- Own brands are profitable. They take advantage of advertising used by the major companies by using similar colours. Own-brand cola, for instance, usually has a red label, similar to Coca-Cola.

- Basic own-brand foods may have deliberately plain labels. This gives the impression of 'no frills, just value for money' (why pay for a fancy packet).

2.7.1.5. The senses

- Colours are carefully chosen to be restful but fresh. Shop decor must not distract the buyer. Each chain has its own distinctive colour scheme to make the customer feel at home.
- Fish and meat sold along the aisles is vacuum-packed. It looks good, but looks nothing like an animal: there is no smell and no blood.
- Sudden noises can be distracting, but silence too can be unsettling. Stores aim for a controlled background noise, either soft music or the hum of machinery.
- Certain types of lighting can reduce the eye-blink rate from 32 to 14 times per minute. The customer becomes relaxed and is more easily persuaded to buy.
- Unpleasant smells are drawn away (another reason for fresh meat and fish to be at the back). On the other hand, fresh smells such as baking bread are pumped around the store. The main value of in-store bakeries is the smell and 'wholesome' image they give to the store, rather than the profit they make.

2.7.1.6. Display techniques

There are five different types of display methods:

- Open Display:

Department and fashion stores using free-flow or boutique layouts attempt to surround the customer with a variety of choice. Within the display, similar items

may be grouped together - all shirts together, all pullovers together, and so on. Alternatively, related items may be grouped, e.g. co-ordinated ranges of clothes or matching outfits.

- Theme displays:

These are built around a particular theme. In January, the shops are full of 'Back to School' displays with calculators, school bags, pens and notebooks. In November, they feature 'on the beach' displays with suntan lotion, sunglasses, towels and swimming costumes.

- Lifestyle displays:

They try to identify the goods with a particular type of person, image, or lifestyle. This is a technique used in advertising where the goods are shown in a particular context. The car driver is young, stylish and powerful, Magnum ice cream is not just for children, and so on. Some shop displays copy this technique with either real or mock-up 'props'. Examples include motorbikes in clothes boutiques and furniture displayed in mock-up rooms.

- Co-ordinated displays:

Sometimes, a display may include a number of related items, all of which are for sale, possibly a table with cutlery, plates, wineglasses, and the appropriate lighting. Another example might be the child's bedroom with bunk beds, co-ordinating wallpaper, bedcover and pillowcases, or garden furniture with sunshade and barbecue.

- Classification dominance displays:

This shows that the retailer is dominant in a particular product area. John Lewis, for example, sells a wide range of a variety of goods, but is a specialist in fabrics. This

will be reflected in window displays where the models may have fabric, rather than clothes, draped around them. Other examples may be:

- a sport shop specialising in skis or football shirts
- a DIY shop specialising in power tools

Displays may be designed to emphasise this dominance.

2.7.1.7. Conclusion

There is no existing special recipe for good quality merchandising. Each brand manager has to convey a pleasurable image to his shoppers, to respond to their needs, and to offer them an interesting and enjoyable shopping experience. Creativity is indispensable to the merchandising manager to make the store attractive and create an environment which will enhance a sustainable competitive advantage.

2.7.2. THE STANDARDISATION OF MERCHANDISING ACTIVITIES

2.7.2.1. The strategic structure of retailers

According to Lea-Greenwood (1998), where once display was designed and co-ordinated at a local level the move towards a centralised and standardised visual merchandising strategy has increased among the major chain retailers. The key issue appears to be control of the store/brand image, in every dimension. According to the cost of each operation, the local branch can afford to change substantial elements, but when it concerns major changes, the head office has to be informed and gives the authorisation to pursue the operation. Basically, the head office gives specific information concerning the merchandising policy, but according to the format of the grocery store (franchised or not), the specific information is more or less followed. Standardised merchandising enables the

image of the grocery chain to be conveyed, and enables consumers to visualise through the store image, the quality and convenience of the store. On a general basis, the products are bought by the central purchasing office, (regional or national, depending on the number of stores in the chain). The centralisation of buying enables sustainable economies of scales to be achieved which provide the power of big grocery retailers. In other words the main guidelines for the merchandising operation are given by top management, but autonomy is given to the branch management in the way they want to run their store, without reducing the 'image' of the chain.

2.7.2.2. Category management

According to Hogarth-Scott (1997), in order to maximise in-store profitability, category management has been introduced in the grocery industry as a mechanism for managing the relationship between retailers, manufacturers and consumers.

Page (1999) explains that category management is not a fad, a trend or a negotiation tactic. It is about survival in the grocery chain. It is about knowing your customers better, co-operating and sharing information between retailers and manufacturers. A store has only four walls and the retailer cannot expand his floor space to stock all the new products that come on the market. That is why he must divide his store, and more specifically, his shelves, into categories and brands. A customer goes into a supermarket with the belief that he will find everything he needs there under one roof. The consumer needs one-stop shopping, a modern version of the general dealer of the old days. In order to give the customer what he wants, the retailer needs lots of volume. To improve the volume, he needs to turn stock over fast. The problem is that some stock turns are low, while others are high. The trick is to balance the concept, to have everything the shopper wants, but in

the right proportion, at the right time, at the right place, and at the right price. That way the customer stays happy and the retailer makes money. There are a lot of software programs available for category management. The retailer uses these to work out the volume, e.g. the shelf space for the different coffees available (Kanter, 1994). The fastest-selling brand would get more shelf space than the slower one. Fastest sellers would get eye-level space, because a retailer must assume that the shopper is lazy or does not have the time to search for something. He does not want to have to look down or too high up to find what he wants. Category management provides experience of, and knowledge about, the customers. Most retailers agree that category management is the skill of managing product categories as strategic business units, producing business results by focusing on delivering consumer value.

2.8. CONCLUSION

In such a complex and competitive market, the more retailers know about their customers, the more likely they will be to satisfy their customers' expectations, needs and requirements. Retailers have to find the key issues for motivating customer purchasing behaviour. A good quality merchandising policy and effective price promotion activities can be two of the main factors to create a positive effect on the consumer's decision-making process.

Indeed, in-store facilities, attractive store layout, convenient space allocation, and special offers can be effective stimuli to increase impulsive purchase and unplanned buying and as a result increase retailers' sales.

There appears to be no current theory-driven and validated measure of buying impulsiveness. This is despite evidence that a considerable number of consumers think of themselves as 'impulse buyers'.

In most industrial countries, retail concentration has increased dramatically, and buying and retailing activities have become more centralised and standardised, and retail management more sophisticated (Randall, 1990).

Retailers have to adapt to, and anticipate, the changing demand, and build, through their merchandising policy and price promotions, a good store image, which will enable them to get better recognition of their chain store equity.

The visual merchandising activities and category management procedures in retail chains can be a key to success in the new millennium, increasing the impulsiveness of shoppers and influencing their choice of products and brands.

This chapter has highlighted the key issues in merchandising, which comprise the variables to be used in the empirical component of this study. To summarise, these key variables are:

- Standardised merchandising: The study will demonstrate if standardised merchandising influences consumer buying behaviour.
- The quality of merchandising: The study will identify if quality merchandising influences consumers to buy products on promotion.
- Criteria of quality and standardised merchandising. The study will identify the criteria which provide the quality and standardised merchandising that develops impulsive consumer buying behaviour.

The next chapter will provide details of the methodology used in conducting the empirical investigation into the role of these variables in merchandising.

Chapter 3 - Methodology

3.1. INTRODUCTION

To achieve the objectives of this study, two surveys of managers and consumers from grocery retailing chain stores located in the Durban area were conducted. Primary data was collected from a representative sample of grocery stores in three classes of retail chains - convenience chain stores (Spar), supermarket chains (Pick 'n Pay and Shoprite-Checkers), and hypermarket chains (Pick 'n Pay) - in two stages:

- 1- Personal, structured and unstructured interviews were conducted at the store location of six leading grocery stores. The structured questionnaire served as an auxiliary aid when conducting the interviews. During October and November 1999, six of the major grocery retail chain stores' managers in the Durban area were interviewed.
- 2- A questionnaire for the stores' consumers was developed, taking into account information gathered from the literature review and the discussion with the store managers. The questionnaire was carefully pre-tested, the results showing that no changes were necessary.

In total, the research included 210 consumer respondents, from six grocery retail stores belonging to the three principal grocery retail chains in South Africa. This chapter will present in detail the methodology used to conduct the study.

3.2. RESEARCH DESIGN

According to Crask, Fox and Stout (1995: 34) exploratory research intends to provide understanding of a problem or situation. This research method is useful for exploring and explaining consumers' motivations, attitudes, and behaviour.

An exploratory research methodology was therefore chosen for this study. Its objective was to provide understanding of a marketing problem, namely to what extent impulse purchasing behaviour of consumers is influenced by the quality and standardisation of merchandising in the grocery retailing sector.

The research was divided into two complementary parts: the first was the qualitative research, related to general and specific information on the grocery retailing business, and the second was the quantitative research related to the variables being investigated.

3.2.1. QUALITATIVE STUDY

According to Malhotra (1999: 40) qualitative research is unstructured, exploratory in nature, based on small samples, and may utilise popular qualitative techniques such as focus groups (group interviews), word association (asking respondents to indicate their first responses to stimulus words), and depth interviews (one-to-one interviews that probe the respondents' thoughts in detail).

"Qualitative research refers to research in which the results cannot be statistically analysed because of the limited amount of data or type of data collected" (Crask, Fox, and Stout, 1995: 34).

In order to develop an initial understanding of the problem setting, the use of qualitative research was required as a first stage to gain a qualitative understanding of the underlying reasons and motivations of supermarket managers in setting their merchandising policies (Malhotra, 1999: 148). Thus, the quantitative research was preceded by the qualitative research in order to attempt to support, explain and round out the findings obtained from the quantitative research.

The objectives of the qualitative research were to identify the relevant factors (choice criteria) used by supermarket managers in selecting their merchandising policy, to support the literature review on information found on the retail market in South Africa and the new trends in retailing, and to identify any other aspects of the managers' choice criteria that might be relevant to the study. The insights gained from the qualitative research along with one-to-one interviews helped to understand the environmental context of the problem. The qualitative research procedure followed the direct approach, which means that the purpose of the project was disclosed to the managers. The depth interview technique was used to collect the information and data, which was, as opposed to the quantitative research, unstructured and non-statistical (Malhotra, 1999: 152).

3.2.2. QUANTITATIVE STUDY

The second stage of the research was the descriptive study using a quantitative methodology. According to Malhotra (1999: 148) descriptive research is a type of conclusive research which has as the major objective the description of something - usually market characteristics or functions.

"Quantitative research is a research methodology that seeks to quantify the data and, typically, applies some form of statistical analysis" (Malhotra, 1999: 148).

This research design aimed to identify the influence on consumer behaviour of the quality and standardisation of merchandising in South African supermarket chains. This quantitative research sought to collect data from respondents (sampling elements) by the administration of questionnaires through interviewing and by applying statistical analysis as a means to evaluate the effect of merchandising activities on retailers' images and in increasing impulse purchasing of consumers (Diamantopoulos and Schlegelmilch, 1997).

The study required a cross-sectional analysis of purchasing behaviour (impulse or planned purchasing) against the merchandising policies of supermarket chains (quality, customised, standardised). "A cross-sectional study refers to different groups of people which are compared on a single occasion" (Sommer and Sommer, 1997: 9). As previously said, this research was descriptive, and in order to attempt to identify the previously cited phenomena, data were collected and different types of descriptive statistics were used depending upon whether the outcome measure was categorical or continuous (Sommer and Sommer, 1997: 258).

This research was based on categorical variables that measure the perceptions of individuals on nominal and ordinal scales:

- Nominal scales involve simple classifications by certain attributes which are then quantified, as in the case of a population analysed by age and gender. No gradation or distance between such groups is implied. In a market survey, questions might be

concerned, for example, with ownership of some consumer durable or data listed from Yes/No responses (Chisnall, 1991).

- Ordinal scales are also known as ranking scales. In marketing research products could be ranked according to certain criteria such as taste, freshness, or convenience of packaging. 'Paired comparisons' may be made between two sets of objects at a time and statistical tests applied to the ranked data. It is important to realise that ranking merely provides measures of position in order. It does not imply that the 'steps' between ranks are equal (Chisnall, 1991).

3.3. SAMPLE SELECTION

3.3.1. DEFINITION OF THE TARGET POPULATION

"Target population is the collection of elements or objects that possess the information sought by the researcher and about which inferences are to be made" (Malhotra, 1999:328).

The target populations for the two studies are discussed in the following sections.

3.3.1.1. Qualitative study

For the qualitative study, Durban grocery retailing managers were the potential respondents. For the purpose of the study, a manager was defined as a person at a senior level in the company, i.e. branch manager or branch merchandising manager.

3.3.1.2. Quantitative study

To conduct the quantitative research, it was necessary to select a sample of South African consumers who live in the Durban area, and who shop in grocery retailing chains, i.e. convenience stores, hypermarkets, and supermarkets. The target population included all races, genders and people above twenty years old. This restriction to people over twenty years old was established in order to reduce interviewer bias in the selection of respondents, which often occurs because of the ease of interviewing students, who have more time and often volunteer. The sampling method to select the units was first quota sampling and then convenience sampling. As convenience sampling sometimes induces subjective selection by the interviewers, and as youths are easy to be interviewed, it was decided to fix a restriction to people over twenty years old.

The choice of the Durban area was due to two main reasons:

- Durban is one of the most important cities in South Africa, with a heterogeneous population reflecting all the cultural differences of the country.
- The cost and time to conduct the study would be lower in a restricted geographic area.

Thus, the target population for the quantitative research became 'shoppers over 20 years old who purchase in the Durban supermarket chains.'

3.3.2. STRATIFICATION

According to Malhotra (1999:330) the target population should be defined in terms of elements, sampling units, extent and time.

3.3.2.1. Qualitative study

In defining the target population for the qualitative research, the first step was to identify two strata:

- The sampling units According to Malhotra (1999: 330) the sampling units are the basic units containing the elements of the population to be sampled. In this study the sampling units are the grocery retailing stores (judgementally chosen from the sampling frame discussed in section 3.3.3.). For the purpose of the study the sampling units were divided into three categories:
 - ◊ Hypermarket chains, i.e. Pick 'n Pay Hypermarket

- ◊ Supermarket chains, i.e. Shoprite-Checkers, Pick 'n Pay
- ◊ Convenience store chains, i.e. Spar

All these grocery retailing chains operate nationally in South Africa, or internationally in the case of Spar and Pick 'n Pay, and account for the major market share and sales volume in the country (Pitt, Bromfield and Nel, 1992: 103).

- The sampling elements According to Malhotra (1999: 330) the sampling elements are the objects that possess the information sought by the researcher and about which inferences are to be made. In the study the sampling elements are the managers of the retail chain stores.
- Extent Refers to the geographical boundaries, i.e. Durban area,
- And the time factor Is the time period under consideration, which in this case was October-November 1999 (Malhotra, 1999: 330).

3.3.2.2. Quantitative study

For the quantitative part of the research, the sampling units were also the grocery retailing stores, while the sampling elements were the consumers who shop in those retail stores, and the extent and time factors were the same as in the qualitative research.

3.3.3. SAMPLING FRAME

"The sampling frame is a representation of the elements of the target population" (Malhotra, 1999: 330).

A sampling frame for supermarkets was developed from the Durban telephone directory, and was used for selecting the sampling units for both the qualitative and quantitative studies.

3.3.4. SAMPLE METHOD

3.3.4.1. Sampling method for sampling units

The choice of the sampling method for the units (selection of two supermarkets in each of the three supermarket chains) was based on a non-probability sampling technique, namely, judgmental sampling in order to ensure a heterogeneous panel of supermarkets where the questionnaires could be administered.

3.3.4.2. Qualitative study

As was discussed in the stratification section for the qualitative research, sampling units were the supermarkets, selected on the same basis as for the quantitative research, which is discussed below in section 3.3.4.3., and the sampling elements were the managers of these stores. As the supermarkets were selected judgementally, the managers were consequently also chosen judgementally, and the characteristics which were used to select the supermarkets thus played the same role in the selection of the managers.

3.3.4.3. Quantitative study

According to Crask, Fox and Stout (1995:184) judgmental sampling is used when the researcher subjectively chooses sample members who are believed to be representative of the target population or who are particularly knowledgeable about the topic being studied. This method was necessary as Durban residents, according to their race and culture, live in different areas of the city, and shop for convenience in their residential areas. Thus a random sampling technique may not have provided a representative panel of respondents, i.e. supermarkets located in the same area may have been selected. In such a case, one part of the target population would not have been covered, and the study would not have been accurate and representative.

The sampling technique, which was used to select the sampling elements or respondents for the quantitative research was quota sampling.

"Quota sampling is a non-probability sampling technique that is a two stage restricted judgmental sample. The first stage consists of developing control categories or quotas of population elements. In the second stage, sample elements are selected based on convenience or judgement" (Malhotra, 1999: 334). The first stage of this technique was to list relevant control characteristics. In this research, the relevant control characteristics included the days of the week including Saturday and Sunday, the time of day (morning, lunch time or afternoon) and the number of respondents that had to be interviewed on those specific days and times. These characteristics were identified on the basis of judgement. In this study, quotas had to be decided in order to accurately target the population, because some of the consumers shop during the week, others during the weekend, in the morning or in the afternoon, and according to their work or their family situation. For the administration of the questionnaire, quotas were established in order to ensure that the

composition of the sample was approximately the same as the composition of the population with respect to the characteristics of interest.

In the second stage, sample elements were selected based on convenience. Once quotas had been assigned, the interviewers could select the respondents, as they wished, taking account of the quota. However, in order to reduce bias being introduced by the interviewer, a form of systematic sampling was introduced, using a random number for the selection of every n^{th} respondent (in practice every 10 respondents were selected). This removed personal choice from the selection of potential respondents by the interviewers (Bailey, 1987).

