

# **Investigating The Consumer Protection Act (CPA) and promotional strategies of retail businesses in Durban**

**Submitted in fulfilment of the requirements of the degree of  
Doctor of Philosophy: Management Sciences  
specialising in Marketing  
in the faculty of Management Sciences  
at the Durban University of Technology**

**Marlini Moodley**

**March 2019**

**APPROVED FOR FINAL SUBMISSION**

---

**Supervisor: Professor K. Reddy  
B Com LLB LLM LLD**

---

**Date**

---

**Co-supervisor: Professor D. Penceliah  
PhD**

---

**Date**

## **ABSTRACT**

It was imperative for the Consumer Protection Act 68 of 2008 (CPA) to be enacted in order to assist historically disadvantaged individuals to fulfil their rights and to promote their full participation as consumers. In the past, under-privileged consumers did not have the required information to protect themselves as consumers nor did they enjoy access to legal representation. With significant levels of poverty and unequal distribution of income, high litigation costs presented a challenge for a consumer seeking justice. Historically, consumers suffered a host of abuses, including bait advertising; misleading advertising; suppliers failing to honour guarantees; non-disclosure; sub-standard product quality; and terms that were unfair. Recognising the fact that economic marginalisation is serious and unjust, the CPA was designed to prevent businesses from gaining a competitive advantage by engaging in unfair business practices.

The overall aim of the empirical study was to evaluate the implications of the CPA for retail businesses in Durban, with a focus on the promotional strategies currently used by businesses in the sample. The study reviews related literature on the significance and challenges of retailing; the marketing mix; promotional strategies; the complexities of customer retention and market segmentation; the various types of promotional tools; the promotional mix; as well as preferred, cost-effective promotional strategies and CPA compliance in general. It was established from the literature review that retailers prefer cost-effective promotional strategies. Email marketing continues to be the most inexpensive and effective way to stay in contact with a customer. The empirical study explores particular aspects relating to the promotional strategies that retail businesses in Durban are presently using, such as their preferred choice of such strategies; the provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban; the measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA; and the implications of the implementation of the CPA on promotions expenditure for retail businesses in Durban.

The study adopts both quantitative and qualitative methodologies. In total, 400 questionnaires were despatched and 330 were returned, which generated a response of 82.5 %. Eighteen structured interviews were also conducted with marketing managers and business owners. The findings from the study indicate that radio advertising, SMS, email and telesales are used by the businesses in the sample. In-store promotions are conducted

by 61% of the participants. Other promotional strategies used by the participants include vehicle branding, distribution of handbills, E-commerce, telesales to existing and potential customers, calling on customers by marketing representatives, newspaper advertising and website advertising. Opt-in email and SMSs campaigns, social media, in-store promotions, vehicle branding and trailer advertising are the preferred promotional strategies in these businesses. Businesses' preferences for promotional tools are based on cost and reaching a larger target audience quickly.

A framework to assist all retail businesses in South Africa with the impact of the CPA on promotional strategies of retail entities is proposed. The framework, with transformation in a historically disadvantaged society as a backdrop, meets legal requirements, offers a pro-consumer approach to retailers, enhances business reputation and aims to increase the bottom-line. The study also concludes that the CPA aims to bring about fairness and transparency in consumer-related transactions and encourages good business practises for suppliers of goods or services. However, businesses are being forced to adopt more expensive and labour-intensive measures to address the restrictions of the CPA.

**Keywords:** Promotional Strategies, the Consumer Protection Act, promotions, the CPA and promotions expenditure, provisions of the CPA, CPA and marketing, CPA compliance.

## DECLARATION

This work has not been previously accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Signed:.....

Date:.....

This submission is the result of my own independent work/ investigation, except where otherwise stated. Other sources are acknowledged giving explicit reference. A bibliography is appended.

Signed:.....

Date:.....

I hereby declare that I was initially registered as a student in my maiden name (Nair). I am now married and my surname has changed to Moodley. Therefore the letters to the respondents and letters of information and consent are in my maiden name.

Signed:.....

Date:.....

I hereby give consent for my work to be available for photocopying and for inter library loan, and for the title and summary to be made available to external organisations and future students.

Signed:.....

Date:.....

## ACKNOWLEDGEMENTS

I wish to thank our Almighty God for carrying me through the duration of my studies. God answers prayers. He always sent me all the resources, Devine help and strength that I needed (Psalm 121:1).

My sincere thanks go to my supervisor, Professor Tony Reddy, for patiently guiding me through this entire study. His humility, knowledge and passion for law as a subject is inspiring. I am truly blessed to have had him as my mentor. Besides my supervisor I wish to thank the rest of the thesis team: my co-supervisor Professor Darry Penceliah; the statisticians Deepak Singh, and Lucas Matshefeni; the editor Mercillene Mathews and the Academic Librarian Sara Mitha for all her assistance and for conducting the Turn-It-In test.

I dedicate this research study to my late dad, Sandrakasen Nair. My dad always believed in me and fortified me with his love. I can just imagine him smiling down on me right now. The loss of my adorable mum (Dolly) in 2016 has left a void that no one will be able to fill. Mum was always eager to know what I was busy with, always encouraging, yet never fully grasping what it all entailed. Her presence was enough for me.

Thank you to my darling children Saiën and Prichelle for all the love, support and encouragement. They are both specialists in their own right. I adore them both immensely. I cannot thank my dearest husband Indrasen (Brian) Moodley enough, for being a part of me in every way. His humourous, succinct, albeit sublime personae helped create a warm ambience that was always conducive to me achieving my goals.

I also wish to thank my brother Preggy (Vidya Pati Das) Nair for always encouraging me to excel. When I was young, he used to walk me every week to the library which was two kilometres away from our home in Chatsworth, and instilled in me outstanding values, and through him I developed a passion for reading and a flair for writing.

Last, but not least, thank you to DUT for the research funding.

## **LIST OF ACRONYMS/ ABBREVIATIONS**

CPA	The Consumer Protection Act
CTR	Click through rate
DMMA	Digital Media and Marketing Association
ECRM	Electronic Customer Relationship Management
HJP	Horizontal Joint Promotion
IMC	Integrated Marketing Communications
ROI	Return on Investment
SMEs	Small to Medium Enterprises
UN	United Nations
PESTEL	Political, Economic, Social, Technological, Environmental and Legal factors
DCC	Durban Chamber of Commerce
A & P	Advertising and promotions
SRS	Simple random sampling

## **LIST OF ANNEXURES**

Annexure 1	Letter of information and consent
Annexure 2	Research questionnaire
Annexure 3	Structured interview questions
Annexure 4	Statistician's report
Annexure 5	Responses from structured interviews
Annexure 6	Turnitin Report

## LIST OF FIGURES

Figure 3-1 Promotions-Conceptual framework.....	63
Figure 6-1 Education levels of the respondents .....	164
Figure 6-2 Category of the business .....	165
Figure 6-3 Number of years of experience of respondents in the marketing sector .....	166
Figure 6-4 Duration of employment.....	168
Figure 6-5 Employees directly involved with formulating marketing strategies .....	170
Figure 6-6 Other types of promotional strategies .....	206
Figure 6-7 Preferred promotional strategies.....	209
Figure 6-8 Reasons for the preferred methods of promotions.....	210
Figure 6-9 Section C- The provisions that affect promotional strategies .....	212
Figure 6-10 The impact of the provisions on businesses .....	228
Figure 6-11 The right to opt out of email campaigns .....	230
Figure 6-12 The consumer's right to the "cooling off period" .....	232
Figure 6-13 The impact of the provisions on businesses .....	234
Figure 6-14 Explanations as to why the provisions had an impact on the business .....	236
Figure 6-15 Measures adopted to address the restrictions of the CPA .....	239
Figure 6-16 Other measures use to address the restrictions imposed by the CPA .....	241
Figure 6-17 The implications of implementing the CPA .....	244
Figure 6-18 Promotions strategies used currently.....	246
Figure 6-19 Email and billboard campaigns .....	247
Figure 6-20 SMS and radio campaigns.....	248
Figure 6-21 Telesales to existing and potential customers .....	250
Figure 6-22 In-store promotions.....	251
Figure 6-23 Other promotional strategies.....	252
Figure 6-24 Preferred promotional strategies.....	253
Figure 6-25 The promotional tool that stimulates the most purchases .....	255



Figure 6-26 Cost-effective promotion strategies.....	256
Figure 6-27 Word map – Cost-effective promotional strategies .....	257
Figure 6-28 Changes to the promotional strategies since the CPA was implemented.....	259
Figure 6-29 The customer has the right to fair and honest dealing .....	270
Figure 7-1 Marketing strategies affect company reputation .....	311
Figure 7-2 Proposed framework for CPA-compliant promotional strategies for retail businesses .....	312

## LIST OF TABLES

Table 2-1 Retail sales at current prices (R million) .....	17
Table 6-1 Demographic characteristics of respondents .....	162
Table 6-2 Percentage of respondents that had formal training in marketing .....	167
Table 6-3 Level that the respondents are employed at .....	167
Table 6-4 Email campaigns – Age (in years) cross-tabulations .....	173
Table 6-5 Email Campaigns and educational qualifications cross-tabulations ....	174
Table 6-6 Email campaigns and gender cross-tabulation .....	176
Table 6-7 Chi-square testing- Preferred marketing methods .....	178
Table 6-8 Marketing strategies should not be discriminatory .....	179
Table 6-9 The implications of implementing the CPA.....	180
Table 6-10 KMO and Bartlett's Test .....	190
Table 6-11 Section B- Rotated Component Matrix.....	192
Table 6-12 Section C- Rotated Component Matrix.....	193
Table 6-13 Section D- Component Matrix .....	198
Table 6-14 Section E- Rotated Component Matrix.....	199
Table 6-15 Themes of the retailer questionnaire .....	202
Table 6-16 Section B-Scoring Patterns .....	204
Table 6-17 Preference for using a promotions company to promote products ...	207
Table 6-18 Preference of the organisation to use its staff to promote and market its products .....	208
Table 6-19 The privacy of customers must be respected.....	214
Table 6-20 Customers have the right to choose their products and suppliers.....	217
Table 6-21 The right to disclosure of information .....	220
Table 6-22 Fair and responsible marketing .....	222
Table 6-23 Fair and honest dealing.....	225
Table 6-24 Measures adopted to address the restrictions of the CPA .....	238
Table 6-25 Chi-square test: Gender versus SMS campaigns .....	279
Table 6-26 Chi-square test: Age versus email campaigns .....	280

Table 6-27 Chi-square test: Educational qualifications versus email campaigns .....	280
Table 6-28 Chi-square test: Gender versus email campaigns .....	281
Table 6-29 Chi-square test: The consumer's right to cancel advance reservations and bookings (in terms of Section 17 of the CPA) versus email campaigns .....	282
Table 6-30 Chi-square test: The consumer's right to opt out of email campaigns (in terms of Section 11 of the CPA) versus email campaigns .....	283
Table 6-31 Chi-square test: The provision which protects the privacy of the customer and prohibits marketing during certain days and at certain times (in terms of Section 12 of the CPA) versus SMS campaigns .....	284

# Table of Contents

Abstract.....	ii
Declaration.....	iv
Acknowledgements.....	v
List of Acronyms/ Abbreviations.....	vi
List of Annexures.....	vii
List of Figures.....	viii
List of Tables.....	x
Table of Contents.....	xii
CHAPTER 1 – INTRODUCTION AND OVERVIEW OF THE STUDY.....	1
1.1 Introduction.....	1
1.2 Background and rationale for the study.....	2
1.3 Problem statement.....	3
1.4 Research aims.....	5
1.5 Objectives of the study.....	6
1.6 Research Questions.....	6
1.7 Research hypotheses.....	6
1.8 Research methodology.....	7
1.8.1 Quantitative methodology.....	8
1.8.2 Qualitative methodology.....	9
1.9 Analyses of data.....	11
1.10 Delimitations of the study.....	11
1.11 Structure of thesis chapters.....	12
1.12 Conclusion.....	13
CHAPTER 2 – LITERATURE REVIEW: MARKETING IN THE RETAIL SECTOR.....	14
2.1 Introduction.....	14
2.2 The concept of retailing.....	15
2.3 The significant role of retailing in South Africa’s economy.....	16
2.4 Branding.....	18

2.5	Major challenges in retailing.....	20
2.6	Marketing in a retail environment.....	23
2.7	Motives for shopping.....	28
2.8	The marketing mix .....	29
2.8.1	Product.....	29
2.8.2	Price .....	30
2.8.3	Promotion .....	31
2.8.4	Place .....	32
2.9	The complexity of marketing in a retail environment.....	34
2.10	The influence of a store's atmosphere.....	35
2.11	Factors influencing marketing strategies .....	37
2.11.1	Technological shifts.....	37
2.11.2	Technological advancements and customised promotions .....	38
2.11.3	Technological advancements facilitate purchasing .....	38
2.11.4	Technology allows for global product visibility.....	39
2.11.5	Customer complaints.....	42
2.11.6	Internet Retailing (E-retailers) .....	44
2.12	Customer retention in a retailing environment .....	46
2.13	Market segmentation .....	49
2.14	Marketing Channels.....	51
2.15	Centralisation and decentralisation of retail outlets.....	52
2.16	Conclusion.....	53

## CHAPTER 3 – LITERATURE REVIEW: PROMOTION IN THE RETAIL SECTOR

.....	55
3.1 Introduction .....	55
3.2 The definition of “promotion” .....	55
3.3 The objectives of promotions .....	57
3.4 The nature of promotions .....	58
3.5 “Push” and “pull” promotional strategies .....	61
3.5.1 Manufacturers’ decisions impact on retailers’ performance .....	62

3.5.2	Horizontal joint promotions .....	65
3.6	Types of promotional tools .....	66
3.6.1	Advertising.....	66
3.6.2	Personal selling .....	67
3.6.3	Sales promotions.....	67
3.6.4	Publicity .....	67
3.6.5	Public relations .....	68
3.6.6	Shopper marketing .....	68
3.6.7	Integrated marketing communication (IMC).....	69
3.7	The concept of a promotional mix .....	70
3.7.1	Personal selling .....	72
3.7.2	The impact of Advertising .....	72
3.8	Sales promotion .....	73
3.9	Public Relations .....	74
3.10	Publicity .....	74
3.11	Promotional Strategies used in the past by retailers.....	75
3.11.1	Sales promotions used in the past .....	75
3.11.2	The internet and email marketing used in the past.....	76
3.11.3	Publicity in the past .....	76
3.12	Preferred, cost-effective promotional strategies used by retailers .....	77
3.12.1	Mobile marketing as a cost-effective promotional strategy.....	78
3.12.2	Digital media marketing as a cost-effective promotional strategy...	78
3.12.3	Internet marketing as a cost-effective promotional strategy .....	78
3.12.4	Email and SMS marketing: cost-effective promotional strategies...	80
3.12.5	Publicity as a cost-effective promotional strategy .....	81
3.12.6	Group Buying as a cost-effective promotional strategy .....	81
3.13	Major trends shaping email marketing .....	83
3.14	Promotions strategies for small businesses.....	84
3.15	Business Ethics and promotional strategies .....	85

3.15.1	Ethics and corporate social responsibility (CSR) in marketing .....	86
3.15.2	Ethical theories and promotional strategies.....	87
3.16	Conclusion .....	91
CHAPTER 4: LITERATURE REVIEW: CONSUMERISM AND CONSUMER		
PROTECTION IN SOUTH AFRICA .....		93
4.1	Introduction .....	93
4.2	Reasons why it was necessary for the CPA to be implemented .....	93
4.2.1	Previously disadvantaged communities.....	94
4.2.2	Recognising the rights of consumers.....	96
4.2.3	Consumers are now more empowered.....	97
4.2.4	Legislation and regulations protecting the consumer.....	98
4.2.5	Consumerism .....	100
4.3	Transactions that the CPA applies to .....	103
4.4	The current influence of the CPA on the promotional efforts of retail businesses.....	104
4.5	The provisions of the CPA that affect the promotional efforts of retail businesses.....	105
4.5.1	The right to Equality in the consumer market and protection against discriminatory marketing practices .....	107
4.5.2	The right to fair and honest dealing .....	108
4.5.3	The right to privacy .....	109
4.5.4	The right to choose.....	112
4.5.5	Right to disclosure of information .....	113
4.5.6	The right to fair and responsible marketing .....	115
4.6	The impact of the CPA on retail businesses .....	117
4.7	The restrictions placed on businesses as a result of the CPA .....	120
4.8	CPA Compliance.....	125
4.9	The CPA as a form of Corporate Social Responsibility .....	125
4.10	The implications of the CPA for consumers .....	127
4.11	The implications of the CPA for retailers.....	130

4.12	Cost implications for the retailer.....	134
4.13	Conclusion .....	136
CHAPTER 5 – RESEARCH METHODOLOGY AND DESIGN.....		138
5.1	Introduction .....	138
5.2	The objectives of the study .....	138
5.3	Hypothesis testing.....	139
5.4	Methodology chosen for the study .....	139
5.4.1	Triangulation.....	140
5.4.2	Descriptive statistics .....	142
5.4.3	Inferential statistics .....	142
5.4.4	Validity and reliability .....	143
5.5	Quantitative methodology .....	145
5.5.1	Response rate .....	146
5.5.2	The research population and sampling.....	146
5.5.3	Simple Random Sampling .....	147
5.5.4	Data Collection Methods- Survey Methodology.....	148
5.5.5	The Questionnaire as a research instrument.....	148
5.5.6	Data Analysis in Quantitative Research .....	152
5.6	Qualitative methodology.....	152
5.6.1	The Research population and response rate.....	154
5.6.2	Purposeful sampling .....	154
5.6.3	Sampling method.....	155
5.6.4	Data Collection Method .....	156
5.6.5	Structured Interviews .....	156
5.6.6	Data Analysis in Qualitative Research.....	156
5.7	Ethical considerations .....	157
5.8	Delimitations to the study .....	158
5.9	Conclusion .....	158
CHAPTER 6 – DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS .....		160



6.1	Introduction .....	160
6.2	Demographic Results.....	160
6.2.1	Demographic results from the questionnaires to retailers.....	160
6.2.2	Demographic results from structured interviews.....	168
6.3	Inferential statistics.....	171
6.3.1	Cross-tabulations.....	172
6.3.2	Chi-square testing .....	177
6.3.3	Correlations .....	181
6.3.4	Factor Analysis .....	189
6.3.5	Reliability Statistics.....	201
6.4	Discussion on the objectives of the study .....	202
6.4.1	Part A –Analysis of data from questionnaires to retailers .....	203
6.4.2	Part B- Analysis of data from structured interviews with marketing managers.....	245
6.4.3	Advantages / benefits of the CPA to retailers and customers.....	275
6.4.4	Other comments and suggestions regarding the CPA.....	276
6.5	Hypothesis testing.....	278
6.5.1	Gender versus SMS campaigns .....	279
6.5.2	Age versus email campaigns.....	279
6.5.3	Educational qualifications versus email campaigns.....	280
6.5.4	Gender versus email campaigns .....	281
6.5.5	The consumer’s right to cancel advance reservations and bookings (in terms of Section 17 of the CPA) versus email campaigns .....	281
6.5.6	The consumer’s right to opt out of email campaigns (in terms of Section 11 of the CPA) versus email campaigns .....	282
6.5.7	The provision which protects the privacy of the customer and prohibits marketing during certain days and at certain times (in terms of Section 12 of the CPA) versus SMS campaigns .....	283
6.6	Summary of the findings of the qualitative study .....	284
6.7	Triangulation .....	286

6.7.1	Types of Promotional Strategies used in the business .....	286
6.7.2	Provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban.....	287
6.8	Summary of the trends that arose from the study .....	291
6.9	Conclusion .....	293
CHAPTER 7 – CONCLUSIONS AND RECOMMENDATIONS .....		295
7.1	Introduction .....	295
7.1.1	Objectives.....	295
7.1.2	Attainment of study objectives .....	296
7.2	Conclusions based on the major findings.....	298
7.2.1	Conclusions based on the literature review .....	299
7.2.2	Conclusions based on the findings from the empirical study .....	299
7.3	Recommendations .....	308
7.3.1	Promotional strategies that are compliant with the CPA.....	308
7.3.2	Other compliant measures to assist retailers.....	310
7.3.3	Framework for CPA-compliant promotional strategies .....	310
7.4	Contribution of the study to knowledge .....	315
7.5	Challenges and limitations of the study.....	316
7.6	Direction for future research.....	317
7.7	Summary.....	318
Bibliography .....		320
Annexures .....		340
Annexure 1- Letter of information and consent .....		340
Annexure 2 - Research questionnaire.....		350
Annexure 3 - Structured interview questions .....		357
Annexure 4 - Statistician's report .....		365
Annexure 5 - Responses from structured interviews.....		369
Annexure 6 - Turnitin test result .....		399

# **CHAPTER 1 – INTRODUCTION AND OVERVIEW OF THE STUDY**

## **1.1 Introduction**

The Consumer Protection Act of 2008 (CPA) outlines fundamental prerequisites guaranteeing consumer protection in South Africa (Republic of South Africa 2009). The CPA constitutes a broad framework for consumer protection. Retailers of any product or service offerings are now forced to take cognisance of the new measures and ensure that they comply with the CPA (Gangur and Plevný 2014: 579). The CPA became effective towards the end of 2010 and has placed restrictions with regard to marketing efforts by companies in South Africa. As stated by the Department of Trade and Industry (DTI) (2009), one of the primary reasons for the CPA being enacted is the low level of literacy in South Africa, especially in the rural areas. Due to the fact that the large majority of South African customers have minimal levels of education, they are not completely aware of their rights and are therefore prone to being exploited by businesses (Knowler 2013: 2). Rapid globalisation has also contributed to the prerequisite of safeguarding customers because, products manufactured in one country are often promoted in many other countries, hence retailers have to take responsibility for poor quality products (Mugobo and Malunga 2015: 224).