The judgmental sampling method used to choose the sample unit enabled a representative sample to be chosen. Since interviewers sometimes ignore instructions, the convenience of the judgmental method enabled the interviewers to easily select the respondents, thus reducing bias due to the interviewers ignoring instructions.

3.3.5. SAMPLE SIZE

According to Malhotra (1999: 332), the sample size refers to the number of elements to be included in the study. The nature of the research also has an impact on the sample size. For example in qualitative research, the sample size is typically small. For conclusive research, such as descriptive surveys, larger samples are required. The cumulative effects of sampling error across variables are reduced in a larger sample.

3.3.5.1. Qualitative study

For the qualitative part of the research, supermarket managers of the sampling units were selected as the sample. Thus, six managers were interviewed.

3.3.5.2. Quantitative study

For the quantitative part of the study, the sample size was influenced by the average size of samples in similar studies. The table below gives an idea of sample sizes used in different marketing research studies. According to Malhotra (1999: 332), sample sizes have been determined based on experience and can serve as rough guidelines, particularly when non-probability sampling techniques are used.

Table 3.1. Sample sizes used in the study

<i>Type of study</i>	<i>Minimum Size</i>	<i>Typical Range</i>
- Problem identification research (e.g. market potential)	500	1,000-2,500
- Problem solving research (e.g. pricing)	200	300-500
- Product test	200	300-500
- Test marketing studies	200	300-500
- TV/ radio/print ad (per commercial or ad tested)	150	200-300
- Test market audits	10 stores	10-20 stores
- Focus group	6 groups	10-15 groups

Source: Malhotra, 1999. Marketing Research: an applied orientation, p332

Strata 1: (Sampling unit) - Supermarket Chain stores in Durban

Two supermarkets of each chain (Pick 'n Pay, Shoprite-Checkers and Spar) were judgementslly selected from the sample frame, to ensure that a spread of opinion from managers was obtained and to ensure that a range of different supermarkets was included.

Strata 2: (Sampling elements) - Consumers who shop in supermarket chains in Durban

The descriptive quantitative research can be classified as problem solving research. The sample size selection was based on the requirement recommended by Malhotra (1999), which require a minimum sampling size of 200 respondents, in order to produce meaningful results (see Table 1). A sample of 210 respondents was selected at the site of study, with 35 consumers being interviewed in each of the six supermarkets. This also adheres to the recommendations of Diamantopoulis and Schlegelmilch (1997) that a minimum sample size of 30 should be adhered to for minor classifications or breakdowns of the sample. Compared to Malhotra's requirements, the sample contained ten extra respondents to allow for questionnaires which might have been unusable due to errors or missing values.

In total, 216 questionnaires were administered, with 210 for the quantitative part of the research and six for the qualitative part.

3.3.6. SAMPLING UNITS - SELECTION AND PROCEDURE

According to the sampling technique discussed above the supermarkets selected were as shown below in Table 3.2.

Table 3.2. Grocery retailing stores selection

Pick 'n Pay		Shoprite -Checkers		Spar	
Berea	Durban North	Umgeni	Windermere	North Beach	Florida

Thus, two supermarkets from each supermarket chain were selected according to their location in the town, in order to gather representative information on the target population.

The stores were selected based on observational techniques (visits to the stores and observation of the consumers to ensure that they matched the sample quota criteria) and on the segmentation of Durban into different areas, according to the different types of population (race criteria). The next stage was to find out the name of each supermarket manager by visiting the stores. Then, in order to contact them, a letter was sent to each of the managers. This letter (see Appendix 2: Qualitative Questionnaire - Managers) introduced the topic of the research, a request for permission to administer questionnaires to the consumers inside the supermarket and also a request for an interview with the manager (to conduct the qualitative part of the research). The final stage of the sampling was to contact the manager by phone (three days after the letter was sent) in order to get an appointment to explain the research and to interview him. All the supermarket managers selected agreed to participate in the research. Once the qualitative interviews had been administered with the managers, the quantitative questionnaires were administered with the stores' consumers.

3.4. DATA COLLECTION METHOD

3.4.1. METHOD OF INTERVIEW COMMUNICATION

3.4.1.1. Qualitative study

For the qualitative research, the depth interview technique was used to collect the information from the managers (Denzin and Lincoln, 1998: 56). Depth interview techniques are one-to-one interviews that probe the respondents' thoughts in detail (Malhotra, 1999:40). This technique of interviewing was selected because it was the most convenient for interviewing the managers. Focus groups would have been too complex to organise and too difficult to co-ordinate the availability of the managers. One-to-one interviews were thus the most effective method for the study. The interview was divided in a structured and an unstructured discussion with each of the managers.

3.4.1.2. Quantitative study

For the quantitative research, the interviews were structured and the questions were formulated beforehand and asked in a set order and in a specified manner. Moreover, the questions were tested during the pilot test (discussed in section 3.5.2.), in order to avoid problems linked to inability or unwillingness to answer (effort required by the respondents, context, legitimate purpose, and sensitive information). The structure was provided to obtain consistency from one situation to the next (Malhotra, 1999: 299).

"In survey research where hundreds of people are contacted by several different interviewers, structured formats are essential in getting information which can be combined" (Sommer and Sommer, 1999: 109).

The face to face approach was particularly appropriate to reach the target population and when interviewing consumers at their location of purchase, and it is probably the most frequently used method of data collection in social or marketing research on consumer behaviour. In order to gather data with questionnaires, interviewers go out into the population and complete the questionnaire on behalf of individuals selected according to the sampling scheme. It might be expected that this method minimises misinterpretation and encourages a high response compared to telephone interviews (Miller, Heiman and Tuleja, 1988). If the respondent does not understand the question, this method has the advantage of being very flexible and the question can be repeated and explained. Indeed, many people simply feel more confident of their speaking ability than of their writing ability. Besides, the environment was controlled, that is to say, the questionnaire was completed by only one person, and it was possible to observe non-verbal behaviour. Finally, the spontaneous character was important because the respondent had no chance to retract her first answer. And in general, spontaneous answers are more informative (Bailey, 1987). Another advantage of the face to face method is that, because the respondents and interviewers are together in the same location, the response rates are usually slightly higher than those of telephone interviews, response bias is usually lower, and the rate of co-operation is roughly equal for all types of respondents. In personal interviews, respondents see the questionnaire and interact face to face with the interviewer. Thus lengthy, complex, and varied questions can be asked (Malhotra, 1999:296).

However, according to Bailey (1987), this method has got drawbacks, among which are tendencies of respondents to give distorted answers and which, if care is not taken, can be compounded by the interviewer. Ideally the interviewer should not interact other than to provide neutral comments. Another disadvantage is that respondents are more likely to

provide socially desirable responses in a face to face interview. This is especially true in studies of racial attitudes, and responses of interviewer and respondents appear to be affected by the racial characteristics of respondents. When the racial characteristics are different, the respondent is much more likely to give a socially desirable response (Bailey, 1987).

In order to reduce the drawbacks of the face to face method, questions were developed that did not influence the decision of the respondent, and the interviewer was not permitted to interpret any of the questions. Training of the interviewers was done in order to explain the study to them, to discuss the questionnaire with them, and to explain any questions they did not clearly understand.

Incentives to complete the questionnaires (quantitative and qualitative) were not offered, but anonymity and complete confidentiality were guaranteed.

3.4.2. DATA COLLECTION PLAN

3.4.2.1. Qualitative study

For the qualitative data collection, the researcher personally collected the data as she knew, better than any one, the information needed on the topic and she was the most qualified to collect the information without misinterpreting the remarks of the respondents.

3.4.2.2. Quantitative study

The data collection procedure has been defined above. It was also important to plan when and where the data was to be collected. The interviews were conducted in grocery retailing chain stores in the Durban Area (Durban North, Berea, Windermere, Umgeni, Florida, North Beach) in order to get a representative sample according to the cultural differences present in Durban. It was necessary, to have a reliable survey, to reach every racial category.

Four interviewers were selected to interview the respondents. The selection of these persons was made on a practical basis. Marketing students of Technikon Natal, studying in their third or fourth years, were selected, because they have knowledge and experience of interviewing, and have studied and conducted marketing research. Once the questionnaires were completed they were put in an envelope by the interviewer and handed to the store manager. Then the questionnaires were collected by the researcher at the store to avoid any loss of questionnaires.

As all consumers do not shop at the same time or day of the week, the respondents were interviewed at different times of the day and different days in the week in order to ensure a representative sample. The following plan presents the manner in which the questionnaire was administered according to time, day and location criteria:

Table 3.3. Interviewing plan

	Pick'n Pay		Shoprite-Checkers		Spar	
	By the Sea	Berea	Umgeni	Windermere	Florida	North Beach
Saturday 16 th Oct.	AM-PM 5	PM 10		AM 10	AM 10	
Sunday 17 th Oct.	AM-PM 5					
Monday 18 th Oct.	AM-PM 15	AM 15		PM 15		
Tuesday 19 th Oct.					AM-PM 15	AM-PM 15
Wednesday 20 th Oct.	AM-PM 10	PM 10		AM-PM 10		AM 10
Thursday 21 st Oct.						
Friday 22 nd Oct.			PM 10		PM 10	
Saturday 23 rd Oct.			AM-PM 10			AM-PM 10
Monday 25 th Oct.			AM 15			

The circled number indicates the specific interviewer, and the number on the second line represents the quantity of questionnaires administered in the period selected. This method of time and location of data collection ensured accurate information gathering to provide a representative sample.

3.5. QUESTIONNAIRE DESIGN

A structured questionnaire was used for the quantitative research, covering all the hypotheses, objectives, sub-objectives and variables of the research as presented in the statement of problem in Chapter 1. All the questions for the qualitative and quantitative research were prompted questions.

3.5.1. TYPES OF QUESTIONS

3.5.1.1. Qualitative study

For the qualitative research, two types of questions were administered to the managers - structured and unstructured questions.

"Structured interviewing refers to a situation in which an interviewer asks each respondent a series of pre-established questions with a limited set of response categories" (Denzin and Lincoln, 1998: 52).

"Unstructured interviewing refers to a situation in which, although the interviewer has a general topic in mind, there is no predetermined order or specified wording to the questions" (Sommer and Sommer, 1997:367).

A mix of structured and unstructured questions was used during the qualitative interviews. This enabled the information collected to be categorised according to structured questions and also to gather information on the trends actually occurring in the retailing field, to get knowledge and to learn about the personal experiences of managers in the retailing sector, and to obtain an indication of their marketing strategies.

3.5.1.2. Quantitative study

Four different types of questions were used in the questionnaire:

- Closed-ended questions (or multiple-choice questions): these provide the respondent with a list of the possible answers (Sommer and Sommer, 1997: 131).
- Dichotomous questions : are structured questions with only two response alternatives, such as 'yes' or 'no' (Malhotra, 1999:304).
- Rating questions (or matrix questions): involve arranging the items and answers in a matrix. Answer headings are placed across the horizontal and items to be rated down the vertical side as in question 22 of the quantitative consumer questionnaire (Sommer and Sommer, 1997:132). See Appendix 1.
- Open-ended questions: are questions that do not provide possible answers to the respondents who answer in their own words. Respondents are not biased by the presence of a list of possible answers (Sommer and Sommer, 1997: 131).

3.5.2. PRE-TEST OF QUESTIONNAIRES

"Pilot questionnaire study is the preliminary use of a procedure designed to identify problems and omissions before the actual study is conducted" (Sommer and Sommer, 1997:364). A basic rule in questionnaire construction is that the first draft should never be put into the field in finished form. It is easier to change a first draft than to interpret people's answers to ambiguous or non-understandable questions (Sommer and Sommer, 1999). So, in order to contribute to the validity and reliability of the quantitative

questionnaire, a pre-test was done on ten elements of the sample before establishing and administering the final questionnaire. The results showed that the questionnaires were easily understood and user-friendly.

3.5.3. RELIABILITY AND VALIDITY OF THE RESEARCH DESIGN

3.5.3.1. Qualitative study

The qualitative study, which aimed to collect insightful information to assist with the quantitative research, was reliable because the accuracy of the remarks of each manager on their supermarket chains was checked with another manager of each chain. The use of two methods of data collection - structured and unstructured depth interviews - lead to the validity of the qualitative research.

3.5.3.2. Quantitative study

"Behavioural research is conducted in accord with the scientific method. The subject matter is directly observable, or can be made so through some type of representation (e.g. questionnaire responses). In order to be scientific, the obtained information (data) must be valid and reliable" (Sommer and Sommer, 1997:3).

Reliability is the consistency in measurement, the repeatability or the replicability of findings, and the stability of measurement over time (Sommer and Sommer, 1997: 365). If the measurements of behaviour are reliable, then there can be confidence that the measurements are not unduly influenced by random errors (Mitchell and Jolley, 1992:101).

In any statistical analysis, the adequacy of the estimated model must be tested. Diagnostic procedures were used in this quantitative study to assess the reliability of the fitted discriminant model.

- 1- The most reliable way of telling how well the estimated linear discriminant function fits the data is to examine the overall percentage of correct classification. In the study, the overall percentage of correct classification is for x56 = 83.8 per cent, for x40 = 83.8 per cent and for x22 = 69.0 per cent. These fairly high percentages of correct classification indicate that the predictor variables of each grouping variable, 30 for x56, 15 for x40 and 22 for x22 chosen for the study, taken as a set, are reliable predictors of purchasing behaviour of customers.
- 2- The second method is to examine the magnitude of the estimated Eigen value for each of the grouping variables. The Eigen value is 0.360 for x56, 0.818 for x40 and 0.225 for x22. Large Eigen values are associated with good discriminant functions. The values found are fairly large, and show that the estimated discriminant functions fit the data well.

In terms of the study, these values were considered acceptable.

In addition to being reliable, research should also be valid. "Validity is the degree to which a procedure produces genuine and credible information" (Sommer and Sommer, 1997: 3). In this research, the measurement of behaviour is valid because it measures the consumer buying behaviour (planned or impulsive) based on merchandising characteristics, based on two different validating techniques: the first step concerned the internal validity of the

research design which examined the extent to which a particular research design has excluded all other possible hypotheses which could explain the variation of the dependant variable (Bless and Higson-Smith, 1995:82). The effect of history and maturation has no effect on the research design, because the survey has been conducted in a short time period (1 month). Selection bias was controlled by the use of the sampling elements selection procedure (quota sampling). This sampling method determined which subjects fell into which group.

The second stage of the measurement of the validity of the research design concerned external validity, which examines the extent to which the results of the study can be generalised to the real world (Bless and Higson-Smith, 1995:82). Firstly, the sample must be representative of the population in question. The sampling units and elements were selected (by judgmental and quota sampling techniques) in order to be as representative as possible of the target population. The bias of interviewers has been reduced by the quota sampling method, the training of interviewers, and systematic sampling selection. Thus the data collected reflects, in an accurate way, the population's opinions. Secondly, the research design has to ensure that the study simulates the real world as closely as possible, in order to avoid reactivity from the respondents. This was achieved by administering questions to the subjects who were behaving as they would in their day-to-day lives. Data collection was as unobtrusive as possible and respondents were interviewed within their usual surrounding (during their shopping trip inside the supermarket).

3.5.4. QUESTIONNAIRE STRUCTURE

Examples of the two questionnaires are provided in Appendices 1 and 2.

3.5.4.1. Qualitative questionnaire

Initial contact with the store managers was made to gather information about their merchandising activities and policies (standardised or customised), to know what autonomy they have in the choice and selection of their displays, aisles, and layouts, to know if the supermarket chain development strategy is in the shape of franchise units or independent stores, and to know if they have developed systems (electronic or not) to increase their level of service quality related to merchandising activities to increase consumer loyalty and to satisfy the consumers' needs and expectations more deeply. These interviews covered the following discussion areas:

Question 1.....Autonomy of the store merchandising policy

Question 2.....Chain headquarters' directives and instruction procedures on
standardisation

Question 3.....Planogram policy

Question 4.....Standardised planograms

Question 5.....Generalisation of planograms in all the stores which belong to the chain

Question 6.....Autonomy in developing planograms

Question 7.....Standards policies

Question 8.....Organisational manual

Question 9.....Frequency of general meetings with headquarters.

3.5.4.2. Quantitative questionnaire

Questions were used to categorise and determine the purchasing behaviour of the respondents and to estimate the effect of merchandising activities on increasing impulse

purchasing. The questionnaire was divided into four sections in order to treat the variables pertinent to the research:

Part A: Characteristics of consumer buying behaviour

- Question 1The level of loyalty
- Question 2The supermarket chain store usually frequented
- Question 3The frequency of shopping
- Question 4The buying motivation
- Question 5Criteria that motivate their purchases
- Questions 6,7Consumer purchasing behaviour habits (planned or impulse)
- Question 8The buying motivation of impulse purchase
- Question 9Factors influencing impulse purchase
- Question 10Relationship between buying behaviour and quality merchandising
- Questions 11,12Relationship between consumer behaviour and promotional activities
- Question 13Relationship between promotional activities and quality merchandising
- Question 14Criteria of a quality merchandising display

Part B: Relationship between Consumer behaviour and Supermarket Merchandising

- Questions 15,16,17,18Relationship between consumer buying behaviour and
supermarket chains
- Question 19The level of a standardised in-store image
- Question 20Criteria of standardised merchandising

Part C: Need for standardised merchandising in supermarket chains according to consumers' buying behaviour

Questions 21,22.....Criteria of standardised merchandising in supermarket chains

Part D: Demographic criteria of the consumers

Question 23.....Monthly income

Question 24.....Employment status

Question 25.....Gender

Question 26.....Age

Question 27.....Ethnic group

Question 28.....Family situation

Question 29.....Educational level

Question 30.....Residential area

3.6. STATISTICAL ANALYSIS OF THE DATA

3.6.1. INTRODUCTION

The analysis was a categorical data analysis, because all the dependent and independent variables were categorical in nature (e.g. socio-economic group, gender, sex) (Hooley and Hussey, 1995:29). The first step of the analysis was to manually analyse the interviews of the store managers. The second step of the analysis was to do a computerised statistical analysis of the data collected from the customer questionnaires. Once the data were collected they were carefully entered into the statistical program (SPSS Version 9.0). The statistical data analysis began with data preparation, tabulation of data, then various tests were conducted to analyse the relationships and to test the hypotheses.