The impact of the CPA on retail businesses affects various facets of business (Jacobs, Stoop and van Niekerk 2010: 313), namely companies' marketing strategies and marketing endeavours, as well as their overall budgeting and expenditure on promotions. Erasmus (2013: 8) aptly sums up the CPA, by stating that it is like a "bill of rights" for the consumer. Whilst it is designed to protect the indigent and susceptible, and encourages an unbiased and open market for goods and services, it also forces businesses to comply with noble practices and good ethics (Mupangavanhu 2012: 320).

The study entails a survey through questionnaires to selected retail businesses in Durban (via a simple random sample). Structured interviews were also conducted

with marketing managers (via snowball sampling). The findings from this study assist small to medium retail businesses in South Africa, particularly relating to promotional strategies. A marketing framework has evolved from the findings of this study to assist retail businesses in South Africa.

## **1.2 Background and rationale for the study**

The CPA consolidates the rights of consumers and the obligations of suppliers into a single piece of legislation. The CPA is applicable to the marketing, promotion and distribution of any type of product or service. This includes all role-players in the supply chain, who are now liable for ensuring that excellent standards of goods and services are provided.

The CPA impacts on promotional strategies and the marketing mix in general in retail businesses in South Africa (Reddy, Mohamed and Naidoo 2017: 43). The marketing mix can be defined as a combination of deliberate, strategic marketing tools that a firm uses to trigger the response it desires in the target market. The marketing mix consists of a blend of tactics to influence demand for a business' product (Alhadid and Al-Zu'bi 2014: 11). Previously, there were distinct differences in terms of service delivery, quality and access to products that were offered to different segments of customers in retail business (Mupangavanhu 2015: 121). Chain stores offered inferior quality goods to Blacks at the same price as that paid by other groups of customers. Banks made access to housing loans to historically disadvantaged groups difficult. Black customers were restricted from entering certain areas or from obtaining accommodation in certain areas (Reddy 2006: 785). After the Apartheid laws were abolished, customers were not prepared to settle for sub-standard goods and services. During the transformation, Black customers in South Africa became more discerning (Bauling and Nagtegaal 2015: 151). These factors have set the stage for the CPA to be introduced.

The CPA acknowledges the reality of many South African consumers as "high levels of poverty, illiteracy and other forms of social and economic inequality"; living in

“remote or low-density population areas”; being minors, seniors or other similar vulnerable consumers; and having limited ability to read and understand advertisements, agreements, instructions, warnings, etc. as a result of low literacy levels, vision impairment or language impediments [Preamble of the CPA]. The CPA refers to the need to “fulfil the rights of historically disadvantaged persons and to promote their full participation as consumers”. Brewer (2011: 6) shares the view that the more vulnerable consumers are, the more protection is required.

The customer has become the focus in the transaction and the balance of power no longer lies in the hands of the retailer. The introduction of the CPA has resulted in a shift from a freedom-orientated approach to consumer contracts to a fairness-orientated approach (Tait and Newman 2014: 642).

### **1.3 Problem statement**

In the past, business owners could purchase databases and email or make use of Short Message Systems (SMS) to contact potential customers at any time with their promotional specials. However, as a result of the implementation of the CPA, consumers’ rights have now been given priority (Reddy, Mohamed and Naidoo 2017: 38). The CPA directly impacts on the forms of promotional strategies that retailers may adopt (Gangur and Plevný 2014: 579). Marketing campaigns in the form of bulk SMS’s and emails are cost-effective, but are no longer permissible unless the recipient has given prior written consent to receive such forms of advertising (Nieuwenhuizen 2012: 51). Since the early 1980s, the use of the internet was primarily one way in which retailers pushed information to potential customers. However, marketing managers are now faced with new challenges of a shrinking database once the recipient chooses the “opt out” or “unsubscribe” facility, which is now compulsory on all forms of marketing media (Conlon 2013: 1).

According to Erasmus (2010: 19), the CPA places severe restrictions on promotions. Therefore, retailers are unable to market themselves as freely and fervently as they used to in the past. With the soaring costs of media advertising (newspapers, business magazines, etc.), businesses are now feeling the impact of not being able

to undertake promotions as they used to previously. Section 11 of the CPA gives the consumer the right to restrict unwanted marketing. Businesses are now forced to include processes and procedures to document customer preferences with regard to what they are willing to accept and when – without the customer incurring any further costs (KPMG 2010: 4). Marketing campaigns in the form of bulk SMSs and emails are cost effective, but are no longer permissible unless the recipient has given prior written consent to receive such forms of advertising.

Currently, marketers using social- network sites, such as Facebook and Twitter, are obligated to put measures in place to ensure that they are compliant with the CPA. Coupled with this, the CPA poses a threat to businesses that promote their goods or services via the internet as legal action can be taken against these businesses (Slabbert, Maister, Botes and Pepper 2011: 174). As a result of the implementation of the CPA, consumers' rights have now been given priority (Mupangavanhu 2015: 118).

The fact that many people in South Africa live in rural areas and that they also possess cellular phones is very important to this study. The majority of the population is accessible daily via email and SMS. However, due to the restrictions placed by the CPA, retail businesses in South Africa are unable to capitalise on the fact that people are online at all times. Marketing budgets are increasing as businesses are forced to use other marketing tools to promote their products (Brewer 2011: 12). It is therefore imperative to investigate the impact that the CPA is having on the promotional strategies of retailers in South Africa. The researcher in her capacity as a marketing consultant also experienced several impediments in terms of advising clients on cost-effective promotions, in a new CPA regulated era. Hence, there was a need to investigate the impact of the CPA on retail businesses in Durban.

It is envisaged that the conclusions and recommendations that emerge from this study will be valuable to all retailers that face challenges in implementing promotional strategies as a result of the limitations imposed by the CPA.

The results of this study will be presented to government funding entities, such as the Department of Small Business Development and the Department of Trade and Industry, with a view to creating awareness regarding the limitations and cost implications of the CPA, particularly with regard to promotional strategies for retailers. The study helps to ensure that retailers function within the ambit of the law, particularly the CPA, while simultaneously ensuring that consumer rights are respected.

## **1.4 Research aims**

The following are the aims of the study:

- To evaluate the influence of the CPA on retail businesses, with a focus on promotional strategies;
- To ascertain which provisions of the CPA are having a major impact on the promotional strategies of retail businesses;
- To investigate if email and SMS campaigns are still preferred, given the limitations imposed by the CPA;
- To critically analyse if the impact of the CPA has caused promotions expenditure to increase drastically in retail businesses, and if retailers are now using other cost-effective promotional strategies;
- To generate ideas, via the recommendations of the respondents and interviewees, in respect of cost-effective promotional methods for retailers;
- To investigate if the CPA enhances the reputation of a retail business from a consumer perspective, and to ascertain whether being CPA-compliant contributes towards a business having a competitive edge; and
- To examine the measures that retail businesses are adopting in order to be CPA-compliant, and to establish whether CPA compliance is regarded as being a CSR initiative.

## **1.5 Objectives of the study**

- Objective 1: To explore the promotional strategies that retail businesses in Durban are presently using, as well as their preferred choice of such strategies and the reasons for such preferences;
- Objective 2: To explore the provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban;
- Objective 3: To determine the measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA; and
- Objective 4: To determine the implications of the implementation of the CPA on promotions expenditure for retail businesses in Durban.

## **1.6 Research Questions**

The study aims to respond to the following research questions:

- Which promotional strategies are being used by retail businesses in Durban currently? (Objective 1)
- Which promotional strategies are preferred in the organisation? (Objective 1)
- Which promotional strategies, currently being used, are most cost-effective? (Objective 1)
- Which provisions of the CPA are having an impact on the promotional efforts of retail businesses in Durban? (Objective 2)
- What measures are being adopted by business owners to address the restrictions placed by the CPA? (Objective 3)
- What are the implications of implementing the CPA on promotions expenditure for retail businesses in Durban? (Objective 4)
- What impact has the CPA had on retail businesses in Durban? (Objective 4)

## **1.7 Research hypotheses**

The following research hypotheses are developed to guide this research study, based on the aim, objectives and literature of the study. The following hypotheses are formulated:



Ho1: The gender of the retailer does not play a significant role in terms of how respondents viewed SMS campaigns as a promotional strategy in Durban;

Ho2: The age of the person do not play a role in whether or not emails are used as a promotional strategy in Durban;

Ho3: The educational qualifications of a retailer do not play a role in whether or not email campaigns are used as a promotional strategy in Durban;

Ho4: The gender of the retailer does not play a significant role in terms of how the retailer viewed email campaigns as a promotional strategy in Durban;

Ho5: The consumer's right to cancel advance reservations and bookings (in terms of Section 17 of the CPA) does not affect the use of email campaigns as a promotional strategy by retailers in Durban;

Ho6: The consumer's right to opt out of email campaigns (in terms of Section 11 of the CPA) does not affect future email campaigns as a promotional strategy in Durban.

Ho7: The provision which protects the privacy of the customer and prohibits marketing during certain days and at certain times (in terms of Section 12 of the CPA) does not impact directly on the use of SMS campaigns as a promotional strategy by retailers in Durban.

## **1.8 Research methodology**

This study made use of both a qualitative and quantitative methodology. Hence the "mixed methods" approach was used.

“Methodological Triangulation” is defined as the combining of two research methods in a single study (Casey and Murphy 2009: 41). Mixed methods is a combination of methods involving the gathering of quantitative and qualitative data (Sonja, Matjaž and Mazurek 2014: 571). The “mixed methods” approach assists the researcher with the consolidation of the data collected and also enhances the reliability of the research findings. Therefore, the results of the qualitative study will be triangulated with the results of the quantitative study.

According to Sekaran and Bougie (2010: 103), a study may either “be exploratory or descriptive” or “may be conducted to test a hypothesis”. Hypothesis studies are undertaken to “elaborate on the nature of certain relationships” or “establish the difference between groups”. Exploratory studies are undertaken when not much knowledge is available on a particular subject. The researcher undertook an exploratory study because very few studies in this field have been conducted thus far.

### **1.8.1 Quantitative methodology**

Quantitative methodology by means of a questionnaire is described by Clow and James (2014: 169) as being a general term which encompasses all methods of data collection, whereby each person is asked to respond to the same set of questions in the same order. A combination of open-ended and closed-ended questions were used in the survey questionnaires. Survey questionnaires were administered by the Durban Chamber of Commerce (DCC) to retail businesses listed on their database.

#### **1.8.1.1 Sampling design of the quantitative study**

For the quantitative study, a prepared questionnaire is the instrument used to collect data from retail businesses in Durban. The simple random sampling (SRS) method was used to select the respondents from the DCC list. Permission was granted by the CEO of the DCC to administer the questionnaires to their members who were classified as retailers.

#### **1.8.1.2 Target population for the quantitative study**

The target population for the quantitative study comprised general managers, marketing managers, CEOs, directors or senior executives from retailing businesses in Durban that were on the DCC listing.

#### **1.8.1.3 Sample size for the quantitative study**

The size of the population of retail businesses listed with DCC is 1700. The sample size of the quantitative study chosen by DCC's marketing department, using their randomised sampling method, was 400 small to medium retail businesses.

#### **1.8.1.4 Data collection method of the quantitative study**

The questionnaires were emailed directly by the marketing department of DCC to retail businesses on their membership listing, addressed to marketing managers or CEO's of the businesses. Primary and secondary sources of data were used. Questionnaires were used to collect primary data for the study. The completed questionnaires were emailed to the researcher from the respondents' business email addresses. Therefore, there is no doubt about the credibility of the responses and the designation of the respondents themselves. This ensured that the source of information was authentic. Secondary data was obtained from literature reviews of books, journals, articles, documents and legislation that were relevant to the study.

### **1.8.2 Qualitative methodology**

Rubin and Rubin (2013: 3) explain that qualitative interviewing is "one of the key naturalistic research methods" that researchers use to gain valuable insight from those who have knowledge of or experience in a particular subject. Qualitative or structured interviews assist researchers in exploring, in greater detail, the opinions, experiences, motivations and sentiments of others (Jacobsson, Granroth and Dumont 2014: 22). Using qualitative methodologies, the researcher or ethnographer experiences "first hand" experiences or circumstances (Plowman 2017: 443-450).

#### **1.8.2.1 Sampling design of the qualitative study**

Ten respondents (from the quantitative study) with personal involvement with the area of study were interviewed using structured interview questions. The purposive sampling method was used to select candidates for the structured interviews. This form of sampling enables one to make use of one's judgement to select ideal candidates that will be able to answer the research questions (Grossoehme 2014: 117). An identical set of questions was used for each interview. Eight more interviewees were recommended by the initial group of interviewees (snowball sampling). Eighteen structured interviews were carried out in total in order to obtain a rich source of qualitative and descriptive data. This method is used following the Grounded Theory approach, whereby the information gathered from the preliminary sample informed the way that the sample was drawn-out into ensuing interviews.

#### **1.8.2.2 Target population for the qualitative study**

The target population for the qualitative study consisted of marketing managers or business owners that were personally involved with the formulation of all promotional strategies for their businesses.

#### **1.8.2.3 Sample size for the qualitative study**

For the qualitative study, purposeful sampling was used to identify ten marketing managers or business owners to conduct structured interviews. These ten interviewees were selected from the respondents in the quantitative study. The balance of the interviewees have been recommended by the first few respondents of the sample (snowball sampling). Eighteen structured interviews were conducted in total.

The criteria used to select the interviewees for the qualitative study were as follows:

- Retail businesses that have commenced trading before 2010, i.e. prior to the CPA being implemented; and

- Businesses that used SMS or email campaigns in the past and were now using other promotional strategies.

#### **1.8.2.4 Data collection method of the qualitative study**

Primary and secondary sources of data were used. Structured interview schedules were used to collect primary data for the study. The structured interviews were conducted by the researcher with the marketing managers or business owners, in their work environment, and at their convenience. Secondary data was obtained from literature reviews of books, journals, articles, documents and legislation that were relevant to the study.

### **1.9 Analyses of data**

The SPSS software programme was used to assist with the analysis of the quantitative data. The qualitative data was analysed using the NVIVO programme with the assistance of an NVIVO specialist. A comprehensive analysis was thereafter undertaken of the results from the interviews, questionnaires and literature review.

There are no real ethical concerns associated with this study. With regard to the issue of confidentiality, respondents were informed that they were not obligated to divulge their names, positions in the businesses or their contact information if they wished to keep that confidential. Participation in this study was voluntary and respondents and interviewees were informed that they could retract from the study whenever they wished to. No form of coercion was used to pressure respondents into being a part of the study.

### **1.10 Delimitations of the study**

The entire retail business population of South Africa could not be interviewed by the researcher because of the fact that she is based in Durban. Secondly, the quantitative research study was limited to retail businesses that were listed with The

Durban Chamber of Commerce. The researcher was limited to businesses that were categorised as retail entities only, located in the Durban and surrounding areas only.

### **1.11 Structure of thesis chapters**

The thesis comprises seven chapters.

**Chapter One** provides the background information, problem statement, the research aim, objectives and context of the study. The research questions, research hypotheses, research methodology, sampling design, population, sample size and the collection method and analysis of the data are discussed. The structure of the chapters of the thesis is presented.

**Chapter Two** discusses “retailing” and the significant role that retailing plays in terms of the South African economy. Branding and the reason why it is imperative for retailers to create brand awareness are outlined. Challenges being experienced by retailers and the complexity of marketing in a retail environment are explained. The retail marketing mix (product, price, promotion and place) are discussed. The factors influencing marketing strategies are outlined. Customer retention, market segmentation, marketing channels and centralisation and decentralisation in a retailing environment are explained.

**Chapter Three** discusses “promotions” and the nature and objectives of promotions in a retail entity. This chapter also explains the various promotional tools used by retailers, as well as promotional methods used in the past. The complexity and importance of promotions in a retail environment are deliberated upon. Cost-effective promotional strategies together with ethics and corporate social responsibility are also outlined.

**Chapter Four** comprises the literature review on the promotional aspects of retail businesses and the implications of the Consumer Protection Act and related legislation for businesses. The reasons why it was necessary for the CPA to be

implemented are discussed. The specific provisions of the CPA that affect promotional strategies are highlighted. The impact of the CPA for retailers and consumers are exposed. The cost implications for consumers and retailers as a result of retailers' implementing the CPA are also presented.

**Chapter Five** focuses on the research methodology for the study. The first part of this chapter discusses the quantitative methodology and the second part of the chapter discusses the qualitative methodology. The data collection method, ethical considerations and delimitations to the study are presented.

**Chapter Six** includes the results of the study. In Part A, the results of the retailer questionnaire is presented and discussed. In Part B, the analysis of the data from the structured interviews with 18 marketing managers is presented and discussed. The purpose of conducting the structured interviews is to gather rich data via more open-ended questions. These responses are triangulated with the responses from the questionnaires.

**Chapter Seven** presents the themes of the study and the challenges experienced in the study, together with the limitations, summary of findings and the conclusion and recommendations. A diagrammatic framework of the impact of the CPA on promotional efforts in retail businesses is defined. Important aspects for further research are also suggested.

## **1.12 Conclusion**

This chapter has provided a background to the study by highlighting some of the challenges that retail businesses are facing as a result of the implementation of the CPA. This was followed by a brief statement on the research problem, the rationale for the study, the methodology and the analyses of the data. The chapters for the study have also been outlined. The next chapter reviews the available literature to investigate the effect of the CPA on retail businesses, with a focus on promotional strategies.

## **CHAPTER 2 – LITERATURE REVIEW: MARKETING IN THE RETAIL SECTOR**

### **2.1 Introduction**

The previous chapter outlined the background to the study and discussed the rationale and aims of the study. The methodology was explained and a break-down of the chapters were presented. In the context of identifying and assessing the elements of retailing, the existing literature on retailing was reviewed and is presented in this chapter.

The current chapter focuses on the diverse aspects of retailing. The aim of the study is to investigate the effect of the CPA on retail businesses, with a focus on promotional strategies. This chapter begins with defining retailing and marketing and outlines broadly what retailing entails. The changing (post -apartheid) landscape of retailing in rural as well as urban outlets is also discussed.

Whilst retail companies are experiencing challenges currently since the implementation of the CPA, there are new marketing trends emerging in the retailing arena. There are several advantages offered by new innovative technologies that consumers are already using. Retail companies are now required to keep abreast with these advancements in technology to ensure that email and web-content distributed to their customers are able to be viewed in multiple formats.

Retailing and the dynamics of marketing in a retailing environment are explained in this chapter. Marketing personnel need to take cognisance of several factors before they embark on a marketing campaign in a retail environment. The challenges experienced by retailers and the complexity of marketing is discussed in this chapter.



## **2.2 The concept of retailing**

Retailing does not only refer to the sale of products in stores. It also involves the provision of services, for example financial services and travel bookings; and not all retailing is done in stores (Fernie, Fernie and Moore 2015: 7). Levy, Grewal, Kopalle and Hess (2004: 17) share examples of non-store retailing which include direct sales to customers, for example, the sale of Avon, Neo Life and Justine products direct to customers' homes. Verhoef, Kannan and Inman (2016: 174-181), however, are of the view that online transacting and digital channels, for example, mobile channels and social media, have changed the business models of retailers.

It is imperative to establish the difference between a customer and a consumer to avoid any ambiguity. Webster and Lusch (2013: 3) state that a 'customer' is a person or organisation that buys offerings, for example, goods or services from a retailer, manufacturer, merchant supplier, and vendor; and who is willing and able to pay the seller's price or meet other conditions of the sale. A 'consumer' engages in the act of consumption (this is distinct from buying) to realise a set of benefits. A consumer's focus is on value in the use of a product. According to the author, the retailer plays an important role in terms of meeting the needs of consumers or customers.

Retailers communicate with customers through advertising via print media or email, sales promotions, creating a pleasant store atmosphere, creating publicity, direct selling and referrals (Dunne, Lusch and Carver 2013: 49-55). Zingsheim (2011: 1) mentions that there are different ways of reaching an audience or market. According to the author, the options to reach customers include print media, magazines, digital mediums, online platforms, social media, exhibitions, conferences, video, direct mail, email and text-message advertising. Webster and Lusch (2013: 389) also state that retailing includes all individuals as a customer.

Berman (2013: 509) defines retailing as follows:

"Retailing encompasses the business activities involved in selling goods and services to customers for their personal, family or household use. It includes every

sale to the final consumer, ranging from cars to apparel to meals at restaurants to movie tickets. Retailing is the last link in the distribution process.”

### **2.3 The significant role of retailing in South Africa’s economy**

The retailer plays an important role in a community, for example, by creating jobs and providing products and services to satisfy the needs of people in the community. Bagdare and Jain (2013: 790) state that modern retailing has advanced from a bartering system to offering a joyful shopping experience. The transformations that have occurred since the ending of the apartheid regime had significant implications for the retail sector (de Bruyn and Freathy 2011: 1). The authors add that many retailers initially did not know how to satisfy the needs of Black customers and were forced to adjust the way in which they operated their businesses.

Statistics South Africa (Stats SA) conducts a monthly survey of the retail trade industry, covering all retail enterprises. The retail sector plays an important role and has made significant and steady contributions to the overall economic growth of the country. The steady growth and contribution towards the South African economy in terms of retail sales from 2011 to the first quarter of 2017 is shown in Table 2-1 below.