3.6.2. DATA PREPARATION

Data preparation included coding because with the SPSS software package data can not be treated directly. Data preparing also included editing (Wisniewski, 1996). SPSS offered adequate diagnostic procedures for the type of analysis required (categorical data analysis). Questionnaires have to be discarded if they fall outside the sample parameters, for example, if a customer fills out a questionnaire both as an occasional and as a regular shopper, or if buying for a company as opposed to an individual. When a respondent has misunderstood the question, a decision has to be made whether to leave out just that question or the whole questionnaire. Answers have to be checked for inconsistencies. Questionnaires which do not comply with the requirements after the quality review have to be discarded, because it is not possible to approach the respondent again to clear up problems. If some parts are incomplete or incorrect, unsatisfactory parts containing valuable information may have been discarded. By implication this course of action can

complicate tabulation in the sense that the number of respondents may vary from one question to another, but this can be overcome by indicating the number of respondents answering each question. However, omission of certain elements may seriously impair the representativeness of the results and in extreme cases, the whole questionnaire may have to be discarded.

Questionnaires were checked to ensure that they fell within the sample parameters, that there was no obvious misunderstanding of questions, that there were no inconsistencies, and that no sections were omitted or incomplete. This ensured that the representativeness of the sample wasn't impaired. All questionnaires were found to be acceptable.

3.6.3. PROCESSING OF DATA

3.6.3.1. Cleaning and recording of the variables

The cleaning of the variables consists of the recording of the frequencies and percentages of the variables previously entered and coded in the computer. Then if there are invalid values, or entering errors, variables have to be corrected to avoid any bias in the analysis (Wisniewski, 1996).

Some of the variables (for closed-ended questions) were combined to simplify the analysis, and to give clear and relevant results. The combining consisted in regrouping similar answers into one answer. For example, in the closed-ended question 21 (part C of the quantitative questionnaire for consumers), the answer 'very important' and 'important' were combined in order to facilitate the analysis. This had no effect on the validity and the

relevance of the results. The same method was also used for question 30 (part D of the quantitative questionnaire for the consumers) regarding the residential areas. Six zones were selected for regrouping the different residential areas. This combining ensured clear and analysable results. Because respondents had given 55 different answers, such an amount of uncombined and different responses would have been difficult to analysis and hard to interpret.

3.6.3.2. Statistical procedures for data analysis

Statistical analysis is a method of describing and interpreting the data. Included is the organisation and summing of information for the purpose of generalising and making inferences (Diamantopoulos and Schlegelmilch, 1997). The following procedure was completed:

- 1- Frequencies and percentages were calculated for all variables of the study,
e.g. the number of identical responses which have been made for the same question.
- 2- Pearson's test of association was done for all the variables of the study in order to determine which of the independent variables influenced, and were related to, each of the three dependent variables (presented in Chapter 4).
- 3- Screening of variables through discriminant analysis. Through this technique, the variables that most highly influence the dependent variables were identified.

Inferential analysis was done on the screened variables using SPSS, version 9.0. The package was used to calculate the statistics of relevance for the study.

The following statistical procedures were used in this analysis:

(1) Descriptive statistics

This refers to the organising, summarising and describing of quantitative data. Some of the following statistics were used.

- Frequencies
- Percentages

(2) Inferential statistics

- Chi-square analysis

Chi-square is the most commonly used method of comparing proportions and to establish whether the relationships stated above are dependant or independent of each other (Crask, Fox and Stout, 1995).

- Discriminant analysis

This finds a straight line through a scatter diagram that accurately discriminates one category of respondent from the others. The discriminant analysis identified the independent variables which influence the grouping, or dependent, variables by order of strength.

- Cross-tabulation analysis

This determined if two factors are associated or not. This was used to examine the relationship between the customers' buying decisions and the merchandising managers' policy, perception of the customers, and the necessity of standardised shops. The objective of cross tabulation is to identify a relationship between variables. The question arises as to whether this observed relationship is simply the

result of sampling error, or whether it is a significant relationship. The chi-square test was used to answer this question (Wisniewski, 1996).

3.7. CONCLUSION

This chapter has set out the methodology used in the study. It has shown that the design adequately provided for a valid and reliable study, the results thus being able to be accepted with confidence. The next chapter provides the results of the application of this research design.

Chapter 4 - Analysis of results

4.1. INTRODUCTION

The qualitative and quantitative analysis will first be discussed individually in distinct sections. Then, the results of both analyses are grouped in section 4.4. where the implications of all the results are discussed.

The qualitative analysis covers the summaries of each of the six branch managers' interviews, grouped by chain store, followed by a conclusion comparing the interviews and extracting the main trends of the merchandising policies of the different retailing chains.

The quantitative analysis of the 210 questionnaires administered is divided into two parts, a descriptive analysis and an inferential analysis. The descriptive analysis presents the general profile of the sample and all the main results of the study with an analysis of the frequencies and percentages (illustrated by histograms) which provide an initial overview of the research results. This is followed by the inferential analysis, including the Pearson's chi-square analysis and the discriminant analysis; which assess the relevance of the study results. Separate analyses have been done for each of the key (dependent) variables of study, selected according to their importance and their relation to the hypotheses.

Finally, section 4.5. discusses the main issues of the study, the acceptance or rejection of the hypotheses, and identifies if the objective and sub-objectives of the study have been achieved entirely, partially or not at all.

4.2. QUALITATIVE ANALYSIS

4.2.1. INTRODUCTION

Six qualitative interviews were conducted, two for each of the supermarket chains (Spar, Shoprite-Checkers and Pick 'n Pay). Both interviews of the same chain store have been grouped for the analysis. A summary of each of the branch manager interviews is presented in order to give a background of the grocery retailing industry situation in South Africa, and to obtain information on the company's policies.

4.2.2. SPAR

Spar stores are franchised stores and the branch manager has a lot of autonomy in the way he wants to display the products in-store. He bases his choice on experience and on the suggestions made by his head office. The central headquarters do not give specific instructions concerning the location of the products in the store. Model displays are proposed by the top management, but there is no imposed standardised planogram which has to be used by the branch manager to advise him how to organise his product displays. Advertising policy is standardised and leaflets and promotional prices are the same in all the stores. Marketing and delivery policies are also standardised with specific and strict rules being given by the top management in order to give direction about how to run the operation. Even though it is a franchise concept, the group does not have an operational manual to present the 'spirit' of the company, thereby giving advice on the way to manage a Spar store. There are three types of Spar store: Kwik Spar, Spar and Super Spar, which correspond to different sizes of store and also different types of consumers' income zones. Thus, each of the types of store has a different pricing policy. Regular meetings are

organised every three to six months to speak about the standardisation of the merchandising. Personnel policy depends on the branch manager and is decentralised from top management, and varies according to the way the branch manager wants to run his store.

4.2.3. SHOPRITE - CHECKERS

Checkers and Shoprite belong to the same group, but operate under different corporate identities, which correspond to different locations. Checkers stores are principally located in upper income areas, and Shoprite in middle income areas. Shoprite stores are more basic stores compared to Checkers stores, which correspond to a 'new generation concept store'. The stores are not franchised. The central headquarters selects a branch manager and assigns him the role of managership. The branch manager is an employee and decisions on profit, sales, budgets, and main line expenses all are centralised at the top management level. Branch managers have no autonomy in the way they want to display the products inside the store. The marketing department of the group fixes the range of products to sell, and gives guidelines in the way to display products on shelves. Sales promotion instructions and advertising schedules are all planned by the marketing department. All the stores have the same standard specific instructions from the central headquarters. The marketing department also develops computerised, standardised planograms for all the stores (different styles for Checkers or Shoprite). The branch managers have to respect the main guidelines of the headquarters but they are free to develop their own planograms for a few categories of products. All the store policies (e.g. price, marketing, staff, delivery, and merchandising) are standardised or partially standardised. A price information circular is delivered by fax each week to the store manager. Gondola end products are changed every month. For deliveries they use the EPoS (Electronic point of sales) parameter system. This

system enables trade sales and trade histories of products to be used to allocate shelf footage to products. Thus the flow of products remains uniform on a national basis and the stores (Checkers or Shoprite) conform to this nationally determined product flow. All the policies are standardised but some adaptations are required according to the store location and the space available. Thus the branch manager has a little autonomy in how to display the selected products and how he wants to adapt the planogram from top management to his store characteristics. The headquarters provide the branch manager with operational training manuals for all the policies. Regular meetings (two a month) are organised between branch managers and head office. Staff meetings depend on the branch manager and vary between once a week to once every two months. Staff meetings are communication tools for the branch manager and help him to solve problems rapidly.

4.2.4. PICK 'N PAY

The Pick 'n Pay (PnP) group has three different types of stores with different price policies according to the location of the store in different areas of the town:

PnP Hypermarket - high income consumer zone

PnP corporate - middle income consumer zone

PnP family store - developing zone

The divisional head office prepares the layout and specifies requirements to maintain standards (i.e. hygiene) but a lot of autonomy is given to the branch manager to run the store operations (staff, customer service, promotion price, price of fresh products). The central division in Johannesburg is developing a category management approach for all the stores and it will soon be achieved for the food sector. Apart from specific instructions from the top management, branch managers have some autonomy in changing the different layouts to adapt them to the store location and the clientele. Planograms can be developed

by the branch manager according to each store budget (making allowance for the importance of cost factors). The decentralisation of management influences merchandising, fresh product prices, staff, merchandising and delivery policies. However, all the activities must adhere to the guidelines of the central division. An operational manual - The Red Book- provides all the policies, systems and procedures. Staff meetings are held every week and meetings with the central office are held every one or two months, but daily contacts are maintained by fax and Intranet. Each branch manager and the staff personnel receive specific training, administered by the central division, before operating in any store.

4.2.5. IMPLICATIONS AND CONCLUSIONS

South African grocery retailers have different ways to run their businesses. Some of them have developed franchise systems, others are more under a 'centralised subsidiary format'. Thus, each of the companies has specific operating procedures. Despite the interest of managers, merchandising is not seen as an important factor requiring a higher standard of excellence. To improve the quality of merchandising activities, a number of grocery organisations, world-wide, have adopted a new form of management of merchandising activities known as Category Management.

Category management has been introduced in the grocery retailing industry as a mechanism for managing relationships between retailers and their suppliers. Category management is a new way of thinking about the customer's experience of retailing. It aims to establish inter-organisational infrastructures, optimise new product introductions, optimise assortments (i.e. range of merchandise in the store), and optimise promotions. It is based on operations improvement concepts such as automated store ordering, continuous

replenishment and integrated suppliers. It depends on enabling technologies such as electronic data interchange (EDI), electronic funds transfer, item coding and activity-based costing.

With fierce competition, shrinking market share and the forecast attack from international grocery retailing companies, South African companies have to react quickly and accurately to remain competitive. Some South African retailers have already reacted, following the trends of the developed countries by developing category management. Others have to soon take a decision about their future, and decide whether or not they want to play in tomorrow's grocery retailing industry landscape.

4.3. DESCRIPTIVE QUANTITATIVE ANALYSIS

4.3.1. INTRODUCTION

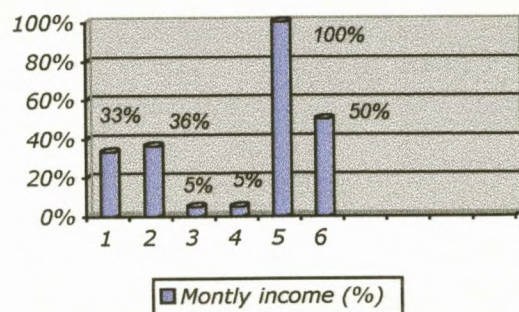
Three statistical methods of data analysis were used in the study. The first method is the analysis of frequencies, percentages and bar charts, and results were obtained for each of the variables of study. The second method is the Pearson's chi-square test of association between variables. And the third method is discriminant analysis. These latter two methods are discussed in section 4.4.

Frequencies, percentages and bar charts were obtained for each variable of study. This procedure is used to determine the proportion of answers to each variable of study, both analytically and graphically. This method of analysis enables the main trends of the research to be extracted and provides a first overview of the results of the study. Also, the frequencies and percentages analysis explains what the sample looks like and points out the first results of the analysis of the key or dependent variables.

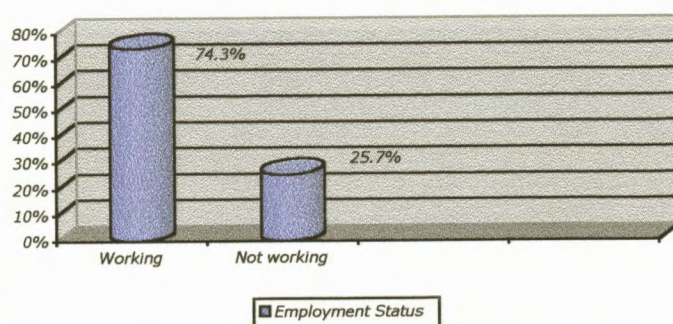
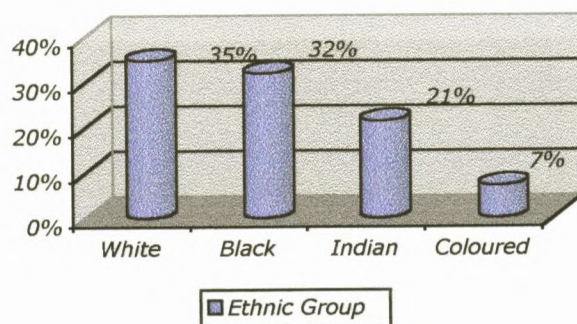
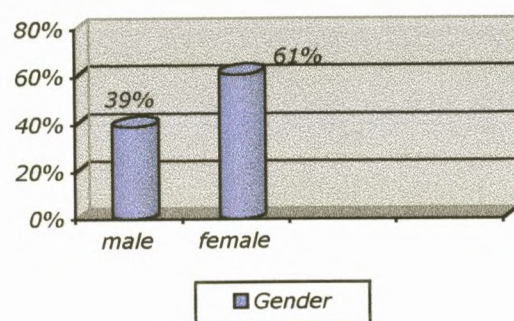
4.3.2. DEMOGRAPHIC RESULTS

The sample was mainly formed by females of all racial groups, with 61 per cent of the respondents being female. The sample included 34.8 per cent White people, 37.6 per cent Black people, 20 per cent Indian and 7.6 per cent coloured. Of the respondents, 74.5 per cent interviewed were working people whose monthly income per household was less than R6000. Graph 1 below provides the details of the sample broken down by income, gender, employment and ethnicity

Graph 1: Sample structure by income, gender, employment and ethnicity



1. R0-R2499
2. R2500 - R5999
3. R6000 - R9999
4. R10000-R14999
5. R15000-R19999
6. R20000 or more



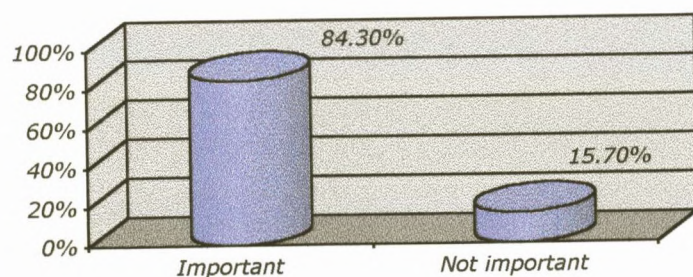
4.3.3. RELEVANT RESULTS FOR THE STUDY

The three following variables (dependent variables) are the most relevant variables for the study:

1. The level of importance of merchandising standardisation (question 21 of the questionnaire) is shown in Graph 2.

- ♦ In the study, 84.3 per cent of the respondents attach importance to standardised merchandising.

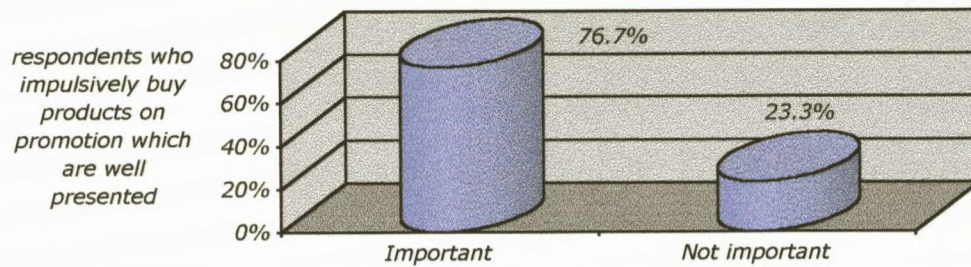
Graph 2: Level of importance of merchandising standardisation



2. Quality of layout and presentation as a factor that influences the impulse purchase of promotional products is illustrated in Graph 3 (question 13 of the questionnaire)

- ♦ In the study, 76.7 per cent of the respondents who buy products on promotion attach importance to the quality of the layout and presentation (presentation of products on shelves). This factor influences their unplanned motivation to buy a promotional product.

Graph 3: Level of importance of layout presentation



3. Unplanned or spontaneous motivation to buy linked to perception of in-store merchandising as good is shown in Graph 4 below (Question 8 of the questionnaire)

- ♦ 56.7 per cent of the respondents admit that they buy unplanned items impulsively (influenced by such factors as attractive presentation of products on shelves, promotion on gondola ends, or total impulsive behaviour) against 43.3% of the respondents who buy according to their needs or rational reasons as is illustrated in Graph 4 (cheap price, forgotten needed items).