**Table 2-1 Retail sales at current prices (R million)**

<b>Month</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Jan	50 634	52 925	54 029	56 659	57 552	59 526	58 167
Feb	49 256	52 547	54 424	55 482	57 386	59 579	58 645
Mar	52 235	55 831	57 318	57 548	59 030	60 533	61 050
Apr	53 801	54 657	55 699	56 864	58 838	59 767	60 988
May	51 321	54 553	57 879	59 426	60 457	62 691	63 739
Jun	52 056	56 670	57 460	56 879	58 868	59 689	
Jul	53 351	55 065	56 597	57 939	59 707	60 442	
Aug	52 899	56 555	58 287	59 201	61 323	61 336	
Sep	54 551	57 155	57 069	58 150	59 876	60 842	
Oct	56 543	57 418	58 268	59 988	62 111	62 006	
Nov	58 680	60 889	63 442	64 330	66 917	68 970	
Dec	79 004	80 099	81 686	83 044	86 542	87 407	
<b>Total</b>	<b>664 331</b>	<b>694 364</b>	<b>712 158</b>	<b>725 510</b>	<b>748 607</b>	<b>762 788</b>	

Source: Statistics South Africa (2017:8)

Table 2-1 shows the monthly retail trade sales surveys, the results of which are used to compile approximations of the gross domestic product (GDP), which is used to monitor the economic state of the country and assists in formulating the economic policy in South Africa. These results are also used by various stakeholders to analyse comparative businesses and industry growth. From the table above, one can infer that the retail sector has grown consistently over the last few years in South Africa. The retail sector also covers diverse markets. A supply chain is a “set of firms that make and deliver goods and services to consumers” (Brooks and Lyndon 2012: 502). Retailers are an important component of a supply chain that connects manufacturers to consumers. Levy and Weitz (2012: 84-99) also add that retailers are important because of value creation in terms of the following:

- Providing a variety of products and services;
- Enabling customers to buy single items and not in bulk; and
- Keeping stock on hand and the provision of valuable services.

Retailers help bridge the assortment gap by buying the limited product line offerings of several different producers or wholesalers, creating product selection by

combining these lines and offering the combined product lines for sale to the consumer (Nieuwenhuizen 2012: 32).

Tulip (2010: 20) states that forty percent of under twenty-five year old individuals shop on the internet as compared with less than four percent over sixty that shop on the Internet. The authors also recorded that there is a change in the way the supply chain is now viewed and that the customer is the focal point and in the driving seat. In the past, the customer was at the end of the supply chain. Bell, Choi and Lodish (2012: 27) share similar views and stress that online or internet retailing is quickly becoming the preferred method of shopping.

Retailers play a pivotal role in the economy of the country because they provide the products or services needed by the customer in the right place, at the right time and in the right quantity.

## **2.4 Branding**

A number of chain stores have introduced their own brands, which have become synonymous with good quality and value for money. It takes a lot of initiative to develop strong brands. Thus, retailers prefer to purchase established brands at lucrative prices, rather than attempting to establish their own new brands. It is not easy to establish unique brands, as a company usually has to produce a novel creation and thereafter promote it well. From the literature review, Deepa and Chitramani (2013); Chapman (2013); Woodside and Walser (2007); Naik, Raman and Winer (2005); Mejri and Dhruv (2014); Sonja, Matjaž and Mazurek (2014) and Tustin and De Jongh (2008) have commented on the importance of having strong brands. The opinions of the authors are presented as follows:

According to Deepa and Chitramani (2013: 10), in a market segment, the positioning and the value of the brands depends on the association with manufacturer brands that they carry, as well as the perceived value of those brands. Manufacturer brands are used by retailers to generate more customer attention and loyalty (Deepa and

Chitramani 2013: 11). However, Chiou, Wu and Chuang (2010: 431-438) disagree and believe that suppliers' brands are becoming insignificant and that major retailers are becoming more influential.

Chapman (2013: 110-115) states that when oligopolistic firms (firms that collude) are interdependent, this prevents them from exploiting markets to their own ends. Oligopolistic firms prefer to be monopolists to fully control their markets and the way to achieve this is by creating strong brands. According to the author, a strong brand has little competition and very few good substitutes. Effective branding also enables manufacturers and retailers to command a higher price and generate extra revenue on a particular product (Ailawadi and Farris 2017: 130).

Woodside and Walser (2007: 1-10) believe that closely intertwined with retailing is "branding", which is an encompassing concept that "includes retail firms, as well as physical products and services". Mejri and Dhruv (2014: 358) draw attention to the fact that customers associate quality with private labels and customers will remain loyal to certain brands and, in turn, remain loyal to the retailer. Tustin and De Jongh (2008: 24) and Sonja, Matjaž and Mazurek (2014: 569) comment that the way a consumer perceives corporate citizenship and views retailers' performances against corporate citizenship criteria can certainly be an asset for the business. The worth of a brand from an ethical perspective is elevated. Parumasur and Roberts-Lombard (2012: 307) declare that brand awareness is a general communication aim of all promotional strategies. Retailers expect that brand awareness will encourage a sale each time the product is needed, and that the product will be "top of mind" and will be the preferred choice amongst alternatives during the buyer's decision-making process (Bagdare and Jain 2013: 791).

Trade promotions have an immediate impact on market share. Therefore, marketing managers respond quickly to oppositions' trade promotions by increasing their own advertising (Richardson and Rao 2014: 4). Conversely, studies in the past have shown that too many trade promotions in the year causes brand loyalty to decrease,

heightens price sensitivity and causes sales to drop (Papatla and Krishnamurthi 1996; Mela, Jedidi and Bowman 1998).

All the authors cited above agree that having good strong brands are crucial. The questions raised above are very important to this study. Should the company focus on its or the competitor's brand under-advertising and over-promoting? Or should it consider both? If a competitor increases its advertising, should the company also respond by increasing its advertising? Or should it rather increase its promotions? These factors have to be weighed carefully so that the brand manager looks at past strategies and anticipates decisions by competing brands in order to plan the future of their own brand.

## **2.5 Major challenges in retailing**

Retailing covers diverse markets and as a result of this, several challenges are experienced by retailers (Sathish and Venkatrama Raju 2012: 28). The variables in the market environment impact on a business to some extent. According to Grewal, Roggeveen, Sisodia and Nordfält (2017: 59), the key variables in the market environment are: consumers, competitors, intermediaries, suppliers, opportunities and threats. Intermediaries evolved when gaps between the manufacturer and the consumer existed. "Intermediaries" are "wholesalers and retailers", "commercial agents" and "brokers", and in the Third World, even "spaza" stores (Davis 2013: 4).

A review of the literature uncovers complex issues that retailers in the market environment have to contend with. This will be explained further in this section. Mugobo and Malunga (2015: 225) highlight the fact that The Price Control Act of 1964 governs the amounts that sellers charge for their goods and services. The author added that The Trade Practices Act of 1976 protects consumers against false and misleading advertising.

Reddy (2006: 783-784) states that in the past, there were distinct inconsistencies in terms of service provision and access to goods and services for different groups of

customers. The author also elaborates on the fact that previously, chain stores offered inferior quality goods at a higher price than that paid by other customers and banks made access to housing loans to historically disadvantaged groups difficult. Black customers were restricted from entering certain areas or from obtaining accommodation in certain areas. All these and many other factors affected the way retailing was done in the past.

Reddy and Rampersad (2012: 7411) explain that South Africa also has 11 official languages and extremes of very rich and very poor communities. South Africa went through various changes on the political and economic front when the apartheid regime ended in 1994. South Africa's retail sector too was riddled with major strategic and operational changes. de Bruyn and Freathy (2011: 541) draw the reader's attention to the fact that many retail organisations found it difficult to cope with the needs of non-white customers after the apartheid system was dismantled. Retailing amidst these extremes, as well as language barriers, were a challenge in itself. Customers were not prepared to settle for sub-standard goods and services. During the transformation, non-white customers in South Africa became more discerning (Bauling and Nagtegaal 2015: 2).

Grewal and Roggeveen (2013: 263) mention that "retailing has evolved and changed rapidly in the past decade, especially as a result of easy access to the Internet and social media and the ubiquity of smart mobile phones, allowing customers quick access to information and shopping platforms". Retailers are becoming proactive in that they are quickly developing various applications to facilitate customers' shopping experiences. Mobile applications allow potential customers to check prices, purchase quickly with a few clicks or to pay directly from their mobile phones, as well as to share information about products with their contacts (Grewal and Roggeveen 2013: 267).

According to Gauri (2013: 6), several factors such as the zone where sales are conducted, the number of till points, personnel and in-store atmosphere have a significant effect on retail turnover. Gauri (2013: 12) also states that benchmarking

across stores and chains is difficult because it needs to take into account the internal dynamics and external location that stores trade in, and not just sales per square foot as traditionally done.

Salem, Mohammad and Lahcen Ait (2011: 1683) and Grewal *et al.* (2017: 58) also agree that retailers have to take into account several factors before they make decisions. They feel that the following aspects are crucial: planning assortments; initial pricing; sourcing and vendor collaboration; purchasing; distribution of stock to stores; promotions; replenishing of stock; and marking down of goods to move stock quickly.

Levy and Weitz (2012: 31-45) mention that providing a seamless experience for customers and exploiting the synergies between channels is challenging. Creating and managing a centralised database with a complete history of the customer's interaction with the retailer is crucial. The authors refer to a "centralised customer data warehouse" and explain that this is important to exploit the ability to collect detailed customer data through the Internet and to provide a seamless experience for customers when they interact with the retailer through multiple channels, i.e. via the Internet and through the store. In the mid-1990's, technically savvy businesses identified a niche to service customers in the comfort of their homes by developing websites and sophisticated servers (Doherty and Ellis-Chadwick 2010: 947). The authors add that the technically savvy electronic business environment started to evolve and there was a lot of scepticism in terms of the following aspects:

- How will retailing change as a result of the virtual world?;
- What demographical segments of people will be good candidates for regular internet shopping?; and
- What online strategies will be most suitable for an online platform, in terms of managing a channel, segmenting markets, pricing and promotions?

Grewal and Roggeveen (2013: 263) share the same views as Doherty and Ellis-Chadwick (2010: 947-948).



The post-apartheid period was characterised by major strategic and operational changes. Retailing amidst these extremes and language barriers were a challenge in itself. Customers were not prepared to settle for sub-standard goods and services. During the transformation, non-white customers in South Africa became more discerning. In the past, chain stores offered inferior quality goods to disadvantaged groups. The infrastructure in the rural areas and the townships is not fully developed because there is still a reliance on older forms of retailing. This poses a huge challenge to retailers in rural areas. The plus side for marketers is that even people in rural communities have mobile phones and are online every day. People can be targeted nationally via email marketing campaigns.

## **2.6 Marketing in a retail environment**

The job of a marketer is a complex one. The marketer has to be conscious of the market environment which influences the revenue of the company and a wider macro-environment, which contains factors that have a direct bearing on the business and its surrounding market location.

Bellini, Cardinali and Ziliani (2011: 464) explain that markets for products grow and slowly decline and are quickly replaced by other products. The product life-cycle consists of the following phases:

- **Introductions:** Turnover is low. There are few rivals in the marketplace. The product may have initial quality issues and there is very little difference between various types of products. There are higher production expenditures for each unit.
- **Accelerated increase in sales:** Sales revenue increases as the buyer groups increase.
- **Growth plateaus:** Penetration is still increasing, but at a declining rate. Prices decrease rapidly and this becomes a significant issue. Assortment surges rapidly and there is a shift of focus towards product excellence.
- **Maturity:** Penetration of the market ceases. Prices decline slowly.

- **Decline:** Prices continue to decline steadily. Some competitors exit the markets as the demand for products decreases.

The views of Laran, Juliano and Michael (2013: 112) concur with the views of Bellini, Cardinali and Ziliani (2011: 464-465) as highlighted above.

The product life cycle undergoes vast and significant changes. Therefore, the marketer needs to change the marketing strategy during each phase of the cycle to ensure market share (Alhadid and Al-Zu'bi 2014: 12). The market environment also contains opportunities and threats that the marketer needs to be aware of. The marketer will need to take into account various “external factors such as political, economic, social, technological, environmental and legal factors (PESTEL) which make up the macro-environment, before making any marketing decisions” (Alwan 2013: 1155).

Cant (2010: 39) explains the composition of the macro-environment as follows:

- The “technological environment” influences the rate of advancement and transformation;
- The “economic environment” comprises factors such as “inflation”; “recessions” and “exchange rates”; and the “monetary and fiscal policies” that have an impact on the well-being of the industry and its surrounding community;
- The “social environment” concerns the person’s lifestyle, practices and principles shaped by his or her ethos, and such aspects also have a bearing on the entity;
- The “physical environment” comprises “natural resources”, as well as the advancements made by people, for example, city infrastructure, mineral wealth and fauna and flora; and
- The “political” or “institutional environment” consists of the “government”, including politics and legislation, and the “international” environment, which embraces indigenous and foreign political trends and proceedings that affect organisations and the market environment.

The following discussion will describe the role of the marketer in a retail environment and highlight some of the challenges and dilemmas that marketers in a retail environment experience within the macro-environment framework (as depicted above). The components of the marketing mix will be described with a view to unpacking the dynamics of marketing in a retail industry. The review of literature on this aspect has thrown a spotlight on the following:

Zingsheim (2011: 1) is of the view that “marketing” is the “total act involved in the transfer of goods from the producer or seller to the consumer or buyer, including advertising, shipping, storage and selling”. Armstrong, Kotler, Harker and Brennan (2015: 48-84) agree with this. Advertising, on the other hand, is the practice of attracting customers to one’s product or service by means of paid announcements in newspapers, magazines, radio or television or on billboards (Percy and Elliott 2016: 63). Shaw (2012: 32) describes how the concept of a “marketing mix” evolved. The author states that the marketing mix stemmed from Borden’s article of the marketing mix in the Harvard Business Review in 1964, where he described the marketing executive as a “decider” and a “mixer of ingredients”. This led Borden to the insight that this “mixer of ingredients” was a “marketing mix”.

Reijonen (2010: 285) argues that through marketing, a business entity strives to gain a competitive advantage by providing customers with more efficient service, thus ensuring profitability. The author draws an interesting marketing analogy and states that marketing is like “laying fishnets into a lake” and that after- marketing is important, and every employee is seen as a marketer. Ruediger, Priporas, Vassiliadis and Stylos (2012: 397) regard marketing activities as crucial for a business to survive, especially in the tourism industry. To encourage visitors to choose their tourism product, tourism executives need to provide an enticing programme that consists of an appropriate combination of marketing activities (Ruediger *et al.* 2012: 387). Armstrong, Adam, Denize and Kotler (2014: 4-5) state that the marketing mix, also known as the 4 P’s, is one of the most famous marketing concepts. Its components (product, price, place and promotion) are the basic and crucial elements of a businesses’ marketing strategy.

Reinartz, Dellaert, Krafft, Kumar and Varadarajan (2011: 54) highlight buyer-based challenges and commerce-based challenges and state that modern retailing has become international in scope. The authors add that retailers in less developed markets face several challenges as diverse groups of consumers in rural areas often do not have bank accounts, but they certainly have mobile phones and this ideal condition has provided the impetus for retailing developments using mobile phones to facilitate retail transactions. The authors also discuss modernisation challenges faced by marketers in retailing in mature markets, which are customer-focussed and suggest putting retail processes into place and to introduce products to better match lifestyle-driven consumer requirements.

Shahram, Mohammad and Azizi (2013: 56) have established that by concentrating on purchasers, a company can select the appropriate product features; suitable price and distribution channels; and the exact phrases to promote products. The authors also mention that the accomplishment and increase in revenue of the company lies in the customer's loyalty to the product. The marketing manager is responsible for the marketing mix (Boone and Kurtz 2012: 236). Further, the marketer shapes the marketing mix components around the target market. Popescu (2015: 101-106) comments that retail is not spared from competition and that retailers today not only compete with shops inside shopping centres, but they must compete with thousands of Internet retail websites. Customers are able to purchase online and have their items delivered to their homes. Webster and Lusch (2013: 391) have observed that the core focus of marketing in companies has been waning due to the fact that customers are purchasing online.

From the authors' comments above, it is clear that a retail business is not a closed entity but interacts with its marketing environment. The macro-environment affects all the players in the business environment. The marketer has the immense task of gathering information on the changes in the macro-environment to make informed decisions.

The salient points from the literature review, as discussed above, that are significant to the study are as follows:

- The main objective of marketing is to achieve the sales objective for the company. Marketing objectives are formulated to obtain customer patronage and to achieve a competitive position in the market and good brand positioning. The marketer needs to be aware of their competitive position and develop marketing strategies to increase customer traffic (either foot traffic or web/ online traffic) and increase customer loyalty, which will lead to increased retail sales.
- The marketer needs to take into account the various PESTEL factors before making any marketing decisions. This could be crucial to sales if, for example, a marketer decides to enter a foreign market and there are political factors that could impede sales. This could result in huge losses, not only in terms of marketing costs but also in terms of potential business. A marketer also needs to consider the culture of the target market and what products are suited before marketing is conducted. A lot of time is required to research this.
- The “marketer” is described as being a “decider” and a “mixer of ingredients”. The marketer needs to look at the business in its entirety and consider the economic viability for the business before a marketing decision can be made. The marketer will need to apportion the marketing spend according to historical marketing figures (the previous amounts spent) as well as taking into consideration recent trends and newer demands of customers.
- Marketing in a retail environment involves marketing to a broad cross-section of consumers from rural areas to elite areas. Marketing has to be targeted to the specific needs of the customer. This requires much prior research. The point raised by Awe (2010) regarding poverty levels and the fact that many people live in rural areas but also possess cellular phones is very important to this study. This will be discussed further in Chapter Three. The impact of this factor has caused a definite shift in the way marketing is done to cater for the needs of rural communities as well. The fact that the majority of the

population is accessible daily via email and SMS has led to a change worth capitalising on, since people are online at all times.

The impact of the CPA on email and SMS marketing will be further discussed in Chapter Three. This section provided an overview of what marketing in a retail environment entails. The next section will explore the factors that drive sales.

## **2.7 Motives for shopping**

Various people have different needs that need to be fulfilled on a daily basis. These factors are essentially drivers for sales. Marketers need to identify these needs so that they can direct their marketing to a specific target market and capitalise on this for business.

Terblanché (2013: 228-230) outlines the fact that consumers shop for various reasons in a retail store. These can be split into personal and social motives, as listed below.

Personal motives include:

- Role playing;
- Seeking variety;
- Seeking sensory stimulation from the retail environment;
- Learning;
- Fulfilling hedonistic (self-indulgent) needs; and
- Relaxing.

Social motives include:

- Social interaction away from the residence;
- Mixing with peer group members;
- Fulfilling status and authority needs;
- The challenge of bargaining and negotiation; and
- Being with others who share similar interests.

These are important points that have been highlighted because marketers need to be conscious of these aspects when they compile their marketing and advertising material and decide on the best way to implement the marketing mix. This will be further discussed in the next section.

## **2.8 The marketing mix**

The marketing mix is the “blend of strategies and activities that businesses use to retail their goods and services” in the target market, and the marketing mix can also be called “a set of tools for intervention in the market” (Shahram, Mohammad and Azizi 2013: 53). The marketing mix consists of four focal factors (product, price, place and promotion) (4 P’s). To maximise returns, the marketer needs to carefully assign the amount of the marketing budget to be spent on each element of the marketing mix (Cuellar and Brunamonti 2014: 346).

Deepa and Chitramani (2013: 11) are of the view that store image, delivery, customer service and post-purchase experience will create a total purchase experience for customers. Different aspects that influence retail branding exercises are the location and access, the atmosphere of the store, pricing, promotion, assortment of brands, private labels, experiential marketing customer service and post-purchase experience (Rayburn and Voss 2013: 402).

The elements of the marketing mix will be explained and discussed further in the following section.

### **2.8.1 Product**

A product is anything that can be acquired, used or consumed, and which can be marketed and can fulfil a requirement or need. The product could be goods, objects and services of persons, places, organisations, a manufacturer’s idea or volunteer opportunities (Ailawadi and Farris 2017: 121). Major components to be considered are the variety of the product, the product quality, design of the product and the

features of the product, branding, product packaging, product sizes, guarantees and return policies (Rudick 2008: 7) .

Pratihari (2014: 163) is of the view that “product” is the most vital element in the planning of the marketing mix, which begins with the formulation of an offering to satisfy the demand of the target consumer. The author adds that packaging is also a defining paradigm shift in rural marketing and that the use of easy to recognise and remember symbols help rural consumers to identify brands at the time of purchase. According to Battersby (2013: 3), a particular way to stimulate sales of a product is to simply not produce enough products to meet the customers’ demands. This “artificial shortage” stimulates further demand for the products.

### **2.8.2 Price**

Kopalle, Biswas, Chintagunta, Fan, Pauwels, Ratchford and Sills (2009: 57) refer to “retail pricing” as a “menu of prices on individual items to recover the cost of providing various services”. The price, according to Allender and Richards (2012: 324), also refers to the “sum of money” that a person is expected to pay to own a product. They state that retailers’ prices are strongly influenced by manufacturers’ prices. Setting a price of an item demands insight into the target market and the way the product is positioned in the minds of the consumer (Shahram, Mohammad and Azizi 2013: 54). Awe (2010: 40-49) indicates that price discounts can only be a short term solution when competitors drop their prices. It cannot ensure the long-term survival of a business as the business cannot provide discounts throughout the year.

Kaltcheva, Windsor, Patino and Shapiro (2013: 811) mention that a manufacturer utilises price promotions to stimulate product sales. Cuellar and Brunamonti (2014: 339) have ascertained that in non-competitive markets, price discrimination goes back to Pigou (1920), whose categorisation of “price discrimination” into “first, second and third degree” is still used today. Retailers set prices by suggesting the pricing of items to generate a profit. Pricing of products is adjusted regularly on the



basis of customers' perceptions of the price of the products (Holweg and Lienbacher 2011: 313).

Traynor (2003: 12) sheds more light on marketing in an insurance environment and states that the 4 Ps have been used by insurance marketers for years. Traynor (2003) elaborates that the 'price' of insurance is highly visible, but it can be a misleading value indicator, considering that the insurance 'product' is intangible. Reinartz *et al.* (2011: 60) state that despite global economic growth, the average consumer tends to be price conscious. This is also in accordance with the views of Richardson and Rao (2014: 27). The authors add that stemming from this is an affluent middle class which results in attractive retail markets.

Dehghan and Haghighi (2015: 619) state that the internet has almost eradicated market flaws in retailing and has encouraged competition. Currently, there are more products to choose from, more product information available and more pricing tiers available via the internet, where purchasers and vendors can meet without incurring much cost (Kucuk 2009: 328). Lu, Tsao and Charoensiriwath (2011: 1256) comment that large retailers can influence each other's products sales by lowering the price of the products. Large corporates are in a position to maintain their sales margins while trying to gain more profit from their suppliers (Chirwa 2013: 43).

### **2.8.3 Promotion**

Promotion refers to "activities undertaken by a retailer to provide consumers with information about a retailer's store, its image and its retail marketing mix" (Davis 2013: 16). Promotion also refers to the communication tools that can convey messages to the proposed target market (Battersby 2013: 1). Promotion is fundamentally the set of activities to "inform, persuade and influence" the potential customer (Richardson and Rao 2014: 2). The elements of the promotional mix consists of four groups, each of which have different dimensions within the marketing ambit ("Advertising, Sales Promotion, Public Relations and Direct Marketing") (Berman 2013: 509-520). Hardesty and Bearden (2009: 240) state in their investigation of hedonistic and utilitarian shopping values that there are feelings

of embarrassment with the use of coupons. Customers feel embarrassed to present coupons at the till point and that such coupons are not favourable as a promotional strategy.

Cuellar and Brunamonti (2014: 339) discuss how scanner data is used to show how demographic features are effectively used to price differentiate according to the location of a store. Customers consider the opportunity costs involved in researching the product and travelling to purchase the item from a cheaper outlet before they make a decision to purchase. When the saving is greater than the opportunity costs then this is a perceived benefit of the purchase. The usage of coupons depends on similar perceived benefits. The prospective customer carefully weighs the opportunity cost in time required to clip, print, store, organise, retrieve and use coupons. The use of coupons and the choice of retail channels are choices customers make and are centred on the potential savings of all goods, not just discounts on one or two products (Cuellar and Brunamonti 2014: 340).

Kaltcheva *et al.* (2013: 810-812) state that price promotions influence the way that customers perceive the value of a product. Regular price promotions may dilute the value of the brand in a negative way. The authors assert that consumers most often infer that the discounted selling price reveals the product's true value and these price-quality deductions can position the deal as not being very lucrative. Sathish and Venkatrama Raju (2012: 27) are of the opinion that the manufacturing industry is being shaped by new online retail platforms. This is also resulting in excess product supply which in turn forces the prices down. This then causes retailers to purchase opportunistically from suppliers.

Promotions will be discussed in greater detail in Chapter Three.

#### **2.8.4 Place**

Place refers to the delivery and distribution of the product. Distribution is the conveyance of the preferred product or service to a customer at the preferred time

and at the chosen place, making it easier for customers to access the product (Mishra and Ansari 2013: 353).

Velayudhan (2014: 154) states that marketers have to contend with the fact that the costs to deliver to rural markets is higher because the rural population is widely spread out. The author points out the fact that in small villages, there is an absence of retail stores and that marketers experiment with weekly markets or periodical markets where people assemble in order to buy and sell goods and services to service 10 to 15 villages in the surrounding areas. Velayudhan (2014: 153) asserts that shopper behaviour is influenced drastically by a store's location. The distance between retail stores is important to shoppers. Retailers have realised that being located close to each other can be advantageous as well as being located closer to customers creates a proximity advantage (Lee and Pace 2005: 58-69).

Factors that are critical to the choice of location are the size of the population, neighbouring competition, access to transport and the availability of parking (Holweg and Lienbacher 2011: 316). According to Reinartz *et al.* (2011: 54), transportation and communication in under-developed areas are costly and a major challenge which impacts on costs and the efficiency of sales compared to more developed markets that make use of just-in-time delivery. Paddison and Calderwood (2007: 136) refer to rural retailers as being disadvantaged due to the fact that they are geographically isolated and experience cost structures that are inflated and have dispersed market segments. As a result of diverse and dispersed rural markets, retailers have tailored products or services to cater for either one of these market segments (Reddy 2005: 130-133). To cater for these diverse markets, retailers store more products in large warehouses (Reinartz *et al.* 2011: 61). Tulip (2010: 22) highlights the fact that the last piece of the jigsaw puzzle is the delivery. Retailers need to invest in terms of logistics training to make the driver look professional and proper as they are the ones interacting with customers.

The marketing mix in a retail entity consists of four main factors (product, price, place and promotion) (4 Ps). The four factors are critical in positioning a product

above competitors. The challenge for marketers is optimising the marketing mix in terms of the budget to be spent on each element of the marketing mix so that the turnover and profits of the firm can be maximised. Together with the 4 P's, store image, delivery to the customer, customer service and post-purchase experience also create a total purchase experience for customers. Marketing is a challenging task and the complexity of marketing in a retail environment will be discussed in the next section.

## **2.9 The complexity of marketing in a retail environment**

A marketing manager in a retail environment is an investigator and finder of facts. These facts are summarised and synthesised so that decisions can be made systematically. In so doing, the marketing manager uses models and theories of retail phenomena that enable him/her to structure all aspects of retailing. The marketing component of the company advises the procurement department in terms of how much of stock to carry or whether to use the Just-in-Time method of purchasing so that minimal stock is kept at the company's warehouse to minimise risks (Reinartz *et al.* 2011: 61). When one analyses the scope of marketing, one finds that marketers market 10 different types of commodities: merchandise, service offerings, special events, various experiences, individuals, destinations, assets and property, organisations, facts and ideas (Kotler and Keller 2012: 24-48).

Sorensen (2016: 50-60) maintains that the elements of the promotional mix need to be carefully synchronized so that the product is positioned above competing products. The authors also state that after developing a mission statement and establishing some goals and objectives, a retailer must then develop a strategy. According to Shaw (2012: 31-33), a strategy is a carefully designed plan for achieving the retailer's goals and objectives. The author further states that the three core strategies are: (1) to get shoppers to their retail outlets; (2) to entice people to buy their merchandise; and (3) to get shoppers in the store and convert them into customers at the lowest operating cost as possible, whilst still maintaining excellent service levels. Constant monitoring of consumer behaviour and the analysis thereof

are important aspects within the scope and ambit of a marketing manager's realm as it provides discernment into several important dynamics which affect sales and relationships with customers and which cannot be controlled by the business. The marketing manager decides on the marketing mix. The marketing mix facilitates the engagement of the marketer with the carefully selected target market based on the individualities of the identified target market. The marketing elements need to be carefully built around the target market (Shahram, Mohammad and Azizi 2013: 56).

Reijonen (2010: 280) asserts that over the last six decades, marketing in itself has experienced several challenges. It has transformed from the focus on production and sales to customer and relationship marketing. Marketers are placing more emphasis on valuable, long-lasting relationships. Interacting with customers has been identified as being more beneficial to a business, rather than purely one-way communication. Marketing is a task for the entire organisation and not just the marketing department. According to the author, market intelligence refers to the gathering of information about customers and competitors and the methods used by a business to respond to such information.

As highlighted above, the job of a marketer is indeed complex and challenging. Marketing is very expensive. The marketer has to analyse and dissect the target market, ensuring that the most cost-effective promotional tool is used to attract customers. Essentially, a business depends on the marketer to bring in the customer so that a sale can occur. Without the turnover of products, the business will not be able to sustain itself. The store's atmosphere also plays a role in enticing customers to purchase. The influence of a store's atmosphere will be discussed in the next section.

## **2.10 The influence of a store's atmosphere**

There are three main areas for supporting and capitalising on consumer trust at the point of sale. Firstly, there is the quality of service (store ambience and sales people); secondly, pricing (short and long-term); and thirdly, product range. The

other important factor is strategic investment in targeted promotions (Bellini, Cardinali and Ziliani 2011: 462-463).

Rayburn and Voss (2013: 401) emphasise the impact of the in-store atmosphere. The authors state that the physical elements of a retail store are collated into five major elements: “exterior, interior, layout, point of purchase and human variables”. Together with this, exterior atmospheric variables also play a vital role in attracting customers to stores. This includes window displays, signage, the building structure, the resident environment (whether it is in the main street, or shopping mall), availability of parking and the way the traffic flows through the store. These atmospheric variables can drive sales by causing the consumer to make unplanned purchases (Rowley 2016: 33). The physical characteristics (for example, the layout of the store and lighting, together with sound) has a greater appeal to customers (Holweg and Lienbacher 2011: 316-317). Piacentini, MacFadyen and Eadie (2000: 462) also agree that the position and aesthetics of a display in a retail store are important factors to be considered. In-store displays must look appealing and should be strategically positioned to attract customers. There are certain places in the store called “walk on spots” which customers are guided to walk through. The notion behind this is to force customers to walk through these areas so that they pick up items. Bagdare and Jain (2013: 791) view contemporary retailing as being characterised by the emergence of “Experience Stores” around the world. According to the authors, these retail stores create a “retail theatre” or “experience factory”, enabling a “memorable shopping experience to improve customer satisfaction and loyalty”.

Kim and Kim (2012: 819) state that physical atmosphere needs to be continually managed as subtle cues influence the purchasing experience in the store. Rayburn and Voss (2013: 401) describe “atmospherics” as being the articulation of in-store elements to trigger particular behaviours from customers and appeal to certain high-end customers. In a recent survey, sixty-three percent of consumers stated that the atmosphere resulted in them lingering longer in the store and forty-five percent stated that they purchased more because of the store’s atmosphere (Rayburn and

Voss 2013: 400). Mishra and Ansari (2013: 355) state that store presentation is crucial and that the external façade (signage, window, drive-way); ambience (lighting, air conditioner, music, aroma); various design elements that communicate store image; and ease of shopping (layout, adjacency, ease of circulation, ease of locating the product that you want, ease of purchasing) all have a bearing on retail productivity.

Several factors stimulate purchasing, as highlighted above. Marketers are cognisant of this fact and try to capitalise on this in their stores, with the view to creating a warm ambience to generate repeat business. The store's atmosphere also contributes towards the brand's positioning.

## **2.11 Factors influencing marketing strategies**

The following section examines the manner in which marketing strategies have been influenced by advances in technology.

### **2.11.1 Technological shifts**

Shankar and Yadav (2010: 55) agree with the views of Fidler (1997) who explain how “media technologies”, for example “radio” and “television”, evolved during the early portion of the twentieth century. With that historical backdrop, Fidler (1997) studied tendencies relating to the integration of various kinds of media platforms. The author found that the “forces shaping our future” are fundamentally “the forces that have shaped our past”. Although this perception has value, it is important to take into consideration likely interruptions in trade that can result from “technological shifts”. It is imperative to understand which aspects of business are constant and which features evolve, and why they adjust due to technological shifts. This remains a challenge for those conducting research, managers or marketers (Martin and Isozaki 2013: 1546).

### **2.11.2 Technological advancements and customised promotions**

Rowley (2016: 32) mentions that the advantages of kiosks in retail stores is that kiosks have card readers and interactive touch-screens and offer an interesting means of presenting information and advice to customers. Pantano (2010: 171) states that retailing could benefit tremendously from advances in technology, such as virtual and augmented reality, biometric technology and 3D scanning technology which can improve the customer experience and from a management perspective, provide fast and useful marketing information. In addition, these technologies provide useful feedback from customers to retailers, which can be used for more efficient and customised promotional strategies.

### **2.11.3 Technological advancements facilitate purchasing**

Social media sites such as Facebook, Twitter, YouTube and LinkedIn have resulted in changes in the way people currently communicate and market their products, with LinkedIn having over one hundred million users worldwide and YouTube exceeding two billion views per day (Clow and James 2014: 2). The authors also state that the “average Facebook user has 130 friends, is connected to 80 pages, groups or events and spends 55 minutes per day on Facebook”. Facebook, with more that 700 million users, has become the largest social networking site globally. Facebook has also played a pivotal role in terms of facilitating business marketing strategy (Park, Shin and Ju 2014: 91). Facebook has several integration tools that are user friendly. Retailers are able to link their virtual outlets with Facebook. When Amazon integrated its services with Facebook in July 2010, Levi’s made use of Facebook to created its “Friends Store” and Korea Telecom released its “Olleh Shop” on Facebook in April 2011 (Park, Shin and Ju 2014: 91).

Grewal and Roggeveen (2013: 264) are of the view that new technology options can reduce the amount of searching a customer conducts prior to entering a store. In addition to assisting consumers in their pre-purchase searches, mobile technologies can store a host of relevant information available on social networks. There is a host of information available via social networks, such as suggestions about products,



product information and preferred places to purchase (Grewal and Roggeveen 2013: 265).

Murphy (2013: 6) expresses the view that buyers are smarter and more informed. Furthermore, the buyers seek expert opinions from other sources before they purchase a product. Murphy (2013: 7) states that to position one's product offering above their competitors and position themselves as experts, the business needs to create content that speaks to one's audience, facilitates the buying process and assists the customer in terms of the best purchasing decision to make. Murphy (2013: 8) suggests that a company needs to have an online blog and will need to update the content on a regular basis because readers of blogs become buyers of products. The results of his study showed that eighty-five percent of consumers state that they read online reviews for local businesses and 73 percent of consumers indicated that when they read positive reviews, it creates more trust in that particular retailer.

The study also showed that coupled with these factors, even small businesses are of the opinion that they should create a strong online presence for their businesses as ninety three percent of online research starts with a search engine and 68 percent of customers research suppliers and products on various websites before purchasing (Murphy 2013: 6-9). According to Venkatesh (2015: 1175), mobile devices are here to stay and forty five percent of users check their emails on their smartphones and mobile devices. This provides a challenge for most companies' email marketing efforts since sixty-five percent of all mobile users will unsubscribe if the email message has rendering issues, compatibility issues or does not display correctly on their mobile devices. Companies need to stay abreast with the changing technological requirements of smartphones, tablets and iPads.

#### **2.11.4 Technology allows for global product visibility**

Lusch, Dunne and Carver (2011: 34-65) express the view that computer technology has allowed for faster transference of information, locally and globally. Business websites facilitate global visibility of their products. The authors add that virtual

offices could be created and marketing managers could work from anywhere, using 3G wireless technology to link up to the internet. In addition, the use of technology has speeded up the entire workflow process of retail entities. Schmidt and Ralph (2013: 52-55) add that websites provide the opportunity to create a unique experience for consumers. This can be done through interactive activities on the site, forums or discussion boards, virtual tours, videos and more. Customers can get immediate answers to their questions or concerns as they browse the sites. The live chat can be helpful and not intrusive to the customer.

Baran and Sweezy (2013: 34-36) on the other hand, are of the view that companies are losing sight of the most important and proven methods of marketing their businesses. The author adds that being the first company to use a new social website or new marketing strategy is not always the best idea, and companies forget the core marketing practises that are proven to work. Being well ranked on internet search engines, email marketing and insightful blog articles to drive sales should be top of the list. Paul (2013: 3) emphasises that one should not be blinded by the social hype. While social media like Twitter and Facebook might be an enhancer of the company's overall marketing strategy, it should not be what the company focuses on to drive sales. Conlon (2013: 9) comments that email is as important as ever in an increasing social world. Email users in most cases need an email address to join a social network. The author also states that social networks are the biggest users of emails as a way to maintain customer engagement and encourage visits, and that at two billion users a day, Facebook is the largest email sender in the world.

Martin and Isozaki (2013: 1548) describe how a hotel chain "A" benefits from the use of technology. The hotel chain faced severe price slashing from competitors and had to adapt their marketing mix. They developed a new email programme, with an email tool and with data-mining capabilities. They send out weekly, highly targeted email communications to their loyalty card members. Their revenues tripled in eight months after implementing the programme. The hotel chain claims that technology has been influential with regard to the new services that they offer. They also used an SMS campaign with the "Radisson" brand, whereby customers make a booking

for accommodation using the “Radisson.mobile” site and get an SMS confirmation when booking on the hotel’s website. When the hotel chain launched a link with the central reservations system, information from the 50 Asia Pacific Hotels became centrally managed.

Online purchasing is another form of buying behaviour that has become very popular. Primary research was conducted and documented by Tuten and Ashley (2011: 15-17) to gauge how many people purchased and redeemed any group deals online via Groupon or Living Social. The most significant piece of information arising from this study, from a marketing perspective, is the fact that 72.3 percent of the respondents informed their friends with regard to the deals via email. Also, 34 percent returned to the retailer after they redeemed the deal and 84 percent of the respondents planned to return to the retailer in the near future. The discussion arising from the results of the survey reveal that the study provided valuable insight into how consumers experience group buying deals. Spas that offer discretionary facilities have greatly benefitted from group buying deal offers. Deals are customised according to the specifications of a particular business (Tuten and Ashley 2011: 18).

Conlon (2013: 9) found that retailers are using innovative media platforms in various ways. Retailers currently use email widely to inform potential customers pertaining to product or promotional information. Some retailers offer coupons that can be downloaded from their websites. These coupons can be redeemed when using their loyalty cards. The authors state that other retailers in America make use of different types of social media: Retailers like Target and Wal-Mart make use of Facebook-sponsored groups; Urban Outfitters make use of MySpace, an internet application; I-800 Flowers has second life E-stores; Buy.com, Radioshack and Overstock.com make use of YouTube and Video Podcasts; and Officemax, Burger King and Taco Bell have viral micro sites. Ailawadi, Beauchamp, Donthu, Dinesh and Shankar (2009: 49) also report that a study of 300 Internet and multichannel retailers showed a shift to more “personalised promotions and live-chat”. Retailers in the study sample stated that email marketing was the most important promotional strategy,

especially during the holidays. This was followed by marketing via search engines and search engine optimization.

Sharma (2011: 202) is of the view that the internet has allowed for the distance between places to be decreased, becoming global in thinking, with the purchase process being streamlined for the comfort of the customer's homes embracing new communication methods. Retailing is no longer restricted by diverse cultures and social restrictions (Sharma 2011: 202). Schiff (2013: 35) maintains that Email marketing assists the retailer to hold the customer's data in his/ her hands, which is the richest content that a retailer can get for its brand.

Internet technology has had an impact on behaviour, decision making processes, relationships and the general way of doing business (Hamann and Papadopoulos 2014: 42-55). The main reasons for moving towards online shopping are the reduction of search costs and accessibility of items anywhere (Sharma 2011: 204). However, some internet users view internet advertising and marketing to be invasive and disrupting. Customers do not want to take the time to click on to online links. Therefore, these factors affect the success of many internet marketing campaigns (Bell, Choi and Lodish 2012: 32).

#### **2.11.5 Customer complaints**

Martin and Isozaki (2013: 1548), have acknowledged that the new technologically advanced generation has grown up with instantaneous fulfilment. Martin and Isozaki (2013: 1547) comment that retailers of travel packages needed to adjust their products and marketing methods to meet the anticipations and lifestyles of travellers. They discovered that the customer, while still checked into the establishment, will go onto the establishment's website and comment that "my check-in was bad". They needed to put measures in place to address these complaints while the customer was still staying in that hotel. It was also found that some groups of hotels employ additional staff to manage the comments posted on the internet and to view all the blogs that are posted about the hotel and resolve the

issues timeously. This has had a positive impact on their sales and the return of customers to the hotel chain (Guillet, Lui and Law 2014: 948).

Martin and Isozaki (2013: 1547) highlight the following salient points that are important in the context of this study:

- There is a definite change of speed at which marketing strategies can now be executed as a result of internet technology;
- Advances in technology have facilitated promotional strategies and businesses are now visible nationally and internationally via business websites;
- Email marketing assists the retailer to hold the customer's data in his/ her hands and this is the richest content that a retailer can get for its brand;
- Millions of people are online every day and marketers are taking cognisance of this to target their marketing strategies more accurately;
- Advertisers benefit from digital marketing by being able to be more targeted and accurate in terms of customer behaviour, demographics and psychographic market- segmenting. This leads to less wastage in advertising spending;
- Technological advancements have led to consumers using mobile applications to retrieve their emails on their mobile devices, iPads and tablets. For email marketers, this means that they need to stay abreast with the changing technology and ensure that there are no compatibility issues when a customer downloads email; and
- Email is being used extensively to inform potential customers about product promotional offers. Some retailers offer coupons that can be downloaded on their websites. These coupons can be redeemed when using their loyalty cards.

From the above discussion, it can be inferred that advances in technology have had a positive impact on the way marketers currently market their products, compared to the methods that were adopted in the past (from a cost, speed and efficiency perspective).

### **2.11.6 Internet Retailing (E-retailers)**

Wei and Yongjian (2012: 152) mention the differences between “e-tailing” and “retailing”. The authors state that e-tailing makes use of text, graphics and symbols on a web page. However, it does not include the important senses (touch, taste, smell and often sound) that prevails in the normal retail experience. Customers can easily get disappointed with their e-tail purchase and the return of their goods may be tedious (Wei and Yongjian 2012: 153). The authors also state that when a retail outlet is combined with an e-tail distribution channel, the retailer has to make major decisions in terms of service levels, customer expectations and the setting of prices for the two channels, since demand curves for the two separate channels are not certain in the first phase of trading.

Grewal and Roggeveen (2013: 265-268) describe the consumer decision process, which according to the authors are the “pre-purchase stage”, the “purchase” stage and the “post-purchase” stage. The first stage of the consumer decision process is the most crucial and takes place prior to the purchase. This stage has seen the most changes in the past ten to twenty years. During this stage consumers explore product information about substitutes and weigh their options by searching for information through other forms of media, such as television advertisements, direct-mail advertising flyers, reviews provided by friends (word of mouth) or experts and service personnel stores. These traditional media channels have been augmented by the Internet, which means that more consumers today shop online or shop using multiple channels, greatly changing how marketers communicate with consumers prior to purchase (Grewal, Bart, Spann and Zubcsek 2016: 3-5).

Bernariusz (2013: 2) states that the internet audience is still growing rapidly. The internet population in South Africa stands at fourteen million people, representing thirty-nine percent of adults in the country. Ninety percent of people online are online every day. The author adds that approximately sixty-two percent indicated that they read fewer newspapers as compared to the past and fifty-nine percent said that they read fewer magazines. Technological advancements will shape the way customers purchase over the next decade, and with the advent of smart-phones, the fact that

people are accessible all the time has become an important part of the marketing mix. Schiff (2013: 34-35) attests that digital technologies are now an important part of the marketing mix. However, business has only just started to observe the benefits of how the landscape is changing.