Graph 4: Level of impulsive buying behaviour compared to planned behaviour

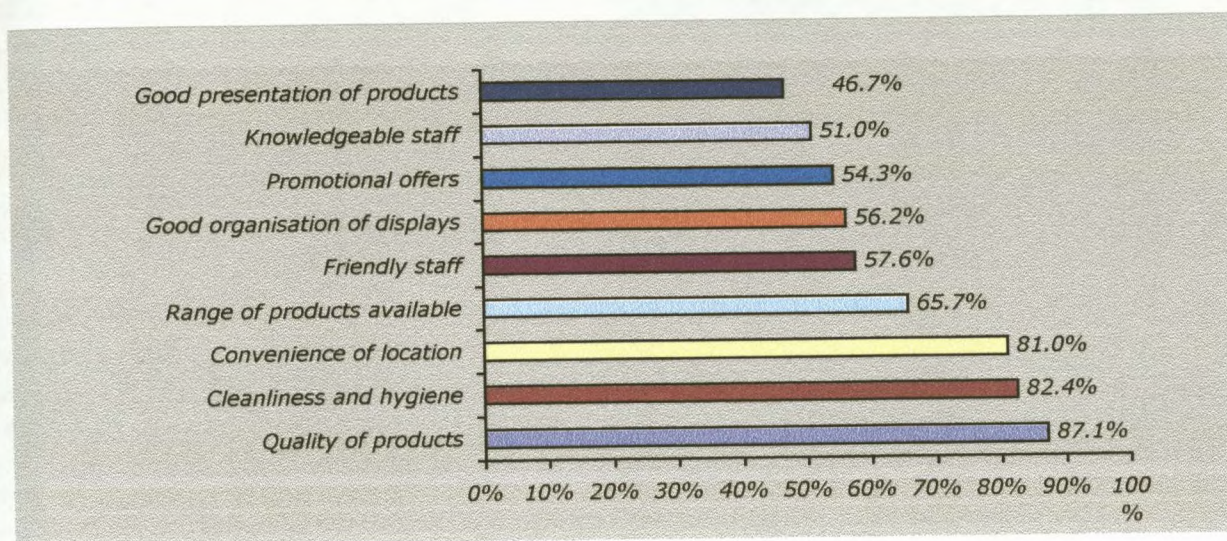


4.3.4. INDEPENDENT VARIABLES

The analysis of the percentages and frequencies has given the following results for the independent variables of study. All the questions (dichotomous, multiple-choice or open-ended) were ranking and not rating response categories, which explains why the results obtained for each of the questions do not total to 100 per cent. Each level of a question is in fact an individual variable :

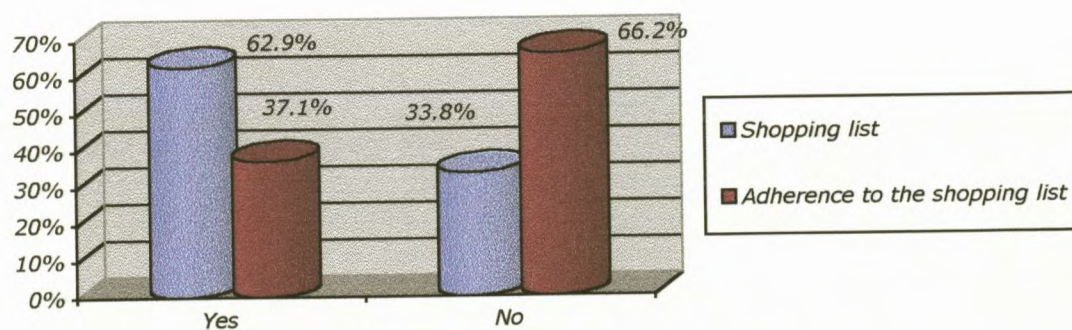
- a. The main reasons, as shown in Graph 5, that motivate the customers in selecting the outlet where they shop were (decreasing order of strength) (Question 4)
 1. Quality of products (87%)
 2. Cleanliness and hygiene of the store (82,4%)
 3. Convenience of the store location (81%)
 4. Range of products available (65,7%)
 5. Friendly staff (57,6%)
 6. Good organisation of displays (56,2%)
 7. Promotion offers (54,3%)
 8. Knowledgeable staff (51%)
 9. Good presentation of products on shelves (46,7%)

Graph 5: Factors influencing the selection of a specific store to shop



b. 62.9 per cent of the respondents prepare a shopping list before going to the supermarket, and 66.2 per cent of those respondents who prepare a shopping list do not adhere to their shopping list completely (i.e. 66.2 per cent do some form of impulse purchasing). This is illustrated in Graph 6 below

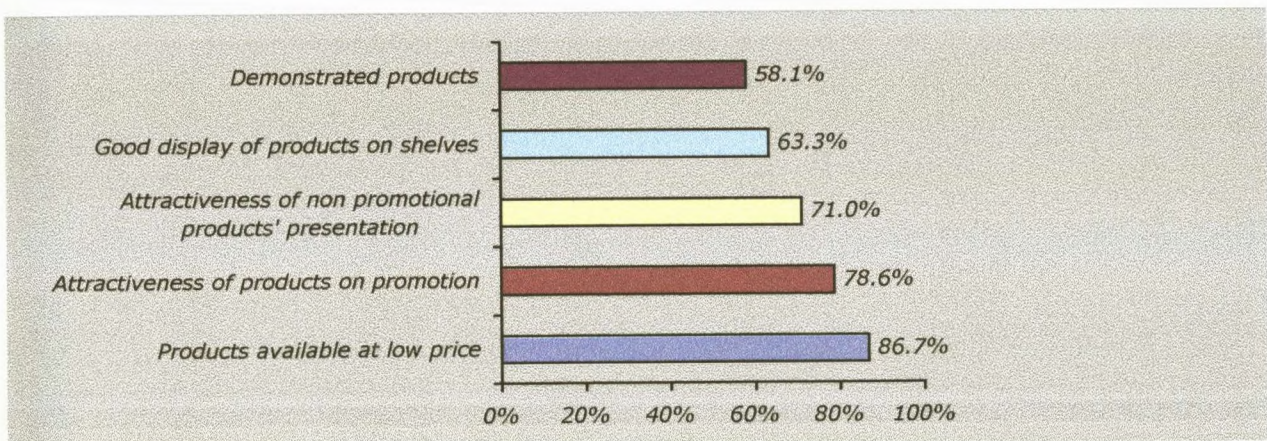
Graph 6: Degree of use of, and adherence to, the shopping list



c- As shown in Graph 7 below, the factors that influence unplanned purchase are (by decreasing order of strength):

1. Products available at low price (86,7%)
2. Attractiveness of products on promotion (78,6%)
3. Attractiveness of non-promotional products' presentation (71%)
4. Good display of products on shelves (63,3%)
5. Demonstrated products (58,1%)

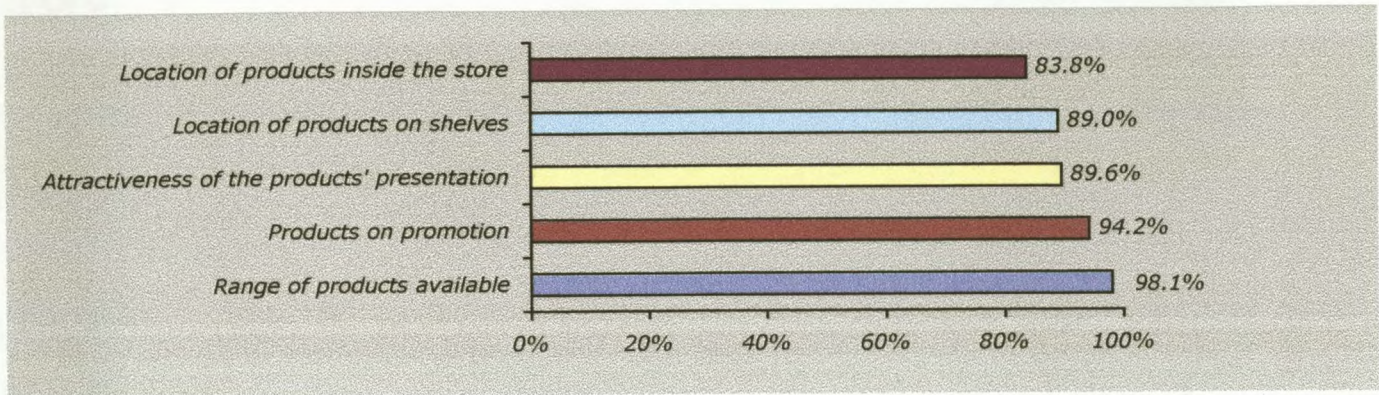
Graph 7: Factors influencing unplanned purchase



d- The five most important factors in the selection of a product in a grocery store, as illustrated in Graph 8, were:

1. The range of products available (98,1%))
2. Product on promotion (94,2%)
3. Attractiveness of the products' presentation (89,6%)
4. Where the product is located on shelves (eye level) (89,1%)
5. Where the products are located inside the store (83,8%)

Graph 8: Attractiveness of the products' presentation

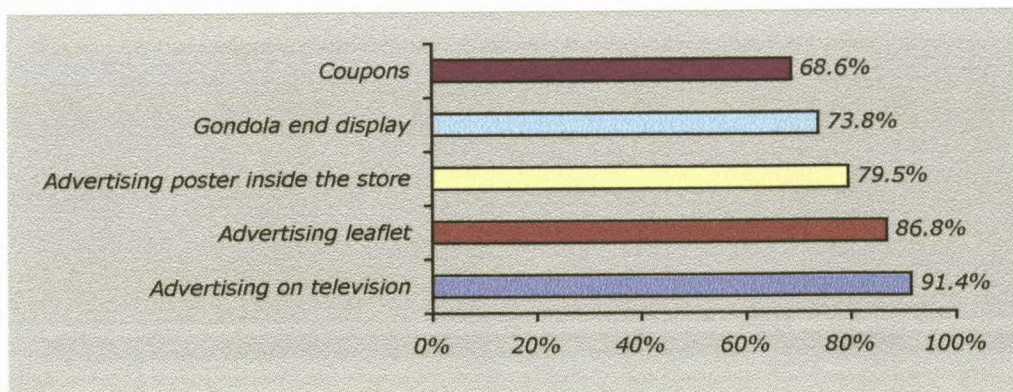


e- Graph 9 shows the main factors that influence the selection of products on promotion.

These were:

1. Advertising on television (91.4%)
2. Advertising leaflet (received in mail box) (88.6%)
3. Advertising poster inside the store (86.6 %)
4. Gondola end displays (79.5%)
5. Coupons (68.6%)

Graph 9: Factors influencing the buying decision

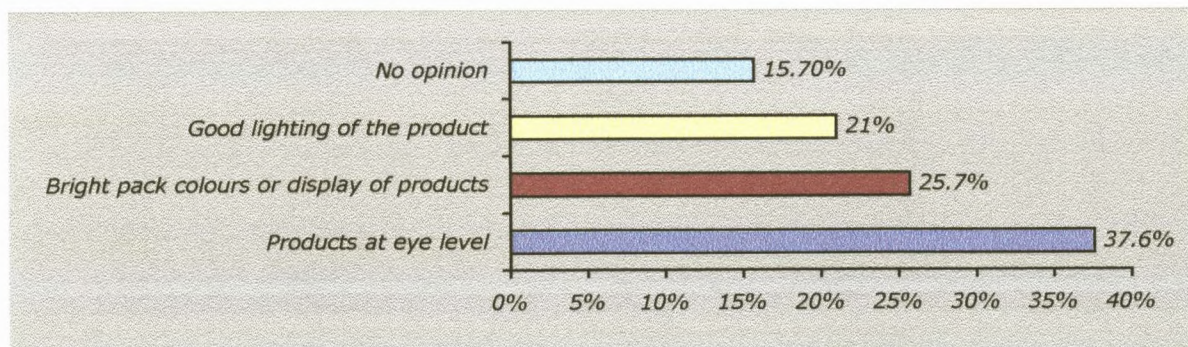


f- 100 per cent of the respondents use the coupons they find near the selected products on display. The shoppers interviewed did not use coupons from leaflets, near the cashier, or in magazines.

g- The main factors that influence consumers to buy once they are in front of the display are, as illustrated in Graph 10:

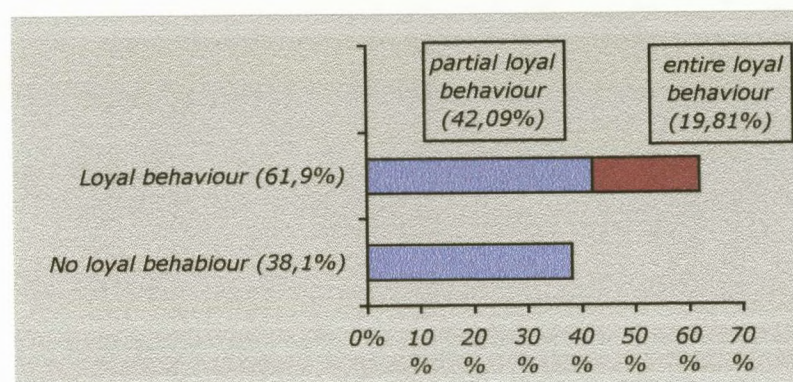
1. Products at eye level (37.6%)
2. Bright pack colours or display of products (25.7%)
3. Good lighting of the product (21%)
4. 15.7 per cent of the respondents have no idea how they choose

Graph 10: Criteria of good layout presentation, influencing unplanned purchase



h- Graph 11 shows that 61.9 per cent are loyal to their usual store for their shopping trip (one-stop shopping), but 68 per cent of these loyal respondents occasionally shop in other stores for specific products that they do not find in their usual store.

Graph 11: Degree of consumer loyalty

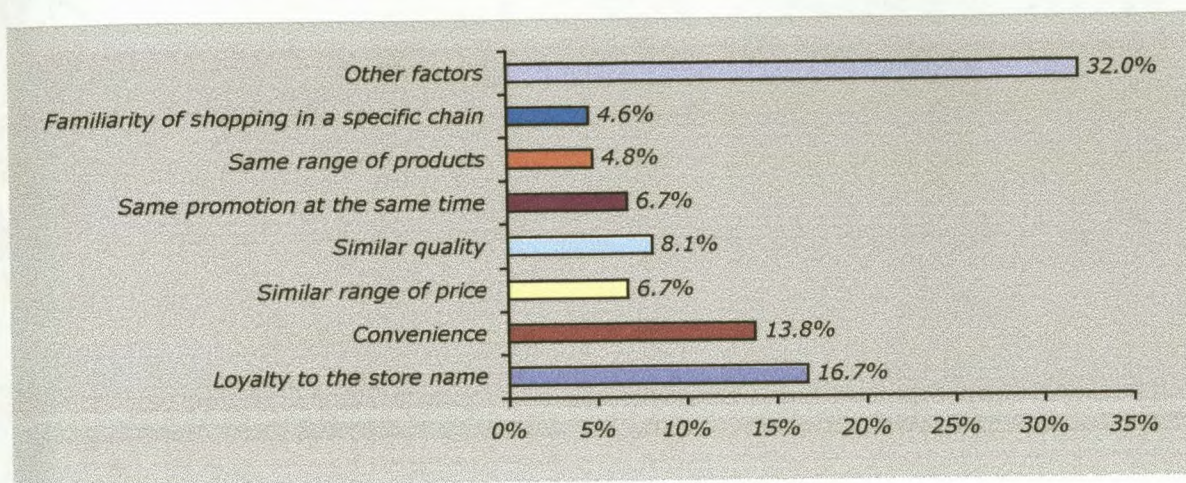


i- Graph 12 shows that 66.2 per cent of the respondents have shopped in another branch of the same grocery store that they usually shop in. The main reasons are:

1. Loyalty to the store name (16,7%)
2. Convenience (13.8%)
3. Similar range of price (13.3%)
4. Similar quality (8.1%)
5. Same promotion at the same time (6.7%)
6. Same range of products (4.8%)
7. Familiarity of shopping in a specific chain (4.6%)

Less important factors were freshness of products, hygiene and cleanliness, same service, same variety, familiar layout and none applicable.