Park, Shin and Ju (2014: 89) indicate that the appearance of an online purchasing site (store atmosphere) is an important contributing factor of purchasing behaviour and that the fast progression of websites means that it is important to drive online sales. The authors discuss “web aesthetics”, in particular “aesthetic decorum” (the order, legibility and simplicity of a website), and aesthetic appeal (the overall impressiveness of a website) and “positions aesthetics” as playing a crucial role in the hedonic quality of a website. According to the authors, aesthetic appeal can greatly influence online consumers’ shopping responses.

Nardal and Sahin (2011: 196) believe that the Internet is an effective platform for the interchange of thoughts, merchandise and service offerings. However, this platform poses several ethical challenges for customers. E-retailers have to take cognisance of the fact that e-commerce efforts must be aligned to the needs of the customer. Therefore, reliability, privacy, security and non-deception issues need to be factored into the design of the online purchasing experience. Arjoon and Rambocas (2011: 136) agree with the views of Nardal and Sahin (2011) and add that the online retailer must have a clear and concise privacy policy and “should invest in incorporating security features into their site that will protect transaction details, credit and personal information from unsolicited hacking”. According to Sathish and Venkatrama Raju (2012: 28-30), online retailing will grow at a minimum and controlled growth of 12.5 percent.

Manganari, Siomkos and Vrechopoulos (2009: 1140) elaborate on the “impact of atmospheric cues on consumer behaviour”. They state that the switch from “brick-and-mortar” retailing to “click- and- mortar” environments raise concerns about the changing aspects of this new method of transacting. Retailers that make use of online retailing via their websites aim to create an experience with the online store

which is similar to conventional retailing. According to the authors, Web atmospherics is “the conscious designing of web environments to create positive effects in users in order to increase favourable consumer responses”. E-tailers are equipped to make their online “store” appear like a “theatre” through the use of digital images, visuals, animatronics and icons.

Doherty and Ellis-Chadwick (2010: 944) are of the view that the Internet may increase the power that consumers have by decreasing information irregularities (i.e. customers having a common pool of information), encouraging market transparency and allowing customers to join forces and to become more influential over products and prices. Doherty and Ellis-Chadwick (2010: 945) acknowledge that the internet has the power to transform customers’ shopping experiences, while simultaneously strengthening retailers’ own competitive positions. Whysall (2000: 482-483) emphasises the important ethical connotations that the internet has for retailing.

The Internet has augmented the likelihood of the ethical analysis of retailers. The Internet also has the potential for reckless use and should that occur, demands for more stringent regulations and lawful involvement are likely to increase. Together with this, the Internet has also opened up a whole new virtual shopping world whereby people can shop online from anywhere, at any time.

## **2.12 Customer retention in a retailing environment**

Arjoon and Rambocas (2011: 138) state that marketing activities entail nurturing and initiating long-term customer relationships, which assists the business by protecting it against competitive opposition and fluctuating customer preferences and sensitivities.

Egan (2000: 379) describes ‘relationship marketing’ as the “biggest paradigm shift in marketing in 50 years”. The author mentions that the Fast-Moving Consumer Goods (FMCG) consumer only requires one or more drivers (“location, perceived



service quality, price competitiveness, product range and quality and /or promotional offerings”) to trigger a purchase. The author also states that it can be argued that these are the same factors impelling customer retention. The author further advocates that trust and commitment are important constituents required for customer retention.

Datta and Bairagee (2012: 175) define relationship marketing as all of the undertakings an organisation formulates to manage long-term customer relations. Relationship marketing has received considerable consideration recently as a crucial value-creation method between a purchaser and a seller. It is also important to understand that relationship marketing requires trust between the retailer and its customers. Additionally, the important objective of relationship marketing is to build loyalty between a customer and the retailer, and this leads to customer retention (Datta and Bairagee 2012: 176).

Averwater (2012: 124-130) focuses on the dilemmas that owners of retail entities experience when they employ marketing representatives to service and maintain their customer base. The cost to company can be phenomenal in terms of the company vehicle, fuel, uniforms and marketing material. The author also touches on the issue of apathy and demotivation experienced by marketing representatives who desperately try to meet sales and marketing targets as they build relationships with their customers. It may take many months to build up a relationship with a customer.

Lukic (2013: 272) maintains that the prudent management, delivery and consumption of products all contribute significantly towards green marketing and green retailing, which aid in customer acquisition and customer retention. Griffis, Rao, Goldsby and Niranjana (2012: 282-294), on the other hand, discuss the key issue of returns management faced by online retailers. Due to the lack of “direct touch-and-feel experience” with the product, customers are likely to end up with products that they do not like. The authors add that online retailing creates a very uncertain and risky environment since customers are unable to examine the items

they are purchasing. Rao, Griffis and Goldsby (2011: 282) indicate that online retailers find it hard to retain customers because their staff lack the necessary skills to effectively handle the returns and exchange process. They also postulate that an average of ten percent of all online purchases are returned.

A new culture of loyalty is embedded in the relationship-building process. This consists of the constant communication of prices, communication of promotions, immaculate store layout, display of goods, tasting opportunities and demonstrations, competitions and games (Bellini, Cardinali and Ziliani 2011: 465).

Arjoon and Rambocas (2011: 137) are of the opinion that consumers are more likely to recognise an online retailer as an ethical retailer based on the amount of trust they ascribe to the retailer and its operations, which directly impact on the level of loyalty they assign to the retailer. Ethics therefore, according to the authors, plays a vital role in managing customer relationships and, more importantly, in retaining customers.

Kucuk (2009: 335) states that the businesses' capability to reduce uncertainty, honour their undertakings and guarantees on the internet will lead to trust in an online company. The following factors, according to the author, enhances a customer's confidence in retail businesses, namely, businesses' readiness and disposition to protect customer's rights; to answer customer enquiries properly; to make recommendations regarding suitable products, being impartial and offering updated product information; the provision of a delivery service and return guarantees; and to provide the company's ethical codes in an unambiguous manner.

The capacity of the retailer to create exceptional and gratifying occasions contributes towards the retail store's unique image. Providing a superior "customer experience" is a determining major factor in having a competitive advantage (Rayburn and Voss 2013: 401). Every customer experience is unique. Bagdare and Jain (2013: 793) conclude that the customer's experience can be a memorable one

in a retail store in respect of “joy”, “mood”, “leisure” and “distinctiveness” (perceptions of “genuineness”, “solidarity”, “sophistication”, “enthusiasm”, and “unpleasantness”). All these factors have a profound impact on the customer and will result in repeat visits to the store if the customer finds that the experience is unique (Bagdare and Jain 2013: 800).

According to Blythe (2009: 16), customer retention is recognised as the key to long-term survival in retailing. In the past, businesses have functioned on a “leaky bucket” basis, continually trying to top up the bucket with fresh customers while not paying attention to those falling away. A one percent improvement in customer retention can result in a five percent improvement in a firm’s worth (Blythe 2009: 16). Mugari (2015: 10) emphasises the fact that customer retention is more effective than reducing expenditure and costs. Market segmentation will be discussed in the next section.

### **2.13 Market segmentation**

Marketing research is the methodical collecting and examination of market-related data to produce information that assists with the marketing segmentation process; which in turn can be used in the decision-making process (Clow and James 2014: 3). Martin and Isozaki (2013: 1545) maintain that the job of a marketer is a tough one. Several vibrant aspects influence the decision process. Martin and Isozaki (2013: 1544) cite Mintzberg *et al.* (1976) who developed a general model for strategic decision-making. Marketers are required to segment the market according to demographic/ technological, political/ legal, economic, social/ cultural and competitive/ environmental (PESTEL) factors which have an impact on marketing decisions.

Lusch, Dunne and Carver (2011: 60-80) highlight three criteria for successful marketing. According to the authors, marketers have to firstly depend on “objective measures” for which there is information available (e.g. age, gender, income, education, ethnic group, and religion). “Subjective measures” like “personality” are

too problematic. The second criterion is convenience or the notch to which a marketer can target its promotion or supply channel to a group in the market sector. Thirdly, a successful target market selected by a marketer requires that the segment be substantial or large enough to be profitable for the retail business. Marketers experience challenges in designing and selecting the ideal blend of communications and distribution for their service offerings. Marketers need to focus their attention on the trends emerging in the broad environment and are forced to modify their approaches to promotional activities, accordingly.

Once the segmentation has been completed, the marketer can describe each of the segments that has been identified by the organisation in terms of the segmentation variables (for example: demographic, psychographic and behavioural). From these profiles, the marketer can select one or more profiles (corresponding to the market segment) on which to focus the organisation's market offering. These profiles serve as a "reference point" for the marketer, from which he or she can work in the process of developing communications messages that will best fit the customer profile of the selected segment (Bothma, Brink, du Toit, Machado, Erdis, Theron and Tshivhase 2013: 43-89). Selecting the most suitable variables that can be used to divide a market into smaller "slices" or segments is a critical decision for the organisation to make because if the wrong variables are used, the segments may be meaningless or unattainable (Bothma, Brink, Du Toit, Gerber-Nel, Machado, Erdis, Theron, Tshivhase and Cant 2012: 105).

Sheth and Malhotra (2011: 1-20) state that in today's competitive market, managers are dependent on data-driven and fact-based decision-making. Nowadays, businesses make use of marketing research to deliver a higher level of insights to assist with managerial decision-making. While these trends would logically lead to a closer integration between the marketing research and management functions, more and more firms are outsourcing the market research function to consultants and market research contractors (Sheth and Malhotra 2011: 15-20). The technical complexity of market research and the need for highly specialised talent are often used as the main arguments for outsourcing this important marketing function.

## 2.14 Marketing Channels

By scrutinising the entire purchasing behaviour across different channels, marketers are able to make better marketing decisions (George 2012: 433-435). The author adds that regular studies of a group of customers, or partnering with credit card companies, will enable a retailer to obtain a holistic outlook of a customer's purchasing behaviour. Each of these options have their restrictions but, jointly, they can offer a superior view into a shopper's purchasing patterns (Chaffey 2013: 135-140).

Keller (2010: 65-70) recognises that marketers in a retail environment need to manage each channel of communication to maximise purchase transactions and "leverage direct and indirect brand equity", while "developing synergistic delivery and communications strategies". The author developed a context for analysing these dilemmas and proposes future research directions to work through these dilemmas. Shankar and Yadav (2010: 55) assert that marketers use three kinds of marketing channels as follows:

- The Communication channel, which includes "newspapers; magazines; radio; television; mail; telephone; billboards; posters; fliers; CDs; audiotapes; and the internet". Businesses also communicate through the look of their retail stores, websites and other media;
- Distribution channels are used by marketers to "display, sell or deliver the physical product". The channels may include the internet; mail; mobile or telephone; or indirectly via wholesalers; distributors, retailers and agents as intermediaries; and
- Service channels are used to complete trading by prospective purchasers. Service channels may include warehousing, transporting, businesses, the banking sector and the insurance industry.

Shankar, Inman, Mantrala, Kelley and Rizley (2011: 31) believe that producers and suppliers in retail channels are constantly searching for methods to fully comprehend the behaviour of shoppers and of the categories of products that they

purchase. Manufacturers base their strategies on the past behaviour of shoppers. Similarly, retailers have devised their strategies based on shopper behaviour in their own retail outlets. Shahram, Mohammad and Azizi (2013: 55) state that marketing management and marketing strategy theories encapsulate the modern factors that have distilled into the marketing mix. Relationships between customers and marketing managers are based on “individualism”, “being collectively customer orientated” or “personalisation”. This involves personalising services to the customers’ needs. Such “personalisation”, together with product, price, place, promotion (4Ps) and the new factors such as “personnel, physical assets, and procedures (process)” form the new (8Ps) marketing mix (Brooks and Lyndon 2012: 406). Paddison and Calderwood (2007: 137) mention that developing non-store trading, whether it is online based or via courier services, in tandem with store outlets has been instrumental to the advancement of retail businesses and that each segment complements the other.

## **2.15 Centralisation and decentralisation of retail outlets**

This section discusses and outlines the dilemmas and constraints that marketers face in centralised and decentralised channels. Promotions are geared differently in centralised entities. The way marketing decisions are made in centralised and decentralised entities also vary.

According to Karray (2011: 746), a centralised channel is “one that is vertically incorporated and all decision-making is done by the owner of the channel”. A decentralised channel contains various managers that make independent decisions with regard to pricing, strategies, marketing and promotions. Terblanché (2013: 228) is of the view that most companies that have several branches are becoming centralised. Centralised organisations have one appointed marketing manager to co-ordinate and maintain the standardisation of marketing functions of all national branches. Terblanché (2013: 228-230) states that the main advantage of centralisation is that retailers can reduce costs as marketing and distribution is done from one office. Fewer managers are required to make decisions. Tulip (2010)

discusses the challenges that retailers experience with regard to slow moving stock in centralised businesses. The author states that a retailer can curtail inventory on slow movers with the effective use of the Internet. The retail entity benefits from economies of scale as their buying power increases for all branches and the marketing silo of the company has to decide which will be the most cost-effective promotional strategy to choose in order to sell excess stock quickly.

## **2.16 Conclusion**

The macro environment plays an important role in retailing. Marketers need to take into account various external PESTEL factors before making any marketing decisions. A marketer also needs to take into account the culture of the target market and what products are suited before marketing is conducted. Much time is required to research this. Promotion is essentially the combination of activities to stimulate the potential customer to purchase. The elements of the promotional mix each have different dimensions within the marketing ambit. Marketers need to be sensitive to a customer's need for privacy during the entire shopping transaction.

The marketer needs to look at the business in its entirety and consider the economic viability for the business before a marketing decision can be made. Marketing in a retail environment involves marketing to a broad cross-section of consumers, from rural areas to elite areas. Marketing has to be targeted to the specific needs of the customer. This requires much prior research. The marketer has to take cognisance of the various stages of the product life cycle and plan the marketing strategies to be more vigorous during the decline stage.

Retail companies are now required to keep abreast with advancements in technology. The Internet has indeed facilitated retailing and has assisted in offering unique or unusual merchandise, whilst still maintaining a customer's privacy. Email marketing is advantageous and has resulted in trust implications because of repetitive email marketing campaigns and customers begin to trust the supplier. Emails also prevent competitors from viewing a company's pricing, unlike printed

and distributed advertising. Emails contribute holistically to the entire transaction and creates a post-purchase experience. Traditional media channels have been augmented by the Internet, which means that more consumers today shop online or shop using multiple channels, greatly changing how marketers communicate with consumers prior to the purchase. What this means for retailers is a new “global consumer culture” which is driven partly by globalisation, but more so by technology.

Personalising services to customers’ needs is facilitated by the fact that multiple marketing channels are used to promote products. As the elements of the marketing mix have snowballed over the years from the 4Ps to the new 8Ps because of the changing trends and the fact that customers are more demanding and prefer customised marketing methods to suit individual needs and tastes, the challenge that marketers experience is creating the right balance between catering for the customers discerning and ever-changing tastes and working with constrained marketing budgets.

This chapter outlined what retailing entails and the challenges that marketers experience because of restrained budgets. The various factors external to the retail entity were also examined. The next chapter discusses promotional strategies in retail entities.



## **CHAPTER 3 – LITERATURE REVIEW: PROMOTION IN THE RETAIL SECTOR**

### **3.1 Introduction**

The previous chapter outlined what retailing entails and the challenges that marketers experience because of restrained budgets. The previous chapter also provided a synopsis of the marketing mix and the advantages offered by technological advancements. The importance of brand awareness as a general communication aim of all promotional strategies was also discussed. This chapter will focus specifically on the promotional strategies generally used by retail entities. Promotion will be defined and different types of promotional strategies will be discussed. Promotional strategies used in the past and those currently used by retailers will be explained. Ethics and corporate social responsibility will also be discussed. Promotions will be emphasised in this chapter because choosing the right promotional strategy is crucial to increasing the sales of a retailer.

### **3.2 The definition of “promotion”**

As discussed in Chapter 2, “promotion” refers to “undertakings by a retailer to provide customers with information about a retailer’s product, location, image and its marketing mix”. Promotion also refers to the tools that are used to “deliver the message to the target market”. “Promotion” is the “set of activities to inform, persuade and influence” the potential customer. The elements of the promotional mix comprises four groups (advertising, sales promotion, public relations and direct marketing), each of which have different dimensions within the marketing ambit (Gupta and Shukla 2017: 9).

Shirmardi, Andervazh and Shanaki (2016: 1763) define “promotion” as a means that used by retailers to drive traffic into their stores. It includes sales promotions, publicity, personal selling and advertising. Parumasur and Roberts-Lombard (2012: 23) are of the opinion that companies use promotions to communicate the product’s benefits to the target markets. These promotions include “advertising, personal

selling, public relations, sales promotion, sponsorships, direct marketing and publicity". Alhadid and Al-Zu'bi (2014: 12) state that promotion started mainly by "communication to build and maintain relationships by informing and persuading one or more audiences". Volpe (2013: 47) defines "trade promotions" as bulk price discounts offered to retailers, usually by manufacturers of national brands.

Du Toit, Erasmus and Strydom (2011: 395-400) explain that "marketing communication" is "the process of informing, persuading and reminding the consumer". The authors also refer to the six elements (i.e. "personal selling, public relations, sales promotion, sponsorships, direct marketing, advertising and publicity") which may be used in a particular blend to stay in constant contact with customers. Each of these elements work synergistically to carry an important message to the potential customer base or "target audience" (Du Toit, Erasmus and Strydom 2011: 395-409). Venkatesh (2015: 1181), however, refers to promotion as being the organised attempt to advance prospects from a state of ignorance then to knowledge and then to preference and conviction, and finally to action (purchase) or a positive behavioural response. Retailers will not be able to move their stock without regular promotions in the current global market where competition is prevalent (Phillips, Parsons, Wilkinson and Ballantine 2015: 142).

Al Muala and Al Qurneh (2012: 5-7) emphasise the fact that promotions involve the decision to use the best way to position products to the most appropriate market segment and the method by which to encourage them to purchase these products. The authors also state that a communication programme is important in promotions strategies because it plays crucial roles in terms of conveying important product information and guidelines on product specifications; coaxing target customers as to the intrinsic worth of a particular manufactured article; and enticing them to make a purchase.

From the definitions above, it is clear that the main features of "promotions" are as follows:

- It is a means used by retailers to drive traffic into their stores;

- Promotions solidifies customer-relationships by updating, persuading and reminding potential customers;
- The elements of promotions (i.e. “personal selling, public relations, sales promotion, sponsorships, direct marketing, advertising and publicity”) can be used in a specific combination to communicate with customers; and
- Promotions strategies provide valuable facts and data; persuade potential buyers of the intrinsic worth of a particular manufactured article; and encourage them to make purchasing decisions at particular intervals.

All these aforementioned features mentioned above are important for the retailer to complete a sale. The elements in the promotions mix need to be carefully co-ordinated so that customers have a clear, distinct image of the retailer positioned in their minds and they will not be confused about conflicting information. A promotional strategy is a carefully designed plan for achieving the retailers’ goals and objectives. The objectives of promotions are: (1) to get shoppers to the store; (2) to convert browsers into buyers of merchandise or services, and (3) to get shoppers into the store and convert them into customers at the lowest possible operating cost.

### **3.3 The objectives of promotions**

From the literature review on the objectives of promotions, the following salient points that are critical to the study are noted.

The objectives of promotions in a retail business are to increase sales and thereby increase the revenue (Volpe 2013: 47). The authors also state that the primary focus of the business is to increase turnover and the only way to do this is to sell more products. The primary goal of promotions in retailing is the increase of foot traffic into stores (Volpe 2013: 48). Tuten and Ashley (2011: 27) agree with Volpe (2013) and add that although promotions increases the demand for products and creates more awareness for the brand, it also creates opportunities to up-sell products and generate long-term repeat business. Concomitantly, a system to

control and measure sales has to be in place to measure the success of a promotion (Cant and Machado 2011: 114-120). Allender and Richards (2012: 324) state that recent evaluations indicate that manufacturers of consumables allocated almost 58% of their marketing costs towards sales promotions.

Salem, Mohammad and Lahcen Ait (2011: 1682-1683) comment that the main purpose of conducting promotions is to create awareness and share product information. The other purpose of promotion is “product positioning”. Another important purpose of promotions is the control of sales volumes. Many businesses that retail items like greeting cards and flowers experience intermittent sales configurations. Therefore, by boosting promotional activities in quiet periods, the retail entity may be able to experience stable sales volumes throughout the year (Salem, Mohammad and Lahcen Ait 2011: 1684).

The objectives of promotions in a retail business are to stimulate sales (especially in slow periods); increase revenue; increase foot traffic into stores; create awareness; and communicate product information from one person to another. The other important objective of promotion is to position the product. If customers do not perceive a product as having added value, then price and availability will determine their choice. The positioning of a brand helps to establish a powerful relevant identity in the minds of customers by adding value to the products. This helps to contribute towards the competitive advantage of the company. The nature of promotions will be discussed in the next section.

### **3.4 The nature of promotions**

Cant (2010: 28) believes that there are a number of managerial decisions associated with promotions, such as the message being delivered, choice of media, and the budget allocation. The marketer must also communicate the marketing message throughout the organisation to ensure that staff are mindful of what the expectations are in the marketplace and what communication the organisation is delivering to the various market segments (Cant 2010: 27). Moutinho, Kotler and

Ries (2014: 1-8) also share the same opinion. Enache (2011: 27-29) comments that in educational institutions, the promotion strategy is greatly influenced by the image of the institution and thus, the image of an institution is able to enhance a message.

Allender and Richards (2012: 335-339) mention that designing promotional strategies involves two key decisions; namely by how much the price is reduced and how often promotions are conducted. Decisions regarding promotions are reliant upon how many consumers can be influenced to switch to the brand or how many are loyal to the brand. According to Tuna and Yildiz (2016: 1), by looking at the average spend on promotions from the last annual financial statements, one can gauge the financial health of the business in the future.