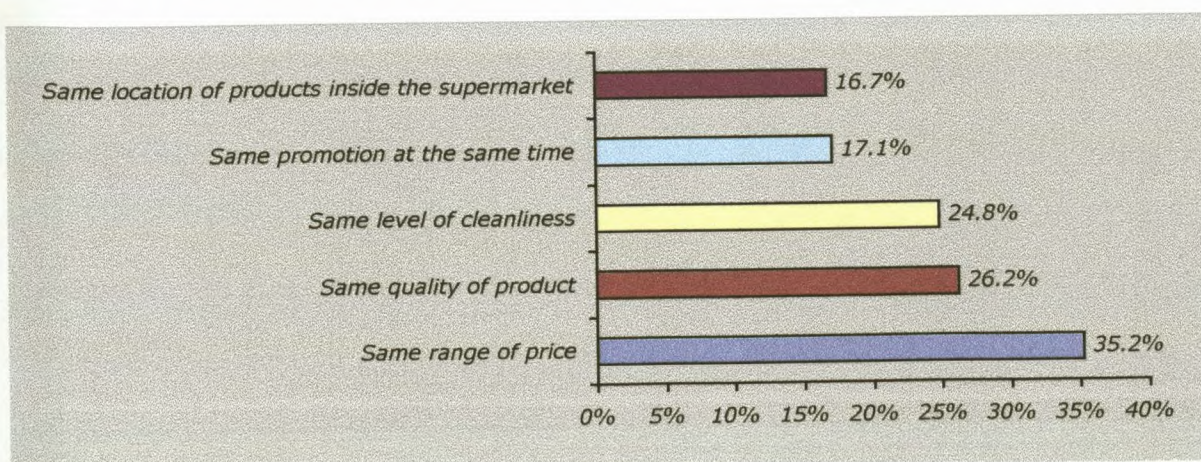
Graph 12: Main reasons to shop in another branch of a grocery store



j- Graph 13 highlights that 43.8 per cent of the respondents find that stores of the same chain look the same, in that they have, in decreasing order of strength,:

1. same range of price (35.2%)
2. same quality products (26.2%)
3. same level of cleanliness (24.8%)
4. same promotions at the same time (17.1%)
5. same location of products inside the supermarket (16.7%)

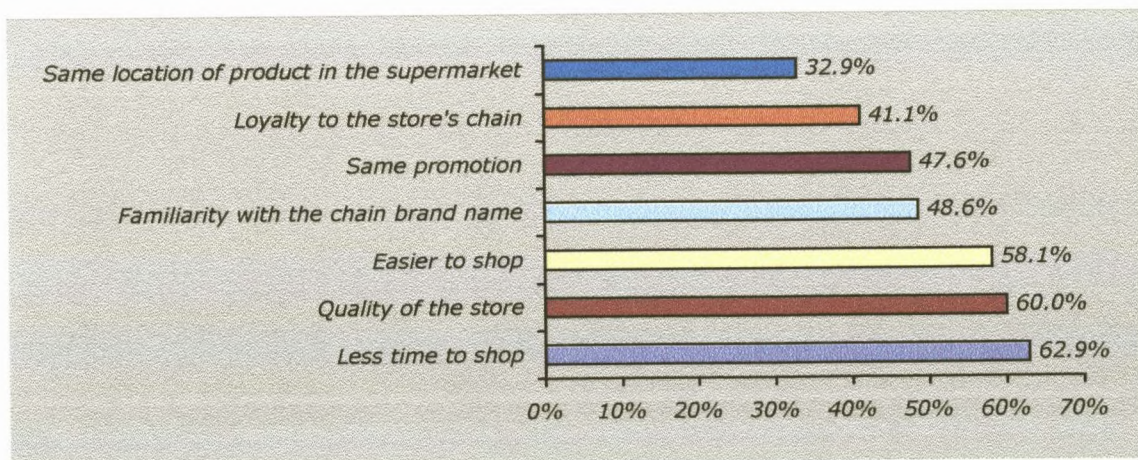
Graph 13: Similarities of the stores belonging to the same chain



k- The respondents felt that the following factors, as illustrated in Graph 14, were the most important benefits of standardised layout and displays in all the branches of a grocery retailing chain (in order of importance):

1. less time to shop (62.9%)
2. quality of the store (60.0%)
3. easier to shop (58.1%)
4. familiarity with the chain brand name (48.6%)
5. same promotion at the same time (47.6%)
6. loyalty to the store's chain (41.1%)
7. same location of product in the supermarket (32.9%)

Graph 14: Factors that show the importance of standardised merchandising



4.3.5. CONCLUSION

The demographic results show that the sample planned in the methodology section has been respected, and that the quota sample planned has also been achieved.

In some cases, two questions related to the same topic (one open-ended and the other multiple-choice) have given slightly different results. This is due to the fact that the shoppers interviewed did not react in the same way to open ended as to multiple-choice questions. The latter format of question gives less spontaneous answers than the open-ended question. Thus, the open-ended questions' answers were used to better interpret and understand the answers to the multiple-choice questions.

According to the findings of the descriptive analysis, some preliminary comments can be made on the validation of the hypotheses. These initial findings will be further tested by the inferential analysis in the next section, confirming whether the hypotheses should be validated, partially validated, or rejected.

Graph 2, Graph 5, and Graph 14 indicate that consumers are influenced to buy more on impulse by the fact that merchandising is standardised. Indeed, 84,3 per cent of the respondents attach importance to standardised in-store merchandising. 56.7 per cent of the shoppers select their shop according to how good they perceive the display organisation to be.. And, as illustrated in Graph 14, if a group has standardised merchandising, consumers appreciate this because it makes the shopping trip much easier and faster, reducing the stress of shopping, and making them more confident to buy. Therefore, based on the frequency statistics, it appears as if Hypothesis 1 will be accepted.

Graph 3 and Graph 8 indicate that consumers are influenced to impulsively buy products on promotion when they perceive the store merchandising quality to be good. Indeed, Graph 3 indicates that 76.7 per cent of the respondents who buy products on promotion attach importance to the quality of the layout and of the presentation of products on the shelves. This factor influences their unplanned motivation to buy a promotional product. According to Graph 8, 94.2 per cent of the respondents are attracted to products on promotion and 89.6 per cent are influenced by the attractiveness of the product presentation. Hence, based on the frequency statistics, it appears as if Hypothesis 2 will be accepted.

Graph 6 illustrates that 56.7 per cent of the respondents admit that they buy unplanned items impulsively, influenced by such factors as attractive presentation of products on shelves, against 43.3% of the respondents who buy according to their needs or for rational reasons. Graph 7 points out that 71 per cent of the respondents are influenced to buy on impulse by the attractiveness of the products' presentation. Therefore, based on the frequency statistics, it appears as if Hypothesis 3 will be accepted.

4.4. INFERENCE ANALYSIS

4.4.1. INTRODUCTION

The three key variables of study are x56, x40 and x22 (each has two levels). Testing of these dependent variables enables the related hypotheses H1, H2 and H3 to be rejected or accepted. To analyse these issues, inferential analysis was used. This analysis includes two distinct sub-analyses: The Pearson's chi-square test of association between variables and discriminant analysis.

The Pearson's chi-square test of association between variables is used to identify variables that are strongly associated with the dependent variables of study (Agresti, 1996). This is a screening procedure which works well when there are no empty or near-empty cells. In cases where there are empty or near-empty cells, the log-linear method of analysis would normally be used to address the limitation inherent in Pearson's chi-square tests. According to the results of the Pearson's chi-square tests made of each of the three key variables, the analysis did not require a log-linear method of analysis. In using Pearson's chi-square to test the hypotheses, the null hypothesis states that there is no significant association between the dependent variable and the factor whose strength is being tested. The alternative hypothesis states that there is a significant association. The null hypothesis is rejected at the alpha level of significance if the associated p-value is less than alpha. Otherwise, the null hypothesis is accepted at the same level of significance (Agresti, 1996).

The second sub-analysis is discriminant analysis, which is used as a principal tool of data analysis in the study. The relationship between dichotomous grouped variables, (x56, x40

and x22), and a set of, respectively, 29, 16 and 27 independent variables (which were obtained from the chi-square analysis) that affect their grouping variable, was analysed using the discriminant analysis method. The extent to which the fitted model fits the data can be assessed by examining diagnostic procedures such as the overall percentage of correct classification, the eigen values, the estimated value of the Wilk's lambda statistic, and the proportion of mis-classified cases. In this study, x56, x40 and x22 were used as grouping variables, along with respectively, 29, 16 and 27 explanatory variables that strongly affect the grouping variables. Since the objective of the study was to identify factors that are responsible for classifying the grouping variables, x56, x40 and x22, into one of 2 categories, and because the sample size of the study is large, discriminant analysis is the most appropriate method of data analysis in this situation (Agresti, 1996; Johnson and Wichern, 1998).

The statistical package SPSS (version 9.0, 1999) was used for data entry and analysis.

All 210 cases were selected for data analysis. The most relevant test for the analysis is the test of equality of the covariance matrices of the two groups, tested using the Box test. The test revealed that there is a significant difference ($p = 0.000$) at the 0.05 level of significance. The independent variables which influence the dependent variable are those selected according to the significance difference. If the difference (the p-value of the independent variable is less than 0.05 or 5%) is positive, the two variables (dependent and independent) are correlated, otherwise there is no relationship between them (Johnson and Wichern, 1998).

Another material aspect of discriminant analysis is the structure matrix, which gives estimated correlations of each predictor variable with the overall discriminant function. The structure matrix confirms or rejects the findings of the equality test of covariance, identifying a list of the most important variables of the study. Estimated structure coefficients are used to rank the order of strength of association between each predictor variable and the discriminant function. A small estimated coefficient, less or equal to $\alpha = 0.05$ indicates that the predictor variable has influence on the discriminant function for each of the predictor variables (29 for x56, 15 for x40 and 22 for x22). If the alpha value is between 0.05 and 0.1, the predictor variable has little influence on the discrimination function and if the alpha value is above $\alpha = 0.1$, the predictor variable has no influence on the discrimination function. The drop from 16 to 15 for X40 and 27 to 22 can be explained by the fact that the deleted independent variables did not have satisfactory enough results to stay in the analysis.

In discriminant analysis, a linear combination of the predictor variables is formed (classification function coefficients for the estimated function table), and serves as a basis for assigning cases to groups. In this study, two discriminant functions were estimated for each of the two groups of the dependent variable using Fisher's linear discriminant function coefficients. These functions enable a model to be developed that predicts what the attitude of shoppers will be towards standardised merchandising, purchase of promotional products and unplanned motivation (the key variables) according to their levels.

4.4.2. ANALYSIS OF HYPOTHESIS H1

4.4.2.1. Hypothesis H1

It is hypothesised that there is a positive correlation between standardisation of store merchandising and impulse purchasing. The analysis of variable x56 will determine if this hypothesis can be accepted or not.

x56: To determine the importance of merchandising standardisation in grocery retailing chains. This dependent variable has two levels:

1. Important (importance of merchandising standardisation)
2. Not important (unimportance of merchandising standardisation)

4.4.2.2. Pearson's chi-square test of association for hypothesis H1

For the variable x56, the Pearson's chi-square test of association revealed that 3 of the 90 independent variables of study were strongly associated with the dependent variable at the $\alpha = 0.05 = 5\%$ level of significance. Twenty-six more independent variables were selected for further analysis by virtue of their importance in the study carried out. The summary of results from Pearson's chi-square tests are shown below for the 29 variables (3 + 26) identified as being more important than others.

Table 4.1. Chi-square and p-value for x56

Variable	Chi-square value	P-value	Order of strength
Easier to shop	36.088	.000	1
Less time to shop	22.659	.000	2
Quality of layout presentation	13.845	.000	3
Same promotions at the same time	9.319	.010	4
Similarities	36.657	.015	5
Location of products in store	5.479	.025	6
Store's atmosphere	6.944	.031	7
Gondola ends	5.455	.035	8
Criteria of good layout (colours, fixturing)	3.385	.039	9
Same location of products in stores	13.313	.063	10
Hygienic and clean	3.385	.066	11
Loyalty to the store	5.903	.094	12
Loyalty to the brand name	5.038	.094	13
Good display	2.355	.125	14
Display image	4.057	.132	15
Same promotions	3.185	.205	16
Motivation	1.295	.257	17
Attractiveness of presentation	1.488	.279	18
Adhering to the list	1.193	.281	19
Shelf presentation	2.529	.282	20
New product presentation	1.017	.315	21
Location on shelves	2.098	.325	22
Shopping list	2.030	.362	23
Familiar layout	.567	.454	24
Unplanned motivation	.423	.515	25
Same location of products on shelves	.396	.585	26
Promotion price	.836	.617	27
Same level of cleanliness	.616	.650	28
Quality of the store	.088	.996	29

The independent variable 'easier to shop' is strongly associated with the dependent variable 'importance of standardised merchandising'. This relationship implies that standardised merchandising strongly influences the fact that shopping will be facilitated. The association with the dependent variable is also accurate for the variables: 'less time to shop', down to 'Criteria of good layout'. The other variables were selected as predictor variables because of their importance in the study.

4.4.2.3. Discriminant analysis for hypothesis H1

The discriminant analysis presents the results of the analysis of variable x56 through three sub-analyses of the test of equality of means, the structure matrix and the classification function coefficient analysis.

The first sub-analysis, the test of equality of means, points out the significant difference between the dependent variable and the predictor variables of study and the existence or not of a relationship between those variables.

Table 4.2. compares Group 1 (importance of merchandising standardisation) and Group 2 (unimportance of merchandising standardisation) with respect to the 29 variables of study selected for discriminant analysis - no variables were discarded because they failed the minimum tolerance test. Table 4.2. shows that the two groups differ significantly from each other with regard to 9 of the 29 variables selected for comparison, at the $\alpha = 0.05$ = 5 per cent level of significance. These nine variables are shown in bold in Table 4.2.

Table 4.2. Test of equality of group means for x56

Variable	Wilk's lambda	P-value	Difference
Quality of the store	1.000	.996	No
Easier to shop	.890	.000	Yes
Less time to shop	.893	.000	Yes
Store's atmosphere	.998	.031	Yes
Same promotions	.992	.205	No
Same level of cleanliness	.999	.650	No
Same promotion at the same time	.999	.010	Yes
Hygienic and clean	.999	.066	No
Criteria of good layout	.980	.039	Yes
Quality of layout presentation	.934	.000	Yes
Attractiveness of presentation	.994	.279	No
Gondola ends	.979	.035	Yes
Location on shelves	.995	.325	No
Same location of products in store	.983	.063	No
New product presentation	.995	.313	No
Good display	.989	.125	No
Adherence to the list	.994	.281	No
Unplanned motivation	.998	.515	No
Shopping list	.997	.362	No
Shelf presentation	.996	.282	No
Motivation	.994	.257	No
Display image	.994	.132	No
Loyalty to the store	.989	.094	No
Promotion price	.999	.617	No
Familiar layout	.997	.454	No
Similarities	.972	.015	Yes
Location of product in the store	.976	.025	Yes
Same location of product on shelves	.999	.585	No
Loyalty to the brand name	.987	.094	No

The second sub-analysis, the structure matrix, gives the list of the most important variables by order of strength, which have a relationship with the key variable x56.

Table 4.3. The structure matrix (list of important variables) for x56

Variable	Structure matrix coefficient	Order of strength
Easier to shop	.586	1
Less time to shop	.578	2
Quality of layout presentation	.443	3
Similarities	.285	4
Location of products in the store	.261	5
Gondola ends	.244	6
Criteria of good layout	.240	7
Same location of product in the store	.216	8
Loyalty	.195	9
Good display	.177	10
Loyalty	-.175	11
Same promotions at the same time	.147	12
Display image	.134	13
Motivation	.131	14
Attractiveness of presentation	.125	15
Adhere to the list	.125	16
New product presentation	.116	17
Location on shelves	.114	18
Shelf presentation	.099	19
Shopping list	.096	20
Familiar layout	.087	21
Store's atmosphere	.083	22
Unplanned motivation	.075	23
Same location of products on shelves	.063	24
Hygienic and clean	-.063	25
Promotion price	.058	26
Same level of cleanliness	.053	27
Same promotions	.038	28
Quality of the store	.001	29

Variables ordered by absolute size of correlation within function

The third sub-analysis, the classification function coefficient analysis, for the estimated function x56, confirms the findings of the structure matrix analysis and provides two functions for each of the levels of x56 (D1 and D2), which provide a model that predicts what the attitude of shoppers will be towards standardised merchandising and all the other predictor variables.

Table 4.4. Classification function coefficients for the estimated discriminant function for x56

Predictor variable	Coefficient for Group 1	Coefficient for Group 2
Quality of the store	.420	.286
Easier to shop	-5.634	-4.848
Less time to shop	3.758	5.304
Store's atmosphere	.114	-.274
Same promotions	3.464	3.122
Same level of cleanliness	-8.315	-8.048
Same promotion at the same time	-5.086	-5.586
Hygienic and clean	57.278	57.276
Criteria of good layout	-3.271	-3.240
Quality of layout presentation	14.183	15.955
Attractiveness of presentation	3.291	3.348
Gondola ends	2.776	2.893
Location on shelves	2.166	1.817
Same location of products in store	1.079	1.258
New product presentation	2.839	3.605
Good display	-2.862	-2.332
Adhere to the list	1.238	1.354
Unplanned motivation	9.514	9.656
Shopping list	-1.505	-1.886
Shelf presentation	-2.244	-2.293
Motivation	20.663	20.947
Display image	.250	6.546 ^E -03
Loyalty to the store	102.949	100.466
Promotion price	-1.918	-1.875
Familiar layout	174.805	177.006
Similarities	1.955	2.130
Location of product in store	-.673	-.273
Same location of product on shelves	12.160	12.936
Loyalty to the store brand name	7.101	7.338
(constant)	-376.344	-385.803

Fisher's linear discriminant functions

The estimated discriminant function for Group 1 (importance of merchandising standardisation) is given as follows:

$$D1(x56) = -376.344 + 0.420 * \text{quality of the store} - 5.634 * \text{easier to shop} + 3.758 *$$

less time to shop + ... + 7.101 * loyalty to the branch

The estimated discriminant function for Group 2 (unimportance of merchandising standardisation) is given as follows:

$$D2(x56) = -385.803 + 0.286 * \text{quality of the store} - 4.848 * \text{easier to shop} + 5.304 * \\ \text{less time to shop} + \dots + 7.338 * \text{loyalty to the branch}$$

D1(x56) and D2(x56) are linear discriminant functions that can be used to estimate Fisher's linear discriminant function coefficient for randomly identified respondents in Group 1 and 2 using their values from the 29 predictor variables.

4.4.2.4. Major findings for hypothesis H1

The following nine factors (listed in decreasing order of strength) are the main reasons why standardised merchandising influences consumer buying behaviour:

- (1) Makes it easier to shop (through standardised merchandising, shoppers, wherever they are, will always find the same in-store display organisation and signage if they shop in the same chain. In other words, the shopping experience will be easier in a shop where they are familiar with the environment.).
- (2) Results in less time to shop (if the in-store design of every shop belonging to the same chain has the same organisation, then the shopper will instantly know where the products are, and so will gain time in his shopping trip).
- (3) Improves the quality of layout presentation (The quality of layout presentation can be improved by merchandising and visual merchandising activities, like category

product assortment, family product assortment, new fixturing, and use of colour)

This can make the shopping environment more attractive to the shopper.

(4) Criteria of good layout

(5) Display image

(6) Same promotions at the same time

(7) Unplanned motivation to shop

(8) Attractiveness of the presentation

(9) Adherence to the shopping list

The study also provides the following nine cross-tabulations of the main important factors quoted above:

Table 4.5. Cross tabulation 'Level of importance of standardised merchandising' and 'easier to shop'

Influence of merchandising on facilitating to shop	Level of importance of standardised merchandising	
	Important	Not Important
Easier to shop	174/210 82.8%	24/210 11.4%
Not easier to shop	3/210 1.42%	9/210 4.28%

The table shows that 82.8% of the shoppers interviewed thought that standardisation is important and enables an easier shopping trip .

Table 4.6. Cross tabulation 'Level of importance of standardised merchandising' and 'less time to shop'

Influence of merchandising on time to shop	Level of importance of standardised merchandising	
	Important	Not Important
Less time to shop	166/210 79.04%	24/210 11.4%
Same time to shop	11/210 4.76%	9/210 4.28%

The table points out that 79.04% of the shoppers interviewed thought that standardised merchandising is important and enables them to spend less time shopping.

Table 4.7. Cross tabulation 'level of importance of standardised merchandising' and 'quality of layout presentation'

	Level of importance of merchandising		
		Important	Not Important
Influence of layout presentation on impulse behaviour	Quality layout important to create impulse shopping	144/210 68.8%	17/210 8.09%
	Quality of layout presentation not important to create impulse shopping	33/210 15.7%	16/210 7.6%

68.8% of the respondents of the study thought that standardised merchandising is important and believe that a quality layout presentation is important to create impulse shopping.

Table 4.8. Cross tabulation 'level of importance of merchandising standardisation' and 'criteria of good layout'

	Level of importance of standardised merchandising		
		Important	Not Important
Influence of good layout (standardised) on impulse purchase	Influences impulsiveness	155/210 73.8%	22/210 10.4%
	Does not influence impulsiveness	22/210 10.4%	11/210 5.2%

73.8% of the respondents in the study found that standardised merchandising is important and felt that they are influenced to purchase on impulse by good layout presentation.

Table 4.9. Cross tabulation 'importance of standardisation' and 'display image'

Influence of good display image on impulse behaviour	Level of importance of standardised merchandising		
		Important	Not Important
	Good display image	173/210 82.3%	30/210 14.2%
	Medium display image	4/210 1.9%	3/210 1.42%

The table shows that 82.3% of the respondents in the study thought that standardised merchandising is important and that a good display image has an impact on impulse purchasing.

Table 4.10. Cross tabulation 'importance of standardisation' and 'same promotions at the same time'

Influence of standardised merchandising on providing the same promotions at the same time	Level of importance of standardised merchandising		
		Important	Not Important
	Facilitates same promotion at the same time	166/210 82.8%	28/210 11.9%
	Does not facilitate same promotion at the same time	11/210 1.42%	5/210 4.28%

82.8% of the respondents believed that standardised merchandising is important and facilitates promotions at the same time in all the stores of a chain.

Table 4.11. Cross tabulation 'importance of standardisation' and 'unplanned motivation to buy'

Influence of merchandising on motivation to make unplanned purchases	Level of importance of standardised merchandising		
		Important	Not Important
	Influences unplanned motivation to buy	102/210 48.5%	17/210 8.09%
	Does not influence unplanned motivation to buy	75/210 35.7%	16/210 7.6%

48.5% of the respondents in the study thought that standardised merchandising is important and effects their unplanned purchases through good quality merchandising

Table 4.12. Cross tabulation 'importance of standardisation' and 'attractiveness of display and layout presentation'

Influence of attractive display and layout presentation on impulse purchasing	Level of importance of standardised merchandising		
		Important	Not Important
	Impulsiveness increases through an attractive display and layout presentation	159/210 75.7%	29/210 13.8%
	Impulsiveness does not increase through an attractive display and layout presentation	18/210 8.5%	4/210 1.9%

75.7% of the respondents thought that standardised merchandising is important and think that attractiveness of display and layout presentation facilitates impulse purchase.

Table 4.13. Cross tabulation 'importance of standardisation' and 'respect of the shopping list'

Influence of standardisation on tendency to not respect the shopping list and increase impulse purchasing	Level of importance of standardised merchandising		
		Important	Not Important
	Respect of the shopping list	62/210 29.5%	9/210 4.2%
	No respect of the shopping list	115/210 54.7%	24/210 11.4%

54.7% of the respondents in the study believed that standardisation of merchandising is important in influencing unplanned purchases and adherence to the shopping list.

4.4.2.5. Discussion of results for hypothesis H1

According to the results from the frequencies and percentages analysis and the discriminant analysis of the key variable 'importance of standardised merchandising in grocery retailing chain stores', 84 per cent of the respondents in the study attach importance to the standardisation of grocery chain store's merchandising. The factors that motivate their choice are based on criteria as a means to reduce the shopping time and facilitate their shopping trip. The relation between standardised merchandising and impulse purchase is not direct. Only 102 of the 210 respondents think that standardised merchandising is important and buy on impulse. In fact, these respondents attach more importance to the good looks and image of merchandising inside the store (i.e. quality of layout presentation, criteria of good layout, and display image) which tend to create a good atmosphere. This apparently makes it pleasant to shop despite the fact that grocery shopping is a casual and routine task. So, the respondents are not directly sensitive to the fact that standardised merchandising facilitates their spontaneous behaviour to buy. Only

30 per cent of the respondents adhere to their shopping list, so many of them, in addition to the fact that they may have forgotten a needed item, succumb to spontaneous purchasing. Thus, hypothesis H1 is partially accepted. In fact, a more pleasant and agreeable shopping trip, faster and easier due to standardised merchandising based on an attractive environment, a good display image and attractive product presentation, creates a positive image of a shopping trip, which was previously a laboured task. Shopping in a pleasant environment can thus become a leisure task. Positive enthusiasm leads to the consumer's desire to buy spontaneously, attracted by a good layout presentation. In summary, a standardised layout leads to an easier and more attractive shopping trip, which leads to spontaneous purchase.

4.4.3. ANALYSIS OF HYPOTHESIS H2

4.4.3.1. Hypothesis H2

It is hypothesised that there is a positive relationship between the perceived quality of merchandising displays and sales promotion impulse purchases.

The analysis of the dependent variable x40 will enable the acceptability of this hypothesis to be tested.

x40: To investigate if the quality of the presentation layout of products influences unplanned purchase behaviour. This dependent variable has two levels:

1. Yes (quality merchandising influences impulsiveness)
2. No (quality merchandising is independent of consumer buying behaviour)

4.4.3.2. Pearson's chi-square test of association for hypothesis H2

For x40, the Pearson's chi-square procedure revealed that 3 of the 90 independent variables of study were predictor variables at $\alpha = 5$ per cent level of significance, and 13 more predictor variables were chosen because of their importance in the study. A summary of results from Pearson's chi-square tests is shown below for the 16 variables (3+13) which were identified as being more important than the others.

Table 4.14. Chi-square and p-value for x40

Variable	Chi-square value	P-value	Order of strength
Criteria of good layout	109.431	.000	1
Attractiveness of presentation	24.704	.000	2
New product attractiveness	5.914	.015	3
Attractiveness of product	5.450	.066	4
Gondola ends	5.302	.071	5
Product demonstration	3.268	.071	6
TV ad	5.089	.079	7
Price	2.630	.105	8
Good promotional price	2.455	.117	9
Importance of standardisation	2.458	.117	10
Unplanned motivation	2.463	.117	11
Adherence to the shopping list	2.642	.267	12
Shopping list	2.158	.340	13
Same promotion	0.848	.654	14
Quality layout	0.111	.739	15
Same promotion/same time	0.213	.899	16

The Pearson's chi-square analysis shows that the variable 'criteria of good layout' is strongly associated with the dependent variable x40. The other variables with a p-value less than 5% are not strongly correlated with the key variable x40, but do have some significance.

4.4.3.3. Discriminant analysis for hypothesis H2

The discriminant analysis presents the results of the analysis of variable x40 through three sub-analyses of the test of equality of means, the structure matrix and the classification function coefficient analysis.

Firstly, the test of equality of means points out the significant difference between the dependent variable x40 and the predictor variables of study, and the existence or not of a relationship between those variables.

Table 4.15. compares Group 1 (quality merchandising as a factor which influences impulse purchases) and Group 2 (quality merchandising is independent of impulse buying behaviour) with respect to 15 of the 16 variables of study selected for discriminant analysis - 1 of the 16 variables was discarded because it failed the minimum tolerance test. Table 4.15. shows that the 2 groups differ significantly from each other with regard to 4 of the 15 variables selected for comparison, at the $\alpha = 0.05 = 5$ per cent level of significance. In other words, these four variables enable discrimination between the two groups to be made.

Table 4.15. Test of equality of group means for x40

Variable	Wilk's lambda	P-value	Difference
Price	.987	.106	No
Quality display	.999	.740	No
Promotional offers	.988	.118	No
Shopping list	.998	.508	No
Adherence to the list	.988	.111	No
Unplanned motivation	.988	.118	No
Promotion	.882	.000	Yes
New product presentation	.972	.015	Yes
Product demonstration	.984	.071	No
Attractiveness of presentation	.993	.216	No
Gondola ends	.980	.043	Yes
TV ad	.985	.081	No
Criteria of good layout	.614	.000	Yes
Same promotions	.996	.371	No
Importance of standardisation	.988	.118	No

Table 4.16 shows the second sub-analysis, the structure matrix, and lists the most important variables (listed in Table 20), by order of strength, which have a relationship with the key variable x40.

Table 4.16. The structure matrix (list of important variables) for x40

Variable	Structure matrix coefficient	Order of strength
Criteria of good layout	.977	1
Promotion	.404	2
New product presentation	.188	3
Gondola ends	.156	4
Product demonstration	.139	5
TV ad	.134	6
Price	.125	7
Adherence to the list	.123	8
Unplanned motivation	.120	9
Importance of standardisation	.120	10
Promotional offers	-.120	11
Attractiveness of presentation	.095	12
Same promotions/ same time	.069	13
Shopping list	.051	14
Quality of display	-.025	15

Variables ordered by absolute size of correlation within function

The third sub-analysis, the classification function coefficient analysis (listed in Table 4.17), for the estimated function x40, confirms the findings of the structure matrix analysis and provides two functions for each level of x40 (D1 and D2), which provide a model that

predicts what the attitude of shoppers will be towards the criteria of good layout and all the other predictor variables.

Table 4.17. Classification function coefficients for the estimated discriminant function for

x40

Predictor variable	Coefficient for Group 1	Coefficient for Group 2
Price	8.536	9.386
Quality of display	65.112	65.377
Promotional offers	75.509	74.280
Shopping list	-1.660	-2.415
Adherence to the list	1.854	2.254
Unplanned motivation	3.486	4.095
Promotion	6.992	8.309
New product presentation	.800	1.547
Product demonstration	3.819	3.872
Attractiveness of presentation	2.407	2.385
Gondola ends	-.693	-.619
TV ad	1.118	1.221
Criteria of good layout	3.434	5.314
Same promotions	2.876	3.377
Importance of standardisation	4.003	4.353
(constant)	-169.346	-180.198

Fisher's linear discriminant functions

The estimated discriminant function for Group 1 (Quality merchandising as a factor which influences impulse purchase) is given as follows:

$$D1 (x40) = -169.296 + 8.536 * \text{Price} + 65.112 * \text{Quality of display} + \dots + 4.003 * \text{Importance of standardisation}$$

The estimated discriminant function for Group 2 (quality merchandising independent of spontaneous purchase behaviour) is given as follows:

$$D2 (x40) = -180.198 + 9.386 * \text{Price} + 65.377 * \text{Quality of display} + \dots + 4.353 *$$

Importance of standardisation

D1 (x40) and D2 (x40) are linear discriminant functions that can be used to estimate Fisher's linear discriminant function coefficient for randomly identified respondents in Group 1 and 2 using the values from the 15 predictor variables.

4.4.3.4. Major findings for hypothesis H2

The following (listed in decreasing order of strength) are the main factors leading to the relationship between quality merchandising and impulse purchase for products on promotion.

- (1) Promotion
- (2) New product demonstration
- (3) Product demonstration
- (4) Gondola ends
- (5) TV advertisements
- (6) Criteria of good layout
- (7) Attractiveness of presentation

The study also gives the following seven cross-tabulations of the main factors quoted above:

Table 4.18. Cross tabulation 'quality of layout presentation' and 'promotion'

Influence of layout presentation on sales promotion purchases	Quality of layout presentation		
		Important	Not Important
	Strong influence on purchases	139/210 66.1%	26/210 12.3%
	Weak influence on purchases	22/210 10.4%	23/210 10.9%

139 of the 210 respondents to the study believed that quality of layout is important and that it influences promotion purchases.

Table 4.19. Cross tabulation 'quality of layout presentation' and 'new product presentation'

Influence of layout presentation on the impulse behaviour of purchasing new products	Quality of layout presentation		
		Important	Not Important
	Strong influence	121/210 57.6%	28/210 13.3%
	Low influence	40/210 19.04%	21/210 10.0%

121 of the 210 respondents in the study found that quality layout of promotional presentations (new products) is important and that it influences the impulsive buying of new products.

Table 4.20. Cross tabulation 'quality of layout presentation' and 'product demonstration'

Influence of layout presentation on impulse buying behaviour of demonstrated products.	Quality of layout presentation	
	Important	Not Important
	Strong influence	Low influence
	99/210 47.1%	23/210 10.9%
	62/210 29.5%	26/210 12.3%

99 of the 210 respondents in the study felt that quality layout presentation is important and that it influences the impulsive purchase of products displayed.

Table 4.21. Cross tabulation 'quality of layout presentation' and 'gondola ends'

Influence of layout presentation on impulse purchase of products displayed on gondola ends.	Quality of layout presentation	
	Important	Not Important
	Strong influence	Low influence
	125/210 59.5%	36/210 17.1%
	36/210 17.1%	19/210 9.04%

125 of the 210 respondents in the study felt that quality layout presentation is important and that it does influence impulse buying of products displayed in gondola ends.

Table 4.22. Cross tabulation 'quality of layout presentation' and 'TV advertisements'

Influence of layout presentation on impulse purchase of products shown in TV advertisements	Quality of layout presentation	
	Important	Not Important
	Strong influence	Low influence
	151/210 71.9%	41/210 19.5%
	10/210 4.7%	8/210 3.8%

151 of the 210 respondents in the study felt that quality layout presentation is important and that it influences unplanned purchase of items which had been promoted on television.

Table 4.23. Cross tabulation 'quality of layout presentation' and 'criteria of good layout'

Influence of layout presentation on impulse purchase of product well displayed on shelves	Quality of layout presentation				
		Important		Not Important	
	Strong influence	157/210	74.7%	20/210	9.5%
	Low influence	4/210	1.9%	29/210	13.8%

157 of the 210 respondents in the study felt that quality layout presentation is important and that good layout presentation influences impulsive purchases.

Table 4.24. Cross tabulation 'quality of layout presentation' and 'attractiveness of presentation'

	Quality of layout presentation		
Influence of layout presentation on impulse purchase of products displayed with attractive presentation		Important	Not Important
	Strong influence	143/210 68.09%	45/210 21.4%
	Low influence	18/210 8.54%	4/210 1.9%

143 of the 210 respondents in the study felt that quality layout presentation is important and that unplanned purchases are influenced by an attractive presentation of the product on the shelves.

4.4.3.5. Discussion of the results for hypothesis H2

According to the results from the frequencies and percentages analysis (for the variable x22), 76.7 per cent of the respondents who buy products on promotion attach importance to the quality of the layout presentation (product presentation on shelves) and this factor influences their unplanned motivation to purchase a promotional product. From the discriminant analysis hypothesis H2 is accepted. 62 per cent of the respondents in the study do believe that quality of layout is important and that it influences their spontaneous purchase of products on promotion. Quality layout presentation is felt by 57.6 per cent of the respondents to be important and this influences impulsive buying of new products being launched on the market. Of the respondents, 59 per cent who are sensitive to the quality of presentation of the gondola ends buy those products displayed on gondola ends on impulse. Of the respondents, 74.8 per cent give importance to good quality merchandising and are sensitive to good layout presentation, which influences them to purchase spontaneously. From the frequencies and percentage analysis, it can be seen that 54.3 per cent of the respondents shop in grocery retail stores for the promotions they offer. The analysis has determined that good quality merchandising of promotional products attracts more than 62 per cent of the respondents. Thus, hypothesis H2 is accepted. It is concluded that good quality merchandising, as perceived by the customers, implies an increase in promotional product sales, through an increase of spontaneous purchases encouraged by well-displayed products.

4.4.4. ANALYSIS OF HYPOTHESIS H3

4.4.4.1. Hypothesis H3

It is hypothesised that there is a positive relationship between the perceived quality of store merchandising and impulsive purchasing.

The analysis of the dependent variable x22 will determine the acceptance or rejection of hypothesis H3.

x22: Reasons for spontaneous motivation to purchase a product at a grocery store. The variable has two levels:

1. Emotional Reasons (appearance of display, promotion, impulsiveness or attractiveness of the display)
2. Rational Reasons (forgotten items, lesser price, short queues, needs or others)

4.4.4.2. Pearson's chi-square test of association for hypothesis H3

This procedure revealed that 9 of the 90 independent variables of study were strongly associated with the dependent variable at the $\alpha = 0.05 = 5$ per cent level of significance. An additional fourteen independent variables were selected for further analysis by virtue of their importance in the study being carried out. The summary of results from the Pearson's chi-square tests are shown in Table 4.25 below for the 23 variables (9 + 14) identified as being more important than others.

Table 4.25. Chi-square and p-value for x22

Variable	Chi-square value	P-value	Order of strength
Time of data collection	10.759	0.005	1
Convenience	7.030	0.008	2
New product presentation	6.905	0.009	3
Friendly staff	8.645	0.013	4
No queues	4.751	0.029	5
Same location	6.520	0.038	6
Family atmosphere	9.677	0.046	7
Security	3.917	0.048	8
Good display	3.674	0.055	9
Branch of supermarket	10.569	0.061	10
Gondola ends	4.618	0.099	11
Shopping list	4.481	0.106	12
Motivation	29.027	0.113	13
Quality of layout	2.463	0.117	14
Attractiveness of products	4.151	0.125	15
Loyalty	1.400	0.237	16
Similarity of products	1.165	0.280	17
Loyalty	3.797	0.150	18
Choice of products	1.763	0.414	19
Display image	0.820	0.664	20
Importance of standardisation	0.758	0.685	21
Criteria of good layout	2.124	0.713	22
Location on shelves	0.333	0.847	23
Same quality	2.954	0.86	24
Less time to shop	0.111	0.946	25
Location of product	6.59	0.971	26
Quality display	0.001	0.979	27

The Pearson's chi-square analysis shows that the variables, 'Convenience of shopping' and 'New product presentation' is strongly associated with the dependent variable x22. The other variables with a p-value less than 5% are also correlated with the key variable x22 but have a lesser significance.