Gök and Hacıoglu (2013: 295) also refer to marketing and promotions costs, and mention that increasing financial pressure in many industries has led to marketing managers focussing on deriving short-term income and has forced a decrease in marketing expenditure. Holweg and Lienbacher (2011: 313) are of the view that personal selling was the most powerful promotional tool because it enabled sales people to start by exploring the needs and interests of potential customers. This in turn enabled sales-people to deal with customer objections immediately. According to the authors, personal selling is unfortunately one of the most costly promotional tools, incurring the costs of the sales-person's time on a one-to-one basis. The authors add that this is relatively expensive even if it is undertaken by telephone, and that face- to-face selling also incurs the cost of travel to the potential customer. Lusch, Dunne and Carver (2011: 40-50) believe that, presently, retailers are not in a position to enjoy continued profitability simply by opening up new branches and that growth in profit must occur by increasing same-store sales by means of more promotions.

Small retail businesses are likely to succeed if they make use of a combination of promotional tools, especially in the media, as this will help in increasing sales (Mokhtar and Wan-Ismael 2012: 96). According to Battersby (2013: 2-5), the objective of a good public relations programme is to achieve ubiquitous exposure of

its message. George (2012: 431-433) refers to “occasion-based marketing”, whereby retailers capitalise on purchases during festival seasons and save on promotional costs. Joseph and Sivakumaran (2011: 151-165) comment that promotions project the “utilitarian” aspects of the offer (“the greatest good for the greatest number of people”), provoking the customer to think mainly of the monetary benefits of purchasing the product straightaway. The authors also suggest that it may not intend to prompt any emotion from customers towards the product or brand. Promoters would want the customers to reason and cognitively process the information and to make an informed decision.

From the above discussion, it is clear that promotions play a vital role in creating awareness of a company’s product. The common theme from the discussion is that promotions stimulate purchasing. The nature of promotions is quite complex. There are a number of managerial decisions associated with promotions. The marketer has to analyse what message needs to be delivered and the marketer works amidst budgetary constraints. This involves a considerable amount of co-ordination. All these aspects must be applied, co-ordinated and evaluated. It is also very difficult to measure the return on marketing investment. Therefore, the most cost-effective promotional tool is preferred.

Past promotional expenditure is important for investors to make decisions about the financial health of a business. This means that if an investor wants to gauge how revenue will increase in the future, they will look at the promotional spend for the last financial year. Hence, the future growth in turnover of a business is dependent on the current advertising and promotions spend of the business. Pricing decisions and the rate at which a product is promoted are critical when trying to convince customers to switch to a brand. The way a product is promoted and the success or failure of a promotions campaign will determine the financial health of a retail entity. The next aspect will focus on “push” and “pull” strategies used by retailers.

### **3.5 “Push” and “pull” promotional strategies**

After the promotional objectives have been clarified in a business, it is vital to cultivate a “promotional strategy” to achieve the objectives. Promotional strategies can be of the “push” or “pull” variation. A business with a “push” strategy will deliberately “push its product through wholesalers” and retailers, who in turn convince customers to purchase. A business with a “pull” strategy is preferred by customers who order the goods from retailers, who thereafter request the product from merchants (Du Toit, Erasmus and Strydom 2011: 395-409).

Marketers of industrial products make use of a “push” strategy and marketers of consumer products make use of a “pull” strategy. When the promotional strategy has been outlined, it guides the businesses’ choices of promotional objectives and the promotional mix to be selected (Salem, Mohammad and Lahcen Ait 2011: 1683). The preferred promotional strategy guides the businesses’ adoption of promotional objectives and the kind of promotional tools to be used (Salem, Mohammad and Lahcen Ait 2011: 1682).

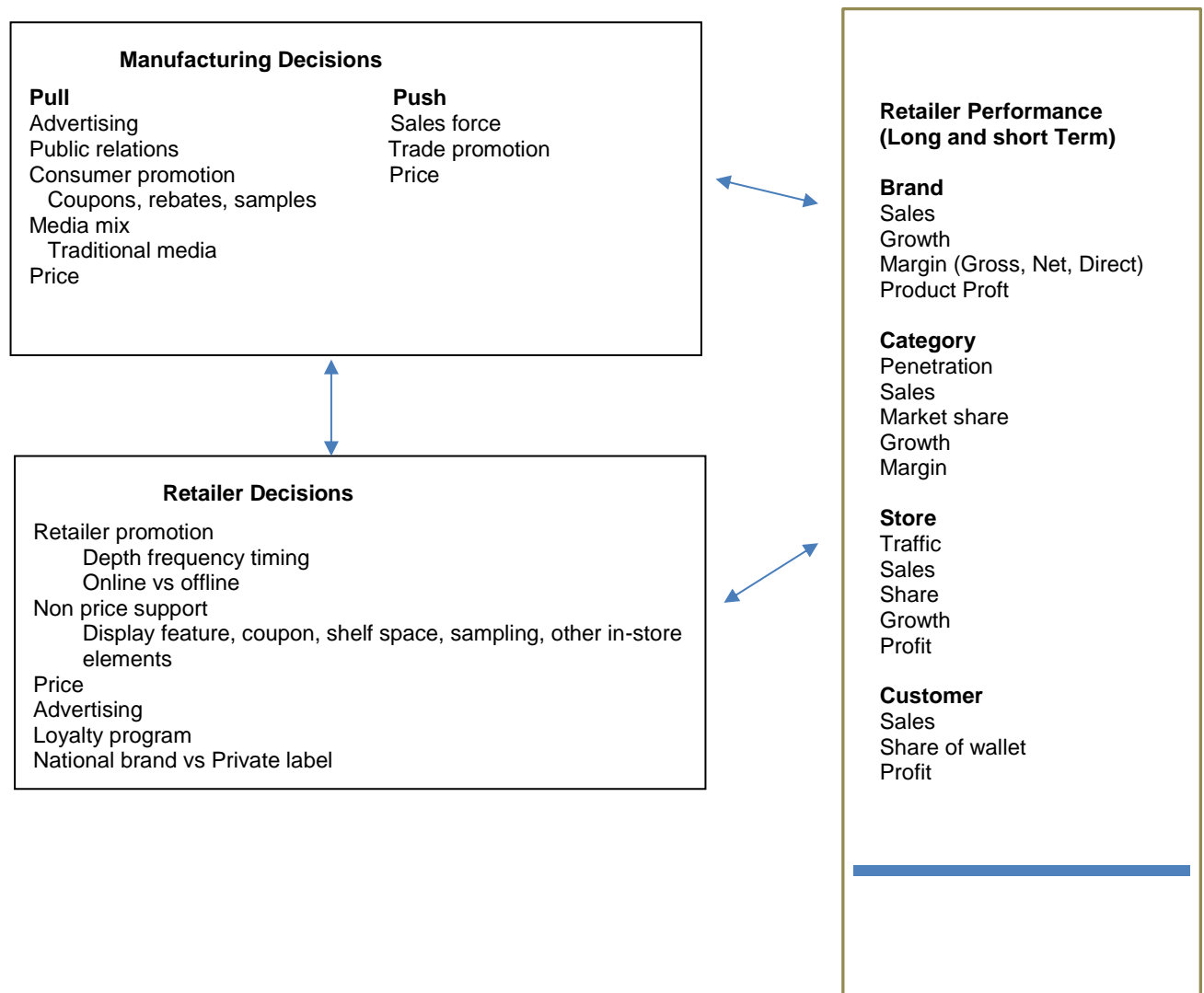
Macro-variables have an effect not only on the market environment and on decision making by management, but also on each other, which constantly causes change in the business environment (Bothma *et al.* 2013: 21). The authors add that in a democratically elected country, the community (which is also the consumer) with its particular culture and values decides what government it wants and gives the government a mandate to form a political structure, which in turn determines the affairs of the community. Therefore, politics and legal factors are interwoven with the economy and are influenced by the policies adopted and the economic measures taken to achieve political ends. The result is a certain standard of living for the community. The impact of manufacturers’ decisions on retailers’ performance and horizontal joint promotions will be discussed in the next section.

### **3.5.1 Manufacturers' decisions impact on retailers' performance**

The following conceptual framework (Figure 3-1) provides a snapshot of the way the push and pull factors (manufacturers' decisions and retailers' decisions) affect the retailer's performance. Manufacturers' decisions also have a bearing on the promotional strategies chosen by the retailer.



**Figure 3-1 Promotions-Conceptual framework**



Source: (Ailawadi *et al.* 2009: 43)

The conceptual framework presented by Ailawadi *et al.* (2009: 43) in Figure 3-1 above focuses on the impact of manufacturer decisions and retailer decisions, whereby both sets of decisions determine the success of the retailer. The variables on the left depict the key marketing communication aspects that can be controlled by either the manufacturer or retailer. The right side of the framework summarises key aspects of performance that are pertinent to the retailer. Datta, Ailawadi and van Heerde (2017: 15-20) concur with this and add that manufacturer decision variables can be categorised as *push* or *pull* variables. The brand manufacturer's

“pull decisions” (for example “advertising and vouchers”) can have an impact on a retailer’s decisions. The manufacturer’s “push decisions”, such as “wholesale price, trade promotions and sales force efforts” also have an impact on the retailer’s decisions (Ailawadi and Farris 2017: 124-125). The retailer’s decisions, including “pricing”, “price promotions”, “traditional non-price support” (feature advertising and displays and other in-store communications such as televisions, shelf recordings and shopping cart advertising) can be bundled under the phrase “shopper marketing” (Stahlberg and Maila 2010: 10). Allender and Richards (2012: 339) suggest that more research needs to be conducted with regard to the return on investment (ROI) of budgets for promotions. While prior research exists (Farris and Buzzell 1979), Scott (2013: 34-35) suggests that manufacturers apportion a larger allocation to the more elastic market. Grewal *et al.* (2017: 61-62) concur with the views presented by Ailawadi *et al.* (2009: 43) and suggest future research on “push” and “pull” strategies that influence each other synergistically.

Lubik, Lim, Platts and Minshall (2012: 11-12) maintain that a pull effort from a consumer contributes significantly to the push effect on the retailer in a marketing channel system. The majority of marketing strategies are combinations of push and pull elements. The challenge of marketing management is to get the optimal balance, given the volatility of certain markets. The brand owner may enjoy favourable benefits from the pull effects of eventual buyers (Chiou, Wu and Chuang 2010: 431). Pesonen, Komppula, Kronenberg and Peters (2011: 33) and Chen and Mo (2014: 260-263) agree that from a tourism perspective, tourists are pushed by their own desires to visit destinations. Push motivations are those that draw people to a place of interest once the decision to travel has been concluded (Pesonen *et al.* 2011: 33).

Promotional strategies may be of the “push” or “pull” variety. A company with a “push” strategy pushes its product through wholesalers and retailers, who persuade customers to buy it. In contrast, a company with a “pull” strategy appeals directly to customers. Once the promotional strategy has been selected, it paves the way

forward in terms of retailers' promotional objectives and the types of promotional tools that will be used.

### **3.5.2 Horizontal joint promotions**

Lubik *et al.* (2012: 10) express the view that many large manufacturing businesses adopt a market-pull strategy. Ailawadi and Farris (2017: 131) assert that in quiet business periods, retailers may look for opportunities to cost-share in terms of their promotional activities and collaborate with suppliers to decrease the cost of their promotions. Such a strategy is called *horizontal joint promotion* (HJP). Retailers that want to position their products above competitors invest in HJP to drive more traffic into retail outlets and benefit from discounts from media agencies and from economies of scale from suppliers. Retailers located in close proximity, for example in the same shopping malls, often share the costs of organised events that increase the flow of customers into the malls (Iyamabo and Otubanjo 2013: 20). Data regarding trade promotion are difficult to collate because many businesses regard trade promotions strategies as being "trade secrets" and they are therefore unwilling to divulge this type of information to researchers (Armstrong 1991: 55-67). Ailawadi and Farris (2017: 130) provide an alternate view and state that retailers prefer consumer rebates instead of trade discounts. Therefore, consumer rebates act as pull factors to draw customers, especially during low sales periods.

Retailers try to maximise returns by taking advantage of trade promotions from manufacturers. This is because they spend a large portion of their marketing allocation on advertising, besides their normal promotion outlay. It was important to highlight this because retailers benefit from these trade discounts and customers also benefit from these deals and can stock up by purchasing their regular items in bulk. During a trade promotion, the manufacturer cost shares in terms of the promotional costs. Hence both retailers and customers benefit from trade promotions and discounts from manufacturers and suppliers. The next section discusses the various types of promotional tools that retailers use.

### **3.6 Types of promotional tools**

In this section, the promotional tools used in marketing to customers will be examined. The decision of choosing the right promotional tool has to be analysed carefully by marketers because the cost implications and return on investment have to be weighed carefully.

There are five basic types of promotional tools: “personal selling, sales promotions, publicity, advertising and public relations” (Salem, Mohammad and Lahcen Ait 2011: 1690-1692). The optimum blend of these tools (promotional mix) depends on many factors, namely the product that the retailer is selling; the cost of various promotional tools versus the promotional budget; and the make-up of the targeted market segment. All these play a major role (Volpe 2013: 47-48). The type of merchandise being promoted affects the mix tremendously (Gauri 2013: 10). It depends on whether the promotion needs to reach a wider audience or if it is specific to a certain target market. A promotional mix that works for a particular company may not work for another company.

In the next section, the five basic types of promotions will be discussed. In addition to these five types of promotional tools, shopper marketing and integrated marketing communication, which have evolved recently, will also be discussed.

#### **3.6.1 Advertising**

“Advertising” is paid for, carefully monitored “non-interactive marketing communication” associated with a need that a product satisfies and controlled by a marketer (Du Toit, Erasmus and Strydom 2011: 407). Examples of advertising are advertisements shown on television or advertisements in movies, intermittent advertisements broadcasted on the radio or printed in publications. Singular advertising slots are very costly. Therefore, the selection of the media used is crucial to communicate the promotions message, as it is very difficult to measure the impact of advertising (Grewal *et al.* 2016: 10-14). The authors add that marketing managers need to be very sure that their messages will penetrate the market segment and that this group will take cognisance of the communication, comprehend it and react

to it by purchasing the item repeatedly. According to Blythe (2014: 510), outdoor advertising on billboards, posters and public transport vehicles attract the attention of potential customers when they are conducting their normal daily activities. This advertising medium is an excellent means of getting the attention of reaching a target audience that does not read newspapers regularly or does not have access to television. Advertising in general can reach a larger audience (Blythe 2014: 510).

### **3.6.2 Personal selling**

Personal selling is important when the product is targeted towards a particular audience (Manning, Ahearne, Reece and MacKenzie 2015: 45-55). "Personal selling" is also a "verbal presentation of a product, service or idea to one or more potential purchasers in order to conclude a transaction" (Du Plessis, Van Heerden and Cook 2010: 5). "Sales representatives" are used to create awareness about an entity's product-range and to encourage likely purchasers, by means of regular appointments, to buy the businesses products repeatedly (Erevelles and Fukawa 2013: 10-15).

### **3.6.3 Sales promotions**

Sales promotion consist of those communication methods that are not normally classified as advertising, personal selling, direct marketing or publicity, but that complement the other elements in trying to influence consumer behaviour (Smith and Zook 2011: 364). The authors offer examples of such methods, including diaries, calendars, t-shirts, displaying of brand names and a short sales message competitions demonstrations and the handing out of samples.

### **3.6.4 Publicity**

Publicity is the "non-personal stimulation of the demand for the product or service of a business" by making its actual current news value available to the mass media to obtain a favourable and "free" media review of the business and its product (Young 2011: 276). The author adds that publicity is not always free. The business often has to spend large sums of money on favourable mentions in the press, on

radio or on television. Businesses often sponsor sports events and donate large amounts of money to charity. By doing this, a business effectively shows its responsibility to the community, additionally deriving free mentions of its name or products in the media. Consumers that notice the hidden message are then more inclined to accept the marketing messages of such a “good” business (Aaronson 2003: 330). Alhadid and Al-Zu'bi (2014: 15-16) are in agreement with the views of Aaronson (2003).

### **3.6.5 Public relations**

Public relations creates and sustains reciprocal relationships between a business and its community (De Pelsmacker, Geuens and Van den Bergh 2010: 339). Brennan, Canning and McDowell (2014: 176) are of the view that public relations is a deliberate, planned and sustained process. The authors also state that public relations entail creating and maintaining goodwill toward a business. Furthermore every programme is geared towards realising clearly formulated objectives whilst fostering long-lasting partnerships in the community (Battersby 2013: 2).

### **3.6.6 Shopper marketing**

Shankar *et al.* (2011: S33) state that several retailers are constantly trying to reduce their prices and improve promotional methods to customers across multiple channels. In addition, retailers follow various pricing strategies but react more to competitors' pricing. The authors also describe how current technological advancements facilitate the co-ordination of promotions across various channels (Stahlberg and Maila 2010: 90). Coupons being emailed to potential customers' mobile phones, while the customer is still in their preferred aisle of a retail store (“shopper marketing”) is another way for retail businesses to practice cross-channel promotions. Shopper Marketing is defined by the authors as “the planning and execution of all marketing activities that influence a shopper along and beyond the entire path-to-purchase, from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase and recommendation” (Stahlberg and Maila 2010: 90).

### 3.6.7 Integrated marketing communication (IMC)

Shakeel and Ibrahim (2011: 3) maintain that “Integrated Marketing Communication” (IMC) is powerful in that it guides marketers in terms of formulating marketing communication more efficiently. IMC is endorsed by advertising and marketing agents because of the way in which it creates synergies across different marketing platforms (Shakeel and Ibrahim 2011: 4). It begins with the development of a product and includes all aspects of managing the product from packaging to pricing and delivery, as well as channel management and customer relationship management. Some of the key challenges of IMC that the authors have identified are (1) a shift in power from the supplier to the retailer and a shift in the channel power; (2) a move from depending on conventional advertising; (3) the rapid increase of database marketing; (4) a shift in focus from traditional promotions; and (5) the rapid growth of internet marketing (Panda 2003: 95-103). IMC is multi-dimensional, interactive, measurable communication that links the brand or product to the buyer (Lauterborn 2003: 14-15). Shankar *et al.* (2011: S29) succinctly describe IMC as being a blend of four critical marketing functions (“shopper insights, category leadership, shopper marketing and in-store marketing”).

The literature reviewed highlighted different types of promotional tools that are used to communicate the marketing message, namely:

- Salem, Mohammad and Lahcen Ait (2011) mentioned promotional tools such as “advertising, personal selling, sales promotions, publicity and public relations”;
- Shankar *et al.* (2011) described shopper marketing as a promotional tool, as well as its advantages in stimulating in-store purchasing;
- Shakeel and Ibrahim (2011), as well as Shankar *et al.* (2011) refer to IMC as a promotional tool, which is a whole process to be followed from the product stage to development to delivery. There is a rapid growth in database marketing; and there has been a shift in traditional promotions, as well as a rapid growth in internet marketing.

In this section, IMC was defined and the key challenges of IMC that the authors, highlighted above, were identified by the authors highlighted above. Technological advancements are significantly driving marketing changes. The internet has allowed for information being more accessible to online-shoppers than in the past. Online digital advancements and the use of efficient search engine platforms, innovative mobile phones and social networks have boosted marketers' capabilities in terms of accessing customers.

In the next section, the concept of a "promotional mix" will be discussed. This is important to the context of the study because carefully selected promotional mixes target selected audiences. Choosing the most cost-effective promotional mix is always a challenge.

### **3.7 The concept of a promotional mix**

It is the task of the marketing manager to communicate with customers, inform them and make them aware of the variety of products offered on the market. Customers need to be persuaded by the marketing message to select and buy products repeatedly. The promotions mix serves to inform, persuade and remind the customer.

Du Toit, Erasmus and Strydom (2011: 395-400) define the "promotions mix" as a combination of advertising, personal selling, publicity, public relations and sales promotion. The promotions mix influences the "buying motive", which is the combination of factors in a retail business that stimulate the yearning to buy a product. Such aspects are usually intricate and comprise "both objective criteria such as price, quality, service and delivery, as well as subjective criteria such as prestige, brand image, colour, shape and packaging" (Tait and Tait 2010: 435). In essence, the way in which the elements of the promotions mix are combined will determine whether a sale occurs or not. This is crucial for retail businesses and is a relevant point that has a bearing on this study. These aspects will be discussed in this section.



Before choosing a promotional mix, the company will need to identify which sectors in a marketplace would be possible buyers of its goods and also be familiar with its competitors' strategies. Thereafter, the company may concentrate on its promotions in terms of re-positioning its product from competing businesses, as well as appealing to its target audience. Business managers need to weigh their options in terms of reach, cost of promotional tools and the budget that was allocated for marketing and promotions (Powell, Groves and Dimos 2011: 2). Another important consideration for managers is the phase of purchasing in which the customers are. The stage that the product is in within its life cycle is also crucial in determining the promotional tool that will be used (Young 2011: 346). If the product is in its launch stage, then customers will want to learn more about the benefits of the product. The marketer will need to decide on the best promotional mix to suit the outcome (Salem, Mohammad and Lahcen Ait 2011: 1684). Blythe (2014: 255) refers to database marketing and the interactive website as important promotional and communications tools. The author also adds that profiling customers onto a database and sending out personalised mailings, as well as using the website with capabilities to order goods or engage in dialogue are powerful promotional tools for retailers.

Customers who buy from one market outlet may respond to promotions from further outlets. The internet, call centres and exclusive distribution channels also complement the other market outlets. When a retailer conducts promotions from the most suitable channels for suitable shoppers, this increases the prospects of enticing the shopper at the opportune stage. There has to be repetition for the promotion to be successful over a period of time. Therefore, the most cost-effective method of promotions needs to be established. The fact that there has been a rapid growth of database marketing; a shift in traditional promotions and rapid growth in internet marketing is significant to the context of this study because it means that these are the preferred, cost-effective methods of promotions. The CPA affects internet-based marketing, particularly "email marketing". The manner in which the CPA influences email marketing will be discussed in greater detail in Chapter 4.