The variable 'No queues' might appear strange, but this can be justified by the fact that people who plan their purchases want to shop quickly and thus prefer the paying queue to be not too long, compared to impulsive buyers who take their time in shopping and enjoy their shopping when the environment is pleasant and attractive.

4.4.4.3. Discriminant analysis for hypothesis H3

The discriminant analysis presents the results of the analysis of variable x22 through three sub-analyses of the test of equality of means, the structure matrix and the classification function coefficient analysis.

Firstly, the test of equality of means points out the significant difference between the dependent variable x22 and the predictor variables of study and the existence or not of a relationship between those variables.

Table 4.26 compares Group 1 (impulsive purchasers) and Group 2 (planned purchasers) with respect to 22 of the 27 variables of study selected for discriminant analysis - 5 of the 27 variables were discarded because they failed the minimum tolerance test. Table 4.26 shows that the 2 groups differ significantly from each other with regard to 3 of the 22 variables selected for comparison, at the $\alpha = 0.05 = 5$ per cent level of significance.

Table 4.26. Test of equality of group means for x22

Variable	Wilk's lambda	P-value	Difference
Time of data collection	.999	.658	No
No queue	.978	.031	Yes
Quality of display	1.000	.991	No
Motivation	.997	.465	No
Display image	.998	.489	No
Choice of product	.999	.734	No
Shopping list	.997	.401	No
Good display	.984	.069	No
New product presentation	.970	.012	Yes
Location of products	1.000	.852	No
Location on shelves	.999	.692	No
Attractiveness of presentation	.990	.143	No
Gondola ends	.979	.034	No
Criteria of good layout	1.000	.886	No
Similarity of products	.994	.273	No
Same quality	.986	.091	No
Loyalty	.994	.253	No
Same location of products	.981	.045	Yes
Importance of standardisation	.997	.400	No
Less time to shop	1.000	.802	No
Loyalty	.986	.088	No
Family situation	.987	.097	No

The second sub-analysis, the structure matrix, gives the list of the most important variables (listed in Table 4.27), by order of strength, which have a relationship with the key variable x22.

Table 4.27. The structure matrix (list of important variables) for x22

Variable	Structure matrix coefficient	Order of strength
New product presentation	.373	1
No queue	.319	2
Gondola ends	.312	3
Same location of products	-.295	4
Good display	.268	5
Loyalty	-.251	6
Same quality	.249	7
Family situation	-.244	8
Attractiveness of presentation	.215	9
Loyalty	.168	10
Similarity of products	-.161	11
Importance of standardisation	.124	12
Shopping list	.123	13
Motivation	-.107	14
Display image	.102	15
Time of data collection	.065	16
Location on shelves	.058	17
Choice of products	.050	18
Less time to shop	-.037	19
Location of products	.027	20
Criteria of good layout	.021	21
Quality of display	.002	22

Variables ordered by absolute size of correlation within function

Thirdly, the classification function coefficient analysis (listed in Table 4.28), for the estimated function x22, confirms the findings of the structure matrix analysis and provides two functions for each level of x22 (D1 and D2), which provide a model that predicts what the attitude of shoppers will be towards unplanned motivation to purchase and all the other predictor variables.

Table 4.28. Classification function coefficients for the estimated discriminant function for

x22

Predictor variable	Coefficient for Group 1	Coefficient for Group 2
Time of data collection	4.719	4.753
No queue	46.340	47.726
Quality of display	61.049	61.252
Motivation	.420	.402
Display image	2.902	2.952
Choice of product	6.434	6.581
Shopping list	4.033	4.369
Good display	4.958	5.263
New product presentation	6.448	7.185
Location of products	.869	.848
Location on shelves	.443	.365
Attractiveness of presentation	.739	1.016
Gondola ends	2.396	2.883
Criteria of good layout	3.624	2.552
Similarity of products	22.326	21.594
Same quality	26.908	28.136
Loyalty	9.202	10.279
Same location of products	1.208	.575
Importance of standardisation	-3.550	-3.429
Less time to shop	4.237	4.162
Loyalty	.240	-.504
Family situation	3.719	3.518
(constant)	-196.067	-202.263

Fisher's linear discriminant functions

The estimated discriminant function for Group 1 (impulsive purchasers) is given as follows:

$$D1 (x_{22}) = -196.067 + 4.719 * \text{Time of data collection} + 46.340 * \text{No queue} + \dots + 3.719 * \text{Family situation}$$

The estimated discriminant function for Group 2 (planned purchasers) is given as follows:

$$D2 (x_{22}) = -202.263 + 4.753 * \text{Time of data collection} + 47.726 * \text{No queue} + \dots + 3.518 * \text{Family situation}$$

D1 (x22) and D2 (x22) are linear discriminant functions that can be used to estimate Fisher's linear discriminant function coefficient for randomly identified respondents in Groups 1 and 2 using their values from the 22 predictor variables.

4.4.4.4. Major findings for hypothesis H3

The following (listed in decreasing order of strength) are the main factors leading to impulsive buying behaviour:

- (1) Good display
- (2) New product presentation
- (3) Gondola ends
- (4) Same quality of products
- (5) Shopping list
- (6) Attractiveness of presentation
- (7) Criteria of good layout
- (8) Display image

The study also gives the following eight interesting cross-tabulations of the main important factors quoted above:

Table 4.29. Cross tabulation 'unplanned motivation' and 'good display'

Perceived influence of good display on impulse purchasing quality display	Motivation to buy		
		Impulsive	Planned
	Strong	82/210 39%	51/210 24.2%
	Low	37/210 17.6%	40/210 19%

Only 82 of the 210 respondents in the study purchase spontaneously and are influenced by good display.

Table 4.30. Cross tabulation 'unplanned motivation' and 'new product presentation'

Motivation to buy and its influence on impulse purchase of new products presentation	Motivation to buy		
		Impulsive	Planned
	Strong influence	93/210 44.2%	56/210 26.6%
	Low influence	26/210 12.3%	35/210 16.6%

Only 93 of the 210 respondents in the study purchase spontaneously and are influenced by new product presentations.

Table 4.31. Cross tabulation 'unplanned motivation' and 'gondola ends'

Motivation to buy and its influence on impulse purchase of products displayed on gondola ends	Motivation to buy		
		Impulsive	Planned
	Strong influence	94/210 44.7%	61/210 29%
	Low influence	25/210 11.9%	30/210 14.2%

Only 94 of the 210 respondents in the study purchase spontaneously and are influenced by products displayed on gondola ends.

Table 4.32. Cross tabulation 'unplanned motivation' and 'same quality of products'

Motivation to buy and its influence on impulse purchase of same quality products in the same retailing chain	Motivation to buy		
		Impulsive	Planned
	Strong influence	13/210 6.19%	4/210 1.9%
	Low influence	106/210 50.4%	87/210 41.4%

Half (50.4%) of the respondents in the study purchase spontaneously but do not consider the homogeneity of product quality in grocery retailing chains to be important.

Table 4.33. Cross tabulation 'unplanned motivation' and 'shopping list'

Motivation to buy and its influence on impulse purchase products not on the shopping list	Motivation to buy		
		Impulsive	Planned
	Low influence of impulse purchase on product planned on the shopping list	79/210 37.6%	53/210 25.2%
	High influence of impulse purchase on product not planned on the shopping list	40/210 19%	36/210 17.1%

37.6% of the respondents in the study purchase spontaneously even if they have made a shopping list and try to adhere to it.

Table 4.34. Cross tabulation 'unplanned motivation' and 'attractiveness of presentation'

	Motivation to buy				
Motivation to buy and its influence on impulse purchase of products displayed with attractive presentation		Impulsive		Planned	
	Strong influence	111/210	52.8%	77/210	36.6%
	Low influence	8/210	3.8%	14/210	6.66%

Just over half, (111 of the 210) of the respondents in the study purchase spontaneously and are attracted by product presentations.

Table 4.35. Cross tabulation 'unplanned motivation' and 'criteria of good layout'

Motivation to buy and its influence on impulse purchase of products displayed with criteria of good layout	Motivation to buy				
		Impulsive		Planned	
	Strong influence	62/210	29.5%	75/210	35.7%
	Low influence	17/210	8.09%	16/210	7.6%

Only 62 of the 210 respondents (29,5%) in the study purchase spontaneously and are sensitive to the criteria of good layout presentation. The highest percentage (35,7%) corresponds to respondents who planned their purchase, but also enjoyed product displays within a good layout.

Table 4.36. Cross tabulation 'unplanned motivation' and 'display image'

Motivation to buy and its influence on impulse purchase of products displayed with good display image	Motivation to buy		
		Impulsive	Planned
	Strong influence	115/210 54.7%	84/210 40%
	Low influence	4/210 1,9%	3/210 1.4%

Only half (115 of the 210) of the respondents in the study purchase spontaneously and are sensitive to the display image.

4.4.4.5. Discussion of the results for hypothesis H3

The main results that can be extracted from the frequencies, percentages and discriminant analysis are that 56.7 per cent of the respondents in the study admit that they buy unplanned products. Only 39 per cent do spontaneous purchases because of the good display of products inside the store, 44 per cent because of the attractiveness of new product presentation, 44 per cent because they are attracted by product displays on gondola ends, and 54.8 per cent because their perception of the display image is good. Thus it is obvious that there is a positive relationship between perceived quality of merchandising and unplanned motivation to buy. However, not all of the respondents of the study have given consistent answers, and that leads to only a partial acceptance of hypothesis H2. In fact, 66.7 per cent of the respondents in the study do not adhere to their shopping list and only 56.7 per cent recognise that they buy items on impulse due to perceived good quality merchandising of the store's display. So about 10 per cent of the respondents are not aware of the fact that they do purchase spontaneously. Thus, the relationship between good perceived quality merchandising and unplanned motivation to purchase is clear, because

54.8 per cent of the respondents of the study buy, spontaneously, unplanned items because of the good display image of the store. The fact that some of the consumers are not aware of their impulsive behaviour prevents hypothesis H2 from being fully accepted.

4.5. IMPLICATIONS

The results of the study indicate that merchandising activities play an important role, in the grocery retailing industry, as a tool to influence consumer buying behaviour (unplanned motivation to purchase). South African grocery retailing companies do have comprehensive merchandising plans already established, or are in process for some of them, as the results of the qualitative analysis have indicated. The high level of quality merchandising in South African grocery retailing companies could be a response to their attempt to increase sales and store image. Sound merchandising planning has been regarded as essential for the survival of European and North American retailing companies which desire to increase their market shares and their recognition on a national scale, as well as their success in other countries as shown in the secondary research (literature review). The study also shows that the majority of the consumers interviewed are influenced by good quality and standardised merchandising.

Overall results of the analysis also identify that the sub-objectives of the study have been achieved:

1. Standardised merchandising influences, indirectly, impulse purchasing behaviour through a pleasant, agreeable and convenient shopping environment.
2. Sales promotions are perceived by consumers as more favourable through better quality merchandising.
3. The quality of merchandising is a factor that principally influences the unplanned motivation to buy.

Several clear trends have emerged regarding the consumer's expectations, relative to the way they do grocery shopping. A lot of changes have occurred based on the new socio-economic developments and trends in South Africa. For example, the increase in female employment and the fact that people want to spend more time on leisure/entertainment than on grocery shopping, which is seen as a routine or laborious task. As a result, the findings presented in this report provide strong support for the finding that grocery retailers will have to continue concentrating their activities at facilitating their customers' shopping trip, making their shopping attractive and pleasant.

Finally, the grocery retailer's new task is likely to be to change the consumers' shopping trip from the laborious and routine grocery shopping task of today to the 'Entertainment shopping trip', which will increase impulse purchases of promotional and non promotional products, and which will lead to an improvement of the store's and group's image, and thus to increased store sales.

To improve their individual company performance in a competitive environment, grocery retailing managers have based their efforts, to strengthen their store image on a global basis, on standardised and quality merchandising, which convey a good image of stores belonging to the same chain. Branch managers should thus particularly pay attention to the following:

1. Top management commitment to merchandising quality
2. The availability of a quality merchandising policy and manual
3. The recognition of customers
4. Staff training in merchandising

5. Determination of the cost of merchandising activities
6. Continuous improvement of merchandising

Higher standardisation and quality merchandising improvement have proved essential for grocery retailing companies to stay in operation in the competitive international environment. Category management is the way of managing for the future. It is a way of managing grocery retail business processes to ensure complete customer satisfaction and increased sales through an increase of impulsive (unplanned) purchase, loyalty and a good store image.

The following chapter will summarise the findings of the previous chapters, draw general conclusions, and make recommendations for further research.

Chapter 5 - Conclusions and Recommendations

5.1. INTRODUCTION

5.1.1. INTRODUCTION

In this last chapter, a general profile of merchandising and visual merchandising activities will be drawn. This is done by summarising the findings of the previous chapters, and drawing general conclusions related to the hypotheses, sub-objectives and objectives of the study. Conclusions about the importance of merchandising and visual merchandising activities in maximising in-store profitability of grocery retail firms, their level of standardisation and quality, their impact on increasing sales promotion and increasing sales of products with high profit margins will be established. Finally, recommendations for furthering merchandising and visual merchandising activities of retailers, and recommendations for further research, will be provided.

Moreover, it is essential that this research makes a distinct contribution to the body of knowledge, in so far as relatively little research has been done on this topic (implication of visual merchandising activities in grocery retailing firms and their impact on consumer buying behaviour, in-store profitability and store recognition), especially in South Africa where there is very little information about consumers' impulsive purchase behaviour and visual merchandising activities.

This research provides a new picture of:

- What South African grocery consumers expect from their grocery stores.
- What kind of changes grocery retailing firms, in terms of merchandising and visual merchandising activities, have to experience to increase their profitability through increasing consumer impulse purchase.

- What kind of relationship there is between merchandising and visual merchandising activities and maximising in-store profitability.

5.1.2. CONTRIBUTION MADE BY THIS RESEARCH

This research contributes to increased knowledge of different stakeholders as follows:

- Public Sector Actors

This research will help the public sector actors to better understand the grocery retailing firm, and according to the trends and recommendations illustrated in the study, they could promulgate efficient laws to protect consumers and to improve their shopping environment and the information available to enable them to select product more intelligently.

- Private Sector Managers

The recommendations of the research will enable the private sector managers to identify what the different consumer purchasing behaviours are and how merchandising and visual merchandising activities can improve and influence the needs and desires of consumers through better marketing plans.

- The Academic Community

Which will now have a better understanding of the evolution of grocery retailing merchandising activities in South Africa, what has been done, and what still has to be done and improved. The academic community will have a better understanding of South African consumers' impulse behaviour in purchasing grocery retail products, how retailers can manage it, and what the effects on profitability and store brand recognition are.

It is important to underline that the benefits resulting from the study will not only help South African stakeholders. The results will also interest stakeholders on an international scale:

- Public Sector Actors

The research will enable the international public sector actor to have a concrete vision of the state of South African grocery retailing and the evolution of merchandising activities in South Africa. Thus, the public sector actors will be able to implement specific international policies, specifically with better understanding of the South African grocery market, and moreover they could protect the country from emergence of international competitors in the grocery retailing sector or, on the contrary, facilitate the development of international competition in the grocery retailing market.

- Private Sector Managers

The research will give information to private sector managers in the grocery retailing market and the improved merchandising activities will enable them to expand and adapt their retailing store concept (as Wal-Mart - US; Carrefour - France; Metro - Germany) in developing countries, and maybe soon in South Africa. This research will enable those foreign actors and also South African retailers to have a complete overview of the FMCG market and of the behaviour of the South African consumers.

- The Academic Community

The research will enable the academic community to determinate the criteria of efficient merchandising and visual merchandising activities that influence consumer buying behaviour.

5.1.3. SUMMARY OF FINDINGS FROM THE LITERATURE REVIEW

This sub-section provides a picture of what the evolution of the FMCG industry has been on a global and national scale, the importance of managing impulsive consumer behaviour to increase sales and profitability, and the issues of merchandising and visual merchandising activities through better standardisation in order to increase in-store profitability and to increase the sales of products with high margin.

5.1.3.1. The twentieth century: the emerging power of grocery retailing chains.

Retailing is a very competitive field, and the only way to survive in this environment is to find ways and issues to realise profits. Economies of scale, power of negotiation over suppliers, and size of the distribution network (numbers of store) are the main determinants to succeed in the grocery retailing market.

Today, retailing is dominated by huge organisations, such as hypermarkets, supermarket chains, department stores, warehouse clubs, and other general merchandise discounters, and the small traditional and independent stores have no way to survive and have no power of negotiation over suppliers, hence they are faced with the impossibility of competing on price with the big actors in the market.

In the twentieth century the fusion and acquisition of firms in the grocery sector has been the most common and unique way to increase ROI (Return on Investment). For retailing groups it is cheaper to buy and rename a supermarket or a store than to build a new one.

In the free trade environment, international retailing firms such as Wal-Mart, Carrefour, and Metro have succeeded to build extremely strong and powerful distribution networks all around the world, and are able to compete with national companies on local markets. In South Africa, government has tried to avoid the invasion of foreign companies by passing protectionism laws regulating the retail market. However, this situation cannot stay like this forever and South Africa will soon be forced to open its boundaries to international firms due to political and economical pressures. Then South Africa will have to compete with powerful international actors, and even if South African retailers have the advantage of knowing their local market better than international players and have the advantage of 'the first player', and have a kind of brand recognition present in South African consumers, they will still have to develop other solutions to survive in this new international competitive environment.