### **3.7.1 Personal selling**

According to Pelsmacker, Geuens and Bergh (2013: 427), personal selling is the “appropriate tool to improve relations with customers and increase their satisfaction and loyalty”. The author adds that customer loyalty is important for customer retention, as well as to gain new customers. Loyal customers are generally not price-sensitive. Personal selling is a costlier communications method and is most appropriate in marketing higher-priced products, for example computers for industries and properties. Advertising reaches more customers. Advertising (via billboards, newspapers and other media) and personal selling complement each other and are essential to provide valuable product information to customers. Personal selling is effective where product performance and quality need to be demonstrated. Personal selling assists by making products more accessible, right to the customer’s home (Ailawadi and Farris 2017: 120). This type of selling is also known as “door-to-door selling” (for example, the selling of Tupperware utility containers and Avroy Shlain cosmetics) (Du Toit, Erasmus and Strydom 2011: 409).

### **3.7.2 The impact of Advertising**

The influence of advertising on consumer outlooks and brand optimisation has been researched widely by marketing experts (for example, Martin 1989) and scholars (Aaker 1991; 1996). Advertising creates more credibility for a brand, thereby allowing a retailer to dictate the costs of its products, which inevitably results in increased profits. Prior research on the effect of the way that consumer attitudes are influenced by advertising (Alden *et al.* 1999; Wasink and Ray 1996) suggest that an increased outlay of advertising expenditure results in positive consumer perceptions towards the advertised product (Baran and Sweezy 2013: 37).

#### **3.7.2.1 The various advertising media**

There are two categories of advertisements, regardless of the media used. Brand advertising supports specific brands, such as Kodak and Nike. Advocacy advertising supports a specific contender or viewpoint, as in advertisements for political candidates and anti-drug commercials. Each advertising medium has its own

advantages and disadvantages: Newspapers account for about a third of all advertising expenditure and offers believable exposure as it is accessible for the reader in tandem with current news (Salem, Mohammad and Lahcen Ait 2011: 1685). Many people still prefer to read the newspaper and there is a newspaper to cater for each local market. However, newspapers can be thrown out after one day; the print is usually in black and white and the advertiser cannot target their audience very well using this medium (Salem, Mohammad and Lahcen Ait 2011: 1683).

According to the American Marketing Association (2015: 84-99), television advertising makes up about 22% of all advertising spend. This advertising medium is popular because it covers a larger national and sometimes international audience. Similar to television, radio advertisements are over very quickly and radio advertising permits only an audio production. People listen to the radio generally every day and radio stations are separated into various categories, such as rock and roll, country, jazz, talk shows, news and religious programming. About 7% of all advertising is for radio slots (American Marketing Association 2015: 84-99). Billboards, signs and advertising on busses and taxis constitute 1% of all advertising. However, these advertisements are relatively inexpensive, they have little competition and are subject to a high exposure rate (Borges Tiago, Pedro, Manuela and Braga 2007: 143).

### **3.8 Sales promotion**

Sales promotion is highly effective because it gives potential customers a reason to purchase (Fassnacht and Königsfeld 2015: 68). The authors elaborate that sales promotions have a short-term objective, for example to introduce a new product. However, they are valuable methods in that they reinforce the other marketing communication elements. For example, if a consumer has seen a supermarket demonstration of an item (sales promotion), he/she would possibly understand the television advertisement (advertising) better and find it easier to accept the message, especially if he/ she has already read the article in the newspaper

(publicity). Sales promotions are tangible, tactile and visual and reinforce the other promotions methods (Battersby 2013: 10).

### **3.9 Public Relations**

Pelsmacker, Geuens and Bergh (2013: 340) elaborate that public relations assists the business entity as follows:

- Strengthening of a corporate identity;
- Enhancing the business's standing as a good corporate citizen;
- Maintaining excellent associations with the media, in order to disseminate information;
- Maintaining relationships with suppliers and intermediaries; and
- Overseeing internal communications to keep staff updated with feedback with regard to promotions.

Public relations entails creating and maintaining goodwill. It is important for the marketer to have a clear channel of communication open to convey the marketing message through all forms of public relations media.

### **3.10 Publicity**

Alhadid and Al-Zu'bi (2014: 12) express the view that the distinguishing feature of publicity is that the message to be conveyed should have a certain degree of news value for the audience. Publicity is also more credible than advertising because the audience is more receptive to the message (Borges Tiago *et al.* 2007: 143-144). A further feature of publicity is that the marketing manager has no direct say in formulating the message because the editors of the publications decide what they want to publish (Du Toit, Erasmus and Strydom 2011: 410). Unfortunately, this could also give rise to negative publicity. Promotional repetition builds a degree of steady credibility (Cleeren, van Heerde and Dekimpe 2013: 58-65). There has to be repetition for any publicity to be successful over a period of time (Al Muala and Al Qurneh 2012: 3).

The next section focuses on the promotional strategies used by marketers in the past. This is important to take cognisance of the changing landscape of marketing because some of the cost-effective marketing methods adopted in the past, like email and SMS marketing, cannot be used currently.

### **3.11 Promotional Strategies used in the past by retailers**

Promotions strategies have evolved drastically over the years as marketers searched for cost-effective ways to market their products. The way products were marketed in the past is totally different from the methods used today. In the past, retailers focussed more on sales promotions and trade promotions, whereby the suppliers would cost share in terms of promotional expenditure. The internet was used minimally. These aspects will be discussed further in this section.

#### **3.11.1 Sales promotions used in the past**

Sales promotions that were most commonly used by retailers in the past were special sales supported by advertising (Allender and Richards 2012: 336-338). The authors add that other forms of retail promotions that were used are merchandise demonstrations, premiums, coupons coupled with games, sweepstakes and contests. Retailers also had special sales to promote store traffic and to sell off old stock. Some retailers used in-store demonstrations to build excitement in the store and generate an interest for the items being sold (Blythe 2009: 16-17).

Demonstrations included the tasting of food in supermarkets and fashion shows and cooking demonstrations in department stores (Conchar, Crask and Zinkhan 2005: 447-448). This was effective in that it drew customers to the store and encouraged impulse purchasing. "Premiums" were merchandise offered at a reduced price, or it may have even been given for free to encourage customers to make a purchase. Coupons offered a discount on the price of specific items when they were purchased at the store. Coupons were one of the most commonly used promotional tools used by supermarkets. Retailers distributed them in their newspaper adverts and in direct mail programmes (Levy and Weitz 1996: 219-225).

George and Jakki (2000: 293) have a more detailed view of the way retailing was done in the past. The authors believe that traditionally, the brand management model was established by pulling customers through retailers. Retailers had invested in high-end advertising and they had to ensure that they had adequate stock of the products to avoid disappointing customers. Big brands could dictate to the retailer. According to the authors, two significant things happened: firstly, retail price maintenance was done away with and firms could no longer insist on retailers sticking to market-related prices and secondly, retailers expanded their operations and started to invest in management information systems and huge customer databases. Retailers thereafter began to insist on the owners of large brands supporting their group strategies. The aim was to pull in more customers through lower pricing strategies and trade promotions and trade discounts were the essence of such strategies (Scott 2013: 7).

#### **3.11.2 The internet and email marketing used in the past**

In the past, the internet functionality for businesses was more to advertise the products and services of the business. It was not interactive and did not have live chat functions or online purchasing functionalities.

Lusch, Dunne and Carver (2011: 35-40) state that since the inception of the Internet in the early 1990s, virtual online marketing and sales services were seldom used by retailers. The authors add that at that time the Internet was regarded as being similar to an electronic newspaper or the Yellow Pages where retailers could post pop-up advertisements to create awareness amongst potential customers. The internet has now become an indispensable phenomenon in our lives (Dehghan and Haghighi 2015: 619).

#### **3.11.3 Publicity in the past**

According to Blythe (2014: 265), in the past, communications were divided into “above the line communications” and “below the line communications”. Above the line referred to advertising and below the line referred to publicity. This division came

about because of the way advertising agencies were paid. The authors add that marketing companies received commissions by the media in which they placed adverts and were charged high rates for editorials. Since it was expensive, it was not popular. Magazines had a longer lifespan and were passed from one person to another, thereby increasing coverage.

Other forms of retail promotions that were used in the past were coupons and the Internet. Coupons were very popular in newspapers and magazines and offered a discount on the price of specific items when they were purchased at the store. The Internet was regarded as being similar to an electronic newspaper, where retailers could post pop-up advertisements to create awareness amongst potential customers. Links or website addresses would be included in advertisements so that the potential customer could log on to the Website and read further about the businesses' service offerings. The following section will discuss the preferred and cost-effective promotional strategies that are currently being used by retailers.

### **3.12 Preferred, cost-effective promotional strategies used by retailers**

The use of digital media as a promotional strategy enhanced the capacity to reach, engage and acquire customers, as well as enabling greater precision and evaluation of the promotional tools used. Marketing promotions and communications has gone through major changes over the last 20 years. According to Powell, Groves and Dimos (2011: 8) and Battersby (2013: 6-7), the marketing message can be delivered almost instantaneously via the internet (computer internet and mobile internet connectivity) using social media (for example Facebook, Instagram, Whatsapp, WeChat and LinkedIn), email and SMS. The authors add that in the past, marketing was a process thought nearly unmeasurable. However, this phenomenon has transformed considerably with the introduction of social media marketers. Also, retailers are moving away from print media because of the cost implications and are using digital billboards instead, as well as digital in-store display screens which are cheaper forms of advertising (Gangur and Plevný 2014).

### **3.12.1 Mobile marketing as a cost-effective promotional strategy**

Blythe (2014: 253) comments that the existence of mobile telephones and email via these mobile devices has meant that people are expected to be in constant communication. The authors add that people are now able to receive emails even when they are on holiday or on weekends. Venkatesh (2015: 1177) states that mobile marketing is very effective as a marketing strategy. However, too often mobile marketing is used on an ad hoc basis.

### **3.12.2 Digital media marketing as a cost-effective promotional strategy**

Grewal and Roggeveen (2013: 266) state that retail stores are including digital signage in their stores, thereby improving the atmosphere in the stores. These digital signs persuade customers to view particular deals. The authors further affirm that customers in larger retail outlets tend to purchase more when they encounter such digital displays. Other ways of appealing to and involving customers include interactive in-store displays and thereafter, product trials, sampling and give-aways of products.

### **3.12.3 Internet marketing as a cost-effective promotional strategy**

There has been an increased shift from outbound to inbound communications. This is motivated by the fact that online purchasers prefer to research the various options online, as well as interact with suppliers during the various phases of the buying process (Brennan, Canning and McDowell 2014: 173).

With the emergence of Web 2.0, the Internet became more collaborative. Gangur and Plevný (2014: 579) express the view that, presently, “social networks”, (for example MySpace, Facebook, LinkedIn and YouTube) stimulate Internet use and state that these “social-network systems” use “online technologies and practices”, permitting shoppers to connect amongst themselves by distributing information, views and observations. Videos uploaded to YouTube can be a form of positive praise for retailers as this can reach thousands of people (Borges Tiago *et al.* 2007: 139). Bernariusz (2013: 1-3) states that a third of South Africa’s population makes



use of the internet. A wide range of gauges show that the internet delivers reach and is efficient for marketers who need to reach a large audience quickly.

Retailers throughout the world have recognised how the use of the Internet facilitates the marketing and purchasing processes. Three hundred and fourteen small business were part of a survey in which Sciglimpaglia and Toole (2008: 99) found that 36% sought information about how to use the Internet to enhance their businesses. Furthermore, 28% wanted information about re-positioning their small businesses (Sciglimpaglia and Toole 2008: 100-108). Looney and Reyerson (2011: 158-162) comment that small business owners in the United States felt that they did not use social media to its full potential.

Sharma (2011: 203) observed that although the internet has become a popular point of sale, online marketers experience several challenges, although there are claims to have advanced technology and a mature culture. Some of these challenges are as follows:

- Many people still have a lack of confidence in the internet;
- Delivery issues, as most people in developing countries feel insecure while buying online and also fear that their deliveries might be damaged;
- Pricing issues, whereby people want to bargain for the lowest prices. They are unable to do so when they are online; and
- Online fraud of future online marketing. Many marketers believe that online fraud pulls large numbers of customers away.

Whilst technology is changing and being updated continually, it has advantages for marketers because it allows them to match their target markets more closely with precise demographics, which is imperative for marketers (Gupta and Shukla 2017: 12). This leads to less wastage in advertising spending. As marketing costs continue to rise, retailers are turning towards the use of e-marketing and e-commerce as a cheaper alternative. Computer technology has allowed for faster transference of information, locally and globally. Business websites facilitate global visibility of their products. Marketing managers can work from anywhere using 3G wireless

technology to link up to the internet. In addition, the use of technology has speeded up the entire workflow process of retail entities (Verhoef, Kannan and Inman 2016: 175-180).

The Internet is effective and cost-efficient for advertisers and marketers who want to reach a mass audience. Retailers throughout the world have recognised how the use of the Internet facilitates the marketing and purchasing processes. The internet has made marketing more collaborative and has quickly become a cost-effective tool for retailers to market promotions and specials. Email marketing is one of the most cost-effective and efficient ways to stay in touch with a base of customers. For most businesses, having recurrent customers generates repeat business. Therefore, email marketing is crucial for customer retention.

#### **3.12.4 Email and SMS marketing: cost-effective promotional strategies**

According to Sands (2003: 27-29), e-communication and in particular email has recently developed until almost everyone expects to be contacted by email. Email, according to the author, has grown in popularity and has created a completely different communication dynamic. Email is taken for granted, like the telephone a few years after its introduction (Schiff 2013: 35). The full impact of email has been underrated because it has been seen as part of the Internet. With its graphical capability, the Internet or rather the World Wide Web, has drawn attention away from email (Sands 2003: 28-32). Avlonitis and Karayanni (2000: 442) agree with the views of Sands (2003).

Email and SMS have proven to be the most cost-effective promotional tool (Brewer 2011: 3-5). According to the author, these promotional tools have been used by a wide range of retailers, from large businesses to micro-enterprises, and across several industries as an important instrument for directly contacting, updating and maintaining existing clients and consumers. The author focussed on the recent marketing sphere and states that sending out regular emails to clients helped in terms of positioning the company in the minds of the consumer. Repetitive emails, flyers and specials and open channels of communication via email entrenched the

company in the minds of the customer as a stable company and assisted the customer in feeling a sense of security in dealing with that particular company. Email and SMS are irreplaceable in terms of after-sales service, together with the post, telephone communication or interacting via the internet (Tan, Chong and Lin 2013: 392-394). May (2016: 5-8), however, affirms that new evidence suggests a “large-scale pivot by youth toward mobile tools like WhatsApp and Viber” to do their “chit-chatting”. The author adds that there is an “age divide that increasingly makes traditional email seem like a tool for the middle-aged and beyond”. Clapham (2011: 1) is also of the same view and adds that emails can be used for mass campaigns or regular contact.

According to Conlon (2013: 9), as much as consumers may like or follow brands in social channels, when asked how they prefer to be communicated with in terms of promotional communications, the overwhelming response is email. Marketers need to constantly monitor trends in the broad environment and need to modify their marketing strategies as required. Sheehan (2010: 77-78) states that email marketing works. Jacobsson, Granroth and Dumont (2014: 20) agree that email marketing is not only worth pursuing, but it can be one of the most rewarding acquisition channels for any firm.

### **3.12.5 Publicity as a cost-effective promotional strategy**

Blythe (2014: 265) comments that currently, distinctions between above-the-line and below-the-line communications have become blurred with the advent of advertorials (advertisements that look like editorials), which are usually written by journalists. The variety of online magazines and publications available today provides a high level of consumer selectivity. This medium allows for high resolution images that grab the buyer’s attention and convince them of the product’s value.

### **3.12.6 Group Buying as a cost-effective promotional strategy**

Online group buying through websites like Groupon.com have become a valuable social commercial tool for both customers and retailers. Groupon is an Internet-

based daily deal website that sources group discounts for businesses and promotes “one-time deals” on their behalf. This promotional method has increased in popularity. Many deals, although they look attractive, attract once-off customers that are looking for bargains and retailers most often do not break even with these deals. Such group-buying deals evolved as a result of the spurt of social media (Tuten 2010: 15-18). Vacanti (2011: 1) points out that although Groupon is an efficient way to market a product, costs from group buying deals cannot be recovered by the income from the sale of the products. Contacts are encouraged to ““tip the deal”, a term used to refer to the point at which the minimum number of purchases required to break-even is met” (Grewal and Roggeveen 2013: 266-268).

Group buying deals are similar to couponing, which is a sales promotion strategy designed to trigger incremental sales with a discounted deal. Group buying deals have two additional requirements: “consumers must purchase in advance and a pre-arranged volume of deals must be sold” (Tuten and Ashley 2011: 18).

Groupon is a relatively new and efficient way for businesses to market their products. This promotional method has increased in popularity over the last few years. The fact that these websites broadcast their specials on a daily basis to their database *via email* (which can be accessed via mobile phones and computers) shows the economic viability of emailing.

Increasing financial pressure in many industries has led to short-term strategies that generate a quick return on investment. The marketing and promotions function receive little attention from top management and has therefore received declining fiscal backing. It is also very difficult to measure the return on marketing investment. Therefore, the most cost-effective promotional tool is preferred.

### **3.13 Major trends shaping email marketing**

Research carried out by the Digital Media and Marketing Association (DMMA) and Echo Consultancy provide valuable statistics on Internet usage in South Africa. The estimated Internet population in South Africa in 2013 is almost fourteen million users. This represents 39% of the adult population (BizCommunity.Com 2013: 1). Brewer (2011: 6-7) reveals major developments that are influencing the growth of email marketing, namely that email is still the principal online method of communication in spite of social networking and email's cost efficiency still plays a pivotal role in terms of driving spending.

Paul (2013: 2) expresses the view that although there is a hype revolving around social media marketing for their businesses, research shows that email marketing is still the most cost-effective and has a greater impact on the customer as compared to social media marketing. The author further states that acquiring new customers through the efforts of email marketing has quadrupled over the last few years. Email marketing now accounts for seven percent of all new customer acquisitions (Paul 2013: 2). Google searches are still the most powerful marketing and acquisition channel and account for almost sixteen percent, while all other social media forms lag far behind. The author adds that Facebook is insignificant and a worthless time waster for customer acquisition and Twitter is even worse. Hubspot Inc. (2013: 3) offers the following relevant statistics with regard to email marketing: eighty percent read their emails on their mobile devices; twelve percent of respondents have separate work and personal inboxes; and fifty percent of respondents state that they read almost all emails, while eighty-eight percent prefer to receive HTML emails versus twelve percent who prefer plain text from companies.

From the above statistics, it is evident that emails are still very popular and are valuable and relevant as a means to promote business. The fact that recipients prefer to use their mobile phones to access their emails is also valuable in that the business entity that markets using this technology has the potential to make a sale on a weekend while a consumer is shopping, even before the recipient gets to his/her desk on a Monday morning. A number of factors contribute to a company's

sales performance. Some of these are determined by the organisation itself, such as the design of the various elements of the promotional mix. The effectiveness of promotional activities surrounded by budgetary constraints is a challenge for marketers. The marketer has to be wary of affordability being the determining factor when choosing the most effective promotional strategy because problems can occur when a business ignores its strategic fit whilst trying to match the marketing strategy with opportunities.

### **3.14 Promotions strategies for small businesses**

Small start-up businesses usually have no marketing and promotions budget. The focus is initially on sales and maximising profits. The demand for information about cost-effective ways to increase sales revenue and increase profits is still a problem for small businesses currently.

Bresciani and Eppler (2010: 256-366) state that “small business branding” is an “oxymoron” because small businesses do not have the resources to create their own branding. Tuten and Ashley (2011: 85) claim that although some research has been conducted in respect of effective marketing and branding undertakings for small to medium-sized businesses, there are significant gaps in the literature regarding the resourceful use of marketing tools.

Small businesses have strengths regarding satisfying their customers and operating in an efficient manner. However they ignore the marketing concept and because they are more focussed on driving sales, they also ignore promotions (Datta, Ailawadi and van Heerde 2017: 15-20). Small businesses ideally require the cheapest promotional strategy. Email campaigns as a promotional strategy will be the most cost-effective for start-up retail entities (Conlon 2013: 9).

The authors cited above mention various types of promotional strategies that are available. Email and SMS are the most cost-effective promotional tools. This aspect is very relevant to the objectives of this study. From the information above, it is evident that marketing and promotional methods were simple and uncomplicated in

the past. Gradually, as marketing costs started to erode into the profit margins of retail businesses, retailers capitalised on suppliers' trade promotions. Marketers are always conscious of their marketing spend and have to use the cheapest promotional mix to achieve the greatest return on their investment, while they maximise profits.

In the following section, "business ethics" is discussed. This is important because in the new marketing arena, marketers and businesses are required to be seen as being ethical by customers.

### **3.15 Business Ethics and promotional strategies**

The subject of marketing ethics is mushrooming and although research on the subject is approximately two decades old, recent focus on this aspect has increased significantly. Recent ethical transgressions by marketing managers have received increased attention from scholars (Krishnamurthy 2006: 41-60 and Williams and Murphy 1990: 1). The ethics of virtue is a very significant theory for improving the ethical demeanour of marketing experts. The exemplary Tylenol decisions by Johnson and Johnson and Proctor and Gamble, whereby the products were recalled, resulted in the top managers of these companies becoming corporate protagonists in the eyes of consumers because they displayed rare virtues in upholding loyalty in terms of their beliefs (Murphy and Pridgen 1990: 84-85). They were seen as having strengths and qualities required to protect human welfare. There was a crucial "need to formulate principles that will guide the marketer to establish priorities among the various 'goods' to be sought after and 'evils' to be avoided" (Krishnamurthy 2006: 41-60).

Businesses with a good reputation have a competitive advantage over their competitors (Al Mualala and Al Qurneh 2012: 15). Shahhosseini and Ardahaey (2011: 232) discovered that there is a strong association concerning business reputation and business performance. The authors add that it is clear that there is a close association between ethical branding and business reputation. Customers support

ethical brands that recognise environmental, social and economic responsibility and are committed to “doing the right thing”. This is a value-add to both firms and customers and hence creates long-term customer relationships and loyalty from customers (Shahhosseini and Ardahaey 2011: 233).