Technological and innovation issues will help South Africa retailers to be more competitive and to play on the same basis as international actors.

South African retailers have to develop the same methods of distribution as those of developed countries. They have to develop strong national grocery chains to be prepared for the invasion of international retailers. Also, they have to benchmark the international competitors' methods, above all their merchandising methods.

Through the merger of Shoprite and Checkers, the South African grocery sector have a new structure to be able to compete with international players, while the Pick'n Pay group, by developing huge supermarket centers, is also trying to be one of the main actors in this field.

South African retailers also have to adapt themselves to the evolution of national demand. South African consumers can now be seen as international consumers, with media proliferation, availability of Internet, more informed, more rational in their way of buying, and their shopping habits. Retailers have to develop solutions to understand and influence consumer shopping behaviour. Through technological and marketing activities retailers have the cards in their hands to increase their stores' efficiency by responding more accurately to consumers' needs and expectations.

5.1.3.2. The importance of merchandising and visual merchandising activities to increase in-store profitability through managing impulsive consumer behaviour

Most of the grocery retailing consumers do not adhere to their shopping list and are attracted to buy other products. The role of merchandising manager is to develop merchandising strategies to influence shoppers to buy more on impulse. To be more attractive to consumers, products have to be attractive, well-presented and, if they are on promotion, they should be lit up to differentiate them from other products. Merchandising managers have also to develop solutions to display products that will influence consumers' choice and on which the store will realise the highest margin. Moreover, merchandising managers have to integrate the local habits of South African consumers. For example, in the West Cape consumption habits will differ from those on the East Coast.

Merchandising and visual merchandising activities offer a broad range of opportunities aimed at helping retailers to serve customers better and gain higher ROI from efficient, profitable space and product management.

Merchandising and visual merchandising activities are the bases of an integrated category management process, offering strategic recommendations on assortment planning, space allocation, inventory levels, positioning, pricing and promotional activity.

Merchandising and visual merchandising have the function of creating the environment of shopping of a retail store, encouraging the shopper to stop in the aisles, to be more attracted by specific products on promotion, and to develop impulsive purchasing behaviour by customers.

Visual merchandising is comprised of six components: image, layout, presentation, signing, display and events. The merchandising and visual merchandising enable a grocery chain to develop a store image based on trademarks and on its corporate logos. An identifiable trademark adds a visual image to the memory recall of a store name, by combining words and pictures, colour, shape, typeface, texture and/or style to make it stand out. The trademark created by merchandising and visual merchandising is the reflection of a store's products and services.

Through good and standardised merchandising, companies can create an homogeneous atmosphere and environment in their chain's stores, such that it creates, inside customers' minds, an image of constant quality and service about the group's name, and develops loyalty to the store's trademark.

In conclusion, it is important to observe that even if consumers have their own expectations, needs and tastes, retailers, through merchandising and visual merchandising, can influence consumers' choice and increase their impulsive buying behaviour, which will, consequently, increase in-store profitability and increase the sales of products with high margin.

5.2. CONCLUSIONS REGARDING THE RESEARCH QUESTIONS AND HYPOTHESES

5.2.1. INTRODUCTION

In this second part of chapter five, conclusions about each research hypothesis are presented and the findings are summarised according to the results of the empirical survey and the qualitative survey. For each of the three hypotheses, a link will be established between the results of the empirical survey and the literature review in order to underline if there is a correlation between South African consumer buying behaviour and the merchandising activities described above.

5.2.2. HYPOTHESIS 1

It is hypothesised that there is a positive correlation between standardisation of in-store merchandising and impulse purchasing behaviour.

5.2.2.1. Results of empirical survey

As is indicated in the conclusion in section 4.4.2.5 concerning the results of hypothesis 1, there is an indirect relationship between standardised merchandising and impulse purchase. A standardised layout leads to easier and more attractive shopping, which leads to spontaneous purchase.

Thus, a more attractive, enthusiastic, and pleasant shopping environment, created by standardised merchandising, will create recognition by the public of the chain trademark and image, which will encourage customers to buy spontaneously.

5.2.2.2. Relationships

From the literature review in sections 2.5.3.4., 2.7.2., 2.5.3.5. and 2.6.1., it can be seen that there is a positive relationship between the standardisation of chain store merchandising and the impulsive buying behaviour of consumers.

The above happens because firstly, standardised merchandising enables store recognition and an attractive shopping environment, and secondly consumers are confident that the trademark is synonymous with a secure and pleasant shopping environment, which makes them feel better, happy to shop, and more open to buy spontaneously.

5.2.3. HYPOTHESIS 2

It is hypothesised that there is a positive relationship between the perceived quality of merchandising display and sales promotion items.

5.2.3.1. Results of empirical survey

According to the conclusion in section 4.4.3.5. concerning the results of hypothesis 2, there is a positive relationship between the perceived quality of merchandising and sales promotion, in so far as the results show that higher quality visual merchandising encourages high sales of products on promotion.

In addition, the conclusion in section 4.4.3.5. indicates the three main factors linked with the purchase of products on promotion through good quality visual merchandising. These factors are the following:

- If customers have not planned to buy the product and it is not on their shopping list

- If the product is a new product
- If the product is displayed on gondola ends

5.2.3.2. Relationships

In the literature review in sections 2.2.5.2., 2.7, and 2.6.4. it has been clearly identified that promotional products that are well displayed through good merchandising encourage an impulsive buying reaction in consumers. In other words, those who haven't planned to buy the product are influenced to purchase products on promotion if they are visually attractive.

In conclusion it can be said that products on promotion, according to their in-store presentation, have the potential to attract the shopper and motivate them to buy.

5.2.4. HYPOTHESIS 3

It is hypothesised that there is a positive relationship between perceived quality of store merchandising and impulse purchase.

5.2.4.1. Results of empirical research

As is indicated in section 4.4.4.5. concerning the results of hypothesis 3, it can be seen that a lot of consumers are not aware of their impulsive behaviour, so hypothesis 3 can only be partially validated. Thus, the relationship between perceived good quality merchandising and unplanned motivation to purchase is indirect.

have the power to influence the consumer to spontaneously buy specific products, ideally those with high margins.

In a retail business, such as grocery retail, the continuous monitoring and development of customer satisfaction is a matter of strategic importance. It is important to influence consumer impulse behaviour, to understand their preferences and requirements, and to benchmark other retailers' strategies in order to be in a constant innovation process which could lead to improving shoppers' satisfaction and store profitability.

5.5.4. STRONG BRAND RECOGNITION

This last point is the most important. The development of strong brand recognition must be taken into account to enable retailers to play on the same level playing field as international players. The power of world leader retailers is their world-wide recognition, caused by the number of their stores around the world. Independent merchandising action, even of a high quality, can not be enough to face a new powerful entrant, as merger and acquisition practices are common in the grocery retailing environment and an independent retailer has a high chance of being absorbed by big players. Thus, the development of standardised merchandising and visual merchandising practices (whatever the retail format, franchised or grouped networks) enable a store chain to develop an image in the consumer's mind, which will implicitly communicate a message to the consumer that "if you come to our store, wherever you are, you will always find good service, good hygiene conditions and pleasureable shopping". If all the stores belonging to the same brand name have the same merchandising and visual merchandising policies, shoppers are confident to shop in the store (of a specific chain) where they are certain to find the same quality standards in terms of products, assortments, easy shopping through convenient aisles, and

good layout presentation, and they will become more and more loyal to the store chain wherever it is located. The shopper wants shopping to be a pleasure, he doesn't want to lose time, and he wants to have a good shopping experience. Through standardised merchandising (layout presentation, display, pleasure of in-store shopping trip), retailers have the tools to develop strong brand recognition and compete on the same scale as international players.

5.6. SUGGESTIONS FOR FURTHER RESEARCH

5.6.1 INTRODUCTION

In this last part of chapter 5, some guidelines for further research are established in order to help other researchers in the selection and design of future research. The main objective would be to generalise the findings of this research in the context of the new economy and to confirm the extrapolation of the results to other retail concepts (i.e. non-grocery retail industries).

5.6.2. GUIDELINES

This study has pointed out the impact of managing merchandising activities in the grocery retail field, and its impact on brand recognition and profitability through an increase in spontaneous purchase.

Further research could focus on other retail networks. The intensification of e-commerce on the Internet has opened the door to the development of e-visual merchandising. Indeed, in developed countries the traditional retailers now have other competitors, that is, virtual competitors. In South Africa, although consumers are not as numerous in 'surfing' and buying on the web, it is important to point out that in other countries, even in developing countries such as Mexico, the web and e-commerce can facilitate everything from co-ordinating store fixturing programs to ordering of point of purchase materials and co-op advertising, to reporting on store merchandising and even to selling.

The second area for further research could be the extension of this research concerning the grocery retailing market to other non-food retailing markets. Since it has been assumed that

impulse purchases are linked with the level of standardised merchandising and the perceived quality of merchandising and visual merchandising, this scheme could be transposed to other fields. Further research could focus on the evolution of this new store concept and how merchandising activities of this new store concept (e.g. the concept of Virgin's megastore or Sephora stores) can influence consumer buying behaviour and increase profitability.

Finally, the notion of brand recognition through better communication of the store image can be more deeply analysed and further research can be done on specific elements which can be used by retailers to increase their brand recognition through, mainly, merchandising activities, but also through loyalty card programs. This could be the perfect link to go deeper into the problem of how merchandising activities can be developed to increase brand recognition on a local scale and on an international scale, and how by thinking globally, retailers can act locally.

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APPENDICES

APPENDIX 1: QUANTITATIVE CONSUMER QUESTIONNAIRE

PART "A" CHARACTERISTICS OF THE CUSTOMER BUYING BEHAVIOUR

Location :	- Name of the supermarket: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Shoprite / Checkers <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Pick n' Pay <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Spar <input type="checkbox"/> </div>	
	Which Branch? _____	
	- Location in the supermarket: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Principal entrance <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Display <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Counters <input type="checkbox"/> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Others _____ </div>	
	- Period of the day	<div style="display: flex; justify-content: space-between; margin-top: 5px;"> AM <input type="checkbox"/> Lunch <input type="checkbox"/> PM <input type="checkbox"/> </div>
	- Week-end	<div style="display: flex; justify-content: space-between; margin-top: 5px;"> Saturday <input type="checkbox"/> Sunday <input type="checkbox"/> </div>
	- Week	<div style="display: flex; justify-content: space-between; margin-top: 5px;"> Monday <input type="checkbox"/> Tuesday <input type="checkbox"/> Wednesday <input type="checkbox"/> Thursday <input type="checkbox"/> Friday <input type="checkbox"/> </div>

1- Do you purchase in this supermarket :

- Often ☐ 1
- Sometimes ☐ 2
- First Time ☐ 3

2- Which supermarket do you usually shop at?

- | | | |
|---------------------|----------------------------|------------------|
| Pick'n Pay | <input type="checkbox"/> 1 | Located: _____ |
| Shoprite - Checkers | <input type="checkbox"/> 2 | Located: _____ |
| Spar | <input type="checkbox"/> 3 | Located: _____ |
| Other | <input type="checkbox"/> 4 | Which one: _____ |

3- How often do you shop in this supermarket? (the shop where you actually are)

- < Once a week ☐ 1
- Once a week ☐ 2
- Twice a week ☐ 3
- > Twice a week ☐ 4

4- What motivates you to shop in this supermarket?

5- How important are the following factors in choosing a store to shop at?

1 (Very important) 2 (Important) 3 (Not Important)

	1	2	3
Convenience (well located)			
Does the shop look clean and hygienic			
Good organisation of the displays			
A lot of price promotions			
Good presentation of the shelves and layouts			
Quality of the products (e.g. meat, bread, fruit, vegetable)			
Staff: friendly, helpful			
Staff: Knowledgeable			
Choice of products			

6- Do you usually prepare a shopping list before going into a supermarket?

Yes ☐ 1

No ☐ 2

7- Do you follow your shopping list?

Completely ☐ 1

Partially ☐ 2

NA ☐ 3

8- What motivates you to buy unplanned items

-

9- Do the following factors influence you to buy products which you had not planned to purchase?

	Yes (1)	No(2)
Promotional products are very attractive		
Good display presentation of the product on shelves		
New products were very well presented and catch your attention		
Product available at low price		
Product was being demonstrated		

10- Regarding when you choose a product, tell me if the following things are

1 (Very important) 2 (Important) 3 (Not Important) in helping you to choose the product

	1	2	3
Where the product is located in the supermarket			
Where the product is located on shelves			
The range of products available			
The presentation (attractiveness) of the product on shelves			
The promotion price			

11- When you select a product on promotion which of the following factors influence your decision to buy

- 1- Most Important
- 2- Important
- 3- Not Important

	1	2	3
Gondola ends display			
Advertising poster inside the supermarket			
Coupons			
Advertising on television			
Advertising in leaflet			

12- Where do usually you get your coupons from? (choose only one answer)

- Near the product on display ☐ 1
- In magazines or newspapers ☐ 2
- In a special display unit reserved for coupons near the cashier ☐ 3
- Others ☐ 4
- _____
NA ☐ 5

13- When you buy products that are on promotion, does the quality of the layout presentation on the shelves influence your purchase? (for example, bright colours, good location on shelf)

- Yes ☐ 1
- No ☐ 2

14- Could you tell me what criteria of layout presentation influences your choice most?

(choose only one answer)

Bright colours of the display ☐ 1

Good lighting of the display ☐ 2

Products on shelf are at eye level ☐ 3

Others ☐ 4 _____

NA ☐ 5

PART "B" RELATIONSHIP BETWEEN CUSTOMER AND SUPERMARKET

15- Do you shop occasionally in another supermarket?

Yes ☐ 1

No ☐ 2

16- In which one?

Pick 'n Pay ☐ 1

Hyperama ☐ 2

Shoprite - Checkers ☐ 3

Spar ☐ 4

Other ☐ 5

NA ☐ 6

Which one: _____

17- In Durban, or in other towns, have you ever shopped in another branch of the same supermarket where you shop normally?

Yes ☐ 1

No ☐ 2 (Go to Q21)

18- If yes, Why?

-

19- Does the supermarket look the same as this one?

Yes ☐ 1

No ☐ 2

NA ☐ 3

20- In what way does it look the same? (Maximum 3 answers)

- Same location of the products in the supermarket ☐ 1
- Same promotions at the same time ☐ 2
- Same range of prices ☐ 3
- Same level of cleanliness ☐ 4
- Same quality of products ☐ 5
- Same staff quality ☐ 6
- NA ☐ 7

PART "C" NEED FOR STANDARDISATION IN A SUPERMARKET CHAIN

21- How important is it that the layout presentation of all products are the same in each supermarket chain, whatever the town or the location in the town?

- 1- Very important ☐ 1
- 2- Important ☐ 2
- 3- Not Important ☐ 3

22- Rate the factors that justify the importance of having the same standardised layout and displays in all the branches of a supermarket chain.

- 1- Very important 2- Important 3- Not Important

	1	2	3
Takes less time to shop			
Is generally easier to shop			
Same products on promotion at the same time			
Sure of the quality of the shop			
Same stores' atmosphere			
Same location of the products in the supermarket			
Sense of familiarity, feel at home			
Loyalty to a supermarket chain			

PART "D" DEMOGRAPHIC QUESTIONS

23- What category of monthly household income do you fit into?

- R 0 - R 2 499 ☐ 1
- R 2 500 - R 5 999 ☐ 2
- R 6 000 - R 9 999 ☐ 3
- R 10 000 - R 14 999 ☐ 4
- R 15 000 - R 19 999 ☐ 5
- R 20 000 or more ☐ 6

24- What is your Employment Status?

- Working ☐ 1
Not working ☐ 2

25- Gender

- Male ☐ 1
Female ☐ 2

26- Age:

- 20-29 ☐ 1
30-39 ☐ 2
40-49 ☐ 3
50 or more ☐ 4

27- Ethnic group:

- White ☐ 1
Black ☐ 2
Indian ☐ 3
Coloured ☐ 4

28- Family situation:

- Single ☐ 1
Married without children ☐ 2
Married with children ☐ 3
Divorced ☐ 4
Widowed ☐ 5

29- Educational Level:

- Completed Primary school ☐ 1
Some high school ☐ 2
Completed matric/ 'O' levels ☐ 3
Some post matric studies ☐ 4
Completed Degree Diploma ☐ 5

30-Residential Area in Durban: _____

(Where do you live in Durban?)

APPENDIX 2 : QUALITATIVE QUESTIONNAIRE - MANAGERS

Name of the supermarket:	_____	Location:	_____
Name of the manager:	_____		
Year of creation of the shop:	_____		
Date of the Interview:	_____		

1- Have you got a lot of autonomy in the way you want to display the products in the store?

Yes ☐ No ☐

Comments: _____

2- Does the central headquarters give you specific instructions concerning the location of your products in your store in order to have homogeneity in all the stores belonging to your chain?

Yes ☐ No ☐

Comments: _____

3- Have you got planograms?

Yes ☐ No ☐

a- Do the headquarters of your chain insist on you using their standardised planograms?

Yes ☐ No ☐

b- Do all the supermarkets of your chain use these standardised planograms?

Yes ☐ No ☐ Don't Know ☐

c- Are you free to develop your own planograms?

Yes ☐ No ☐ If yes : up to which level?

Comments: _____

- 4- Can you please tell me if the following policies of your company are standardised or customised?

	Standardised	Customised
Price policy		
Marketing policy		
Staff policy		
Delivery policy		
Merchandising policy		
Other:		

Comments: _____

- 5- Have you got a special book which explains how to manage or to develop your merchandising policy?

Yes ☐ No ☐

Comments: _____

- 6- Do you have regular meetings to speak about the standardisation of the merchandising in your supermarket chain with the other managers?

Yes ☐ What Frequency? _____
 No ☐

Comments: _____