Businesses are under pressure to act in an ethical and socially responsible manner as those businesses with a good reputation have a competitive advantage over their competitors. Customers support ethical brands and also support businesses that are committed to doing the right thing.

### **3.15.1 Ethics and corporate social responsibility (CSR) in marketing**

This section examines whether consumers attach more value to products if they are aware that a business is socially responsible and adheres to sound business ethics and principles.

Holweg and Lienbacher (2011: 313) explain that in the past, the concept of CSR was connected to consumer-specific topics such as food safety and fair pricing. However, more recently, the ambit of CSR has increased broadly to include wider stakeholder interests, such as supplier concerns, environmental issues and the interests of the overall society.

Hurst (2004: 2-4) claims that business ethics is a type of applied ethics and inculcates within businesses a sense of conducting business in a responsible way. Van Heerden (2013: 89-100) maintains that the term “ethics” is not interpreted well and therefore some businesses elect to alter the model of business ethics through terms such as “integrity”, “business practices” or “responsible business conduct”. Ethical behaviour will be a critical contributing factor to market share and the long-term advancement of businesses in the future (Mugari 2015: 46).

Noked (2011: 1-2) takes an interesting stance towards CSR, strongly believing that CSR activities add value to the business. Noked (2011: 1-2) and Arjoon and Rambocas (2011: 373) agree that CSR results in customer loyalty, willingness to



pay higher premium prices and lower reputational risks in times of crisis. The impact on companies will be felt once customers boycott products from large businesses that under-perform and do not give back to local communities. As customers include business ethics and CSR into their transacting, the more responsible companies will be (Kloppers 2013: 179). If a majority of consumers stop supporting unethical businesses, then businesses will be hesitant about stepping out of line (Webster and Lusch 2013: 396).

Businesses face competing demands for resources dedicated to CSR initiatives. From the above, one can infer that by relating CSR activities with augmented customer value, businesses are able to achieve a competitive advantage. The business, however, would have to market itself as being socially responsible. This is significant for the study. If customers perceive a business to be compliant with all the applicable legislation, and are socially responsible, then the business is positioned better in the marketplace as customers want to deal with them.

In the following section, ethical theories are discussed and will be further linked to promotional strategies. There is a strong link between ethical theories and consumer protection. The next section examines whether the implementation of the CPA has any ethical connotations for businesses and consumers.

### **3.15.2 Ethical theories and promotional strategies**

Ethics are the principles that define right and wrong. In most cases, marketers rely on moral rules that are part of the corporate culture.

Williams and Murphy (1990: 19-20) established that “there are two classes of ethical theory”, both of which trigger principles for action: “teleological” and “deontological”:

- A “teleological theory of ethics” stipulates that an “action as morally right or obligatory” if it or the “rule under which it falls will produce the greatest possible balance of good over evil”. The most popular teleological theory is “Utilitarianism”, championed by John Stuart Mill.

- Deontological theory has progressed from the Greek term “deon” (“duty”) and (“logos”) (“science and reason”), signifying that certain acts are to be regarded as morally right or mandatory because they keep a promise and show gratitude.”

These classes of theories are relevant to retailing and marketing. Responsible retailers and marketers constantly search for knowledge about consumer behaviour and what consumers expect in terms of being accountable to society (Mejri and Dhruv 2014: 357-358). The theories are also relevant to the CPA. It is still to be established whether being CPA-compliant is right or wrong / good or bad for businesses. Is it good for the greatest number of people? Does the CPA actively promote and propagate the ideal of Corporate Social Responsibility?

### **3.15.2.1 The Utilitarian Theory (teleological theory)**

Utilitarianism is a widely known teleological theory championed by John Stuart Mill. This theory has its social focus on “the greatest good for the greatest number of people”. Utilitarianism allows individuals to have moral partialities and to act in the interest of others (Van Staveren 2007: 24-25). Kim and Kim (2012: 823-824) refer to the ethical theory as conduct or behaviour which in any situation is viewed as being right, and which will yield the greatest amount of satisfaction for a large group and not just one individual.

### **3.15.2.2 The Paretian Principle (deontological theory)**

In welfare economics, the “original Benthamite utilitarian” belief of equating distinct functioning or the “greatest happiness or good for the greatest number of people” is excluded. Instead, the “Paretian Principle”, stipulates that in order for someone to be made better off, someone else has to be made worse off. The Paretian Principle opposes re-deployments (because someone else is made worse off and separate values cannot be compared) and in this way, this principle removes the moral basis of utilitarianism from welfare economics (Williams and Murphy 1990: 19). The Paretian principle is “also known as the 80/20 rule”, and this “Pareto” principle states that “80 percent of the results come from 20 percent of the efforts. The principle is

named after Vilfredo Pareto who found that, sometime between 1890 and 1906, “80 percent of the income in Italy accrued to 20 percent of the population” or that “80 percent of the land was owned by 20 percent of the population”, and that “20 percent of customers generate 80 percent of sales”. The Pareto principle essentially is “the law of the vital few versus the trivial many” (Arjoon and Rambocas 2011: 141).

### **3.15.2.3 The Kantian Theory (deontological theory)**

“Kantian Ethics” is a “deontological theory” first advanced by German philosopher Immanuel Kant. According to the deontological approach to ethics, duty is a moral rule that ought to be adhered to (Blythe 2014: 354). The theory “is based on the view that the only inherently good thing is a good will. As a result, an action can only be good if its maxim, the principle behind it, is duty to the moral law itself” (Rayburn and Voss 2013: 402-403). Kant used “lying” as an application of his ethics: “because there is a perfect duty to tell the truth, we must never lie, even if it seems that lying would bring about better consequences than telling the truth” (Blythe 2014: 23-40).

Van Staveren (2007: 24) stated that it was Immanuel Kant who articulated the best-known principle for setting rules in his Uncompromising Imperative: “Act only according to the maxim by which you can at the same time will that it should become a universal law”. This would result in joint respect and the safeguard of human self-respect, which sequentially undertakes ethical limits to human behaviour or a bottom line of what is acceptable, irrespective of the monetary penalties of such ethical standards (Kloppers 2013: 179).

Rights and norms have influenced the fiscal conduct of individuals, businesses and governments for hundreds of years. Ethical rules restrict preferences. However, such governing structures are imperative to enable individuals to freely trade and at the same time, not restrict others’ liberty to trade. These restrictions are important to ensure that people are free to trade at their own will.

#### **3.15.2.4 The Ethical Theory of Virtue (teleological theory)**

Williams and Murphy (1990: 28) and Van Staveren (2007: 24) regard the moral theory of virtue ethics as being positive for regulating the behaviour of marketing agents. They claim that “although the origins of this theory can be traced back to Aristotle, it has not received as much emphasis as the other teleological and deontological theories within marketing”. With regard to the ethics of virtue, traits such as “compassion”, “fairness”, “loyalty” and “openness” shape a person’s and an organisation’s visions.

Mimouni-Chaabane and Volle (2010: 32-37) offer pragmatic backing for the notion that the perceived benefits that are derived and carefully evaluated in contrast to the cost of partaking in a promotion can be separated into three types: *utilitarian* benefits (for example sensitivities to financial savings [the greatest good for the greatest number of people]); *hedonic* benefits (such as perceptions of exploration benefits); and *symbolic* benefits (for instance perceptions of social value). The authors also refer to perceptions of monetary savings (Utilitarian benefits), which customers have to always ponder over given the sacrifice they make when purchasing the product. The price of the deal forms the consumers’ perceptions of “Offer Value”. From a customer’s viewpoint, the discount and value of the deal is the major driver to purchase the product. Therefore, the perceived “value” of the offer influences “transaction enjoyment value” (Grewal *et al.* 2017: 62). When a customer is aware of a promotion as a bargain, there is more enjoyment related to the promotion.

#### **3.15.2.5 Sociological Jurisprudence**

Singh (2016: 1) describes the Sociological approach to studying law. The author states that the law must be studied in action and not in textbooks. Jurists belonging to this school of thought believe that the law must be studied in relation to society and in actual circumstances, not in isolation (Singh 2016: 1-3). For the CPA to be effective, customers need to purchase and retailers need to sell products.

### **3.16 Conclusion**

This chapter presented the literature review which has a bearing on the study. From the discussion on promotional strategies, it is clear that there are several options available to marketers. However, choosing the most cost-effective means and covering the widest reach of customers is crucial. There are several pros and cons to using any particular promotions mix and it is very difficult for the marketer to effectively measure the return on investment as a sale could only occur many months after the promotions strategy was implemented. If a competitor suddenly drops their prices, then the retailer will have to adjust their prices accordingly in order to still retain customers and gain market share. A common theme that has been identified is that the efficacy and capabilities of email marketing are preferred, as compared to social media marketing. Customer acquisition via email marketing has quadrupled over the past four years. Email marketing now accounts for seven percent of all new customer acquisitions. Email provides an efficient, cost-effective means of staying connected with existing and potential customers on a large scale, stimulating constant brand interaction and converting opt-in or paid leads into valuable long-term customers.

Businesses are becoming more socially responsible and it is envisaged that customers' opinions and anticipations of businesses' moral stance will be critical factors determining sustained market share, viable growth and advancement. Responsible retailers and marketers want to understand and respond to society's expectations of what it means to be a responsible retailer or marketer. It is important to consider sociological jurisprudence and to ascertain how the law impacts on businesses and the consumer. The CPA cannot function without anyone transacting. The teleological and deontological theories are also relevant to the CPA. It is still to be established whether being CPA compliant is right or wrong / good for the customer, yet bad for businesses. Is it good for the greatest number of people? Does the CPA actively promote and propagate the ideal of Corporate Social Responsibility? In the deontological perspective, will businesses become CPA compliant out of duty or obligation?

This chapter focussed on promotional strategies in retail entities. Promotional strategies used in the past and also currently used by retailers, were explained. Ethics and CSR as applicable to marketing and promotions were also discussed. The view that companies should exercise a responsible approach is also viewed as an important part of public relations. The next chapter focuses on consumerism and the current influence of the CPA on the promotional efforts of retail businesses.

## **CHAPTER 4: LITERATURE REVIEW: CONSUMERISM AND CONSUMER PROTECTION IN SOUTH AFRICA**

### **4.1 Introduction**

The previous chapters focussed on retailing, as well as marketing and promotional strategies for the retail environment. The previous chapter began with defining retailing and marketing and outlined broadly what retailing and marketing entailed. Promotional strategies that were used in the past, as well as new marketing trends which are emerging, were discussed.

In this section, the legal factors, in particular the CPA and its impact on marketing and promotional strategies, are highlighted and investigated. The provisions of the CPA that are impacting on promotional activities are also highlighted and discussed. The literature review examines the implications of the CPA for business. It also looks at whether the CPA is viewed by retail businesses as a corporate social responsibility initiative. The implications of the implementation of the CPA on promotions expenditure for retail businesses are also discussed. The reasons why it was necessary for the CPA to be implemented in South Africa is discussed in the next section.

### **4.2 Reasons why it was necessary for the CPA to be implemented**

It was imperative for the CPA to be implemented in South Africa. Woker (2010: 231) offers the following reasons as to why it was necessary for the CPA to be in place:

- Before the CPA came into effect, consumer law in South Africa was disjointed and obsolete;
- Consumers in South Africa did not have the security of globally recognised customer philosophies;
- Unfair practices were prevalent in terms of trading;

- The influence of technology has resulted in complex transactions, and uninformed customers are not able to contest the terms of suppliers who protect their own interests;
- Customers are placed in an “unequal bargaining position” and are unable to voice their opinions;
- Consumers lack the resources to take matters to court; and
- Ever since international trading has opened up, it has become imperative to ensure that South Africa does not develop into a dumping ground for sub-standard products, and that customers are not manipulated into accepting inferior quality items.

Ruiz (2014: 118) shares similar views and also advances that under-privileged consumers usually do not have access to specialised knowledge and do not receive the support of lawyers or specialists. The author adds that poverty and an uneven distribution of earnings, and the high legal costs, including the hiring costs of a legal representative may present a barrier to justice. The CPA is a new directive that was enacted by the South African Government to support and safeguard the monetary wellbeing of customers. It is a consolidation of over 70 Acts which referred to the protection of the consumer (Scott 2013: 18). Mupangavanhu (2012: 320) states that the CPA has been criticised as it over protects consumers to the potential disadvantage of businesses in South Africa.

Consumers from previously disadvantaged areas were historically excluded from participation in fair business trading in several sectors. The following section discusses previously disadvantaged communities and the reasons why they required consumer protection.

#### **4.2.1 Previously disadvantaged communities**

Brewer (2011: 1) is of the view that vulnerable consumers require more consumer protection. The preamble to the CPA brings to the fore the status quo of many South African consumers, namely high levels of poverty, illiteracy and other forms of social



and economic inequality; living in remote or low-density population areas; being minors, seniors or other similarly vulnerable consumers; and having a limited ability to read and comprehend advertisements, agreements, instructions, warnings, etc. as a result of low literacy levels, vision impairment or language impediments (Republic of South Africa 2009: 2). The CPA acknowledges the need to fulfil the rights of historically disadvantaged persons and to promote their full participation as consumers.

Brewer (2011: 1-2) and Kruger (2011: 25-26) stress that by re-classifying the law in relation to consumer rights, South Africa is also supporting best practises and aligning itself with the United Nations and European Community guidelines on consumer protection. It was imperative for the CPA to be implemented so that the rights of historically disadvantaged and illiterate consumers could be protected (Mupangavanhu 2015: 129). Failure to comply with the provisions of the CPA by businesses could prove costly.

Reddy (2006: 783) is of the view that the apartheid system resulted in vertical discrimination, that is discrimination by the state against individuals and it condoned and even demanded discrimination by people or commercial entities against other people (horizontal discrimination) on the grounds of race and gender. There were separate services for different racial groups, which usually resulted in sub-standard services for certain groups of customers. Unfair business practices and policies were common. Many larger retailers did not service some previously underprivileged regions. In addition, certain customers in comparison to others were supplied with products of an inferior quality. There were also poor customer relations and communications skills when dealing with Black customers (Reddy 2006: 785).

Furthermore, consumers from deprived societies were disqualified from participating in fair business dealings in many segments. These disadvantaged communities had limited access to good quality products and services. Consumer protection was unclear in the past. Low literacy levels resulted in consumers becoming easy targets because their levels of understanding and their avenues to

receive legal aid and advice were scarce. The CPA addressed these problems and set the tone to endorse an impartial and accessible market for consumers (Reddy and Rampersad 2012: 7403).

#### **4.2.2 Recognising the rights of consumers**

The Consumer Protector (2012: 2) emphasises the fact that “all suppliers of goods and services need to comply with the Act”. The CPA collates several disparate segments of consumer legislation into a distinct piece of legislation, forcing suppliers to comply with a higher standard of service delivery and they cover the expenses of goods, services or standards that are not acceptable.

Grewal *et al.* (2017: 56) draw attention to the fact that the “Consumer is King” in the retailing realm. The authors go on to state that consumers have traditionally always been acknowledged as having more power in a retail distribution network, also being the most protected by “consumerism”. However, companies have always sustained the most powerful role in markets. Kucuk (2009: 327) agrees that the consumer is “nearly powerless” in the end-user marketplace, although they are “presumed” to be the “most powerful”. Therefore, businesses have always had the upper hand over consumers.

Barnard (2015: 223-229) states that although consumer protection is an old concept in South African law, the Consumer Protection Act 68 of 2008 (CPA) now provides for a much more detailed and holistic means to protect consumers. Consumer protection now focusses on the provision of goods and services, as well as the conclusion of contracts and the promotion and marketing of goods. The CPA further offers additional protection to consumers who are vulnerable, uneducated and easily exploited, including elderly consumers. The consumer is provided with eight core basic consumer rights (Jacobs, Stoop and van Niekerk 2010: 304). These basic consumer rights will be discussed in greater detail further on in this chapter.

The United Nations (UN), on the other hand, is emphatic that consumers need to have access to sufficient information in order to make well-discerned decisions

about products and services and encourages rules to mandate information disclosure. They are of the view that providing the consumer with critical information is always imperative. The UN is quite encouraged that the CPA in South Africa is very broad, covering all angles that affect the rights of the consumer. It maintains that the CPA document is approximately 100 pages and that although it was formulated to be understood by even lay citizens, it is indeed a volume of information to grasp (The United Nations 2012: 8-10).

Naude (2011: 347) concurs with the UN and elaborates on the fact that the provisions on unfair contract terms in the CPA are lacking in some respects and that the problems faced by consumers which necessitate legislative protection have not been sufficiently addressed. The author also states that it is surprising how little emphasis has been placed on the way businesses are feeling the impact of the CPA.

#### **4.2.3 Consumers are now more empowered**

Consumers are now more empowered (Williams 2011: 1). Gouws (2010: 80-84) maintains that it was imperative for the CPA to be implemented in South Africa because the majority of the population are illiterate and poverty stricken and do not have the means to escalate complaints to relevant legal bodies. According to Gouws (2010: 79), consumer rights are human rights and the rights of the consumer need to be protected. They need to be aware of their rights and the CPA makes businesses more liable, and thus more accountable, to their customers for not just what they sell, but how they sell it.

The effect of the “digital revolution” on consumers is similar to the impact that the industrial revolution had on manufacturers, with a re-deployment of power in favour of the consumer (Doherty and Ellis-Chadwick 2010: 994). Cornelius (2011: 88) spells out the fact that the CPA creates consumer rights and that if consumers have rights, it means conversely that producers, distributors and suppliers have corresponding duties (including the following: fair and responsible marketing; fair, just and reasonable contracts; fair value; good quality; and safety). Thus, businesses have a huge burden in trying to create the correct and just climate for a

fair and successful transaction to be carried out. Mohamed (2011: 3) concurs with this view.

#### **4.2.4 Legislation and regulations protecting the consumer**

The recent Companies Act (Republic of South Africa 2009), stipulates that businesses have to guard the securities, not only of stakeholders, but also of the consumer and communal areas. Business now has a broader social as well as compliance role to play. The Electronic Communications and Transactions Act (25 of 2002) has created restrictions to eliminate and stop barriers to electronic communications and transactions in South Africa and to cultivate a safer environment for the customer, businesses and the Government to use electronic transactions (Republic of South Africa 2002).

The Consumer Protection Act (Republic of South Africa 2009) consolidates the rights of consumers and the obligations of suppliers into a single piece of legislation. The CPA applies to the supply of all goods and services. This includes businesses that import, distribute and retail, as well as other role players in the supply chain. The CPA also pertains to the promotion and marketing of these goods and services. By ensuring adequate standards of goods and services, the CPA forces businesses to become more responsible in terms of providing such services (Sharrock 2010: 318). According to Cornelius (2011: 89), someone is a producer if they grow, nurture, harvest, mine, generate, create, manufacture or otherwise produce goods with the aim of making them obtainable for sale to consumers in the form of a normal business transaction.

Currently, the CPA gives content to consumer protection by providing for, amongst other things, protection against discriminatory marketing (Section 8 of the CPA); the right to restrict unwanted direct marketing (Section 11 of the CPA); the regulation of time for contacting consumers (Section 12 of the CPA); the consumer's right to a cooling-off period after direct marketing (Section 16 of the CPA); the right to information in plain and understandable language (Section 22 of the CPA); the disclosure of the price of services (Section 23 of the CPA); various rights to fair and

responsible marketing (part E of Chapter 2 deals with general standards for marketing of services, bait marketing, negative option marketing, direct marketing to consumers and promotional competitions), the prohibition against unfair and unjust contract terms (Section 48 of the CPA); the need for written consumer agreements (Section 50 of the CPA); and prohibited transactions, terms or conditions (Section 51 of the CPA) (Mdluli 2011: 1). The author also adds that the effective date of 1 April 2011 is also the commencement date of the CPA and has envisaged a host of teething problems during the implementation of the CPA, and that the DTI will use a 'compliance-based' approach instead of a 'stick' approach. The DTI appreciates the fact that this is a new era in consumer protection and will work very closely with industry to make sure that a common understanding is reached (Mdluli 2011: 1).

The Financial Services Board (FSB) also recognised the need to deliver fair outcomes for financial customers and presented the results of the Retail Distribution Review (RDR) and The FSB proposed transformations to the monitoring structure for dispensing retail financial products to clients in South Africa (Financial Services Board 2014). The review was undertaken with the view to creating a fresh methodology to monitoring market conduct in the financial sector, to separate practical and market conduct legislation of the services sector and management is informed by the "Treating Customers Fairly (TCF) framework". The RDR proposals strives to bring about customer confidence in the retail financial services market, with the view to prompting suppliers and advisors to treat them fairly. This will allow for a more sustainable marketplace for financial guidance and financial services in the future (Financial Services Board 2014: 6-7).

It was imperative for the CPA to be enforced to assist historically disadvantaged persons to fulfil their rights and to encourage their full participation as customers. Under privileged consumers did not have access to specialised knowledge and did not receive the support of lawyers or specialists. Poverty, the unequal distribution of income, and the high legal costs and hiring costs of a legal representative, may have presented a barrier to justice. The more susceptible customers are, the more

protection is necessary. The preamble of the CPA acknowledges the fact that the majority of customers in South Africa are poor, and illiterate, and live in rural areas; are minors, seniors or other similar vulnerable customers. From this discussion, it is clear that the CPA has been seen primarily through the lens of the customer. The rights of customers have been emphasised and re-emphasised. However, very little focus has been placed on retailers.

#### **4.2.5 Consumerism**

Consumerism is “the social force that protects the consumer by exerting legal, moral, economic and even political pressure on management” (Pather-Elias 2012: 1-3). The author adds that this has arisen as a result of a better cultivated community that counter-attacks such things as misleading advertising, unsafe products, profiteering and other intolerable trade practices, and presses for the so-called “rights as the consumer”. According to Du Toit, Erasmus and Strydom (2011: 395-409), in a marketplace structure, these rights are commonly acknowledged as the following:

- “The right to safety”, which necessitates protection against products that may be dangerous;
- “The right to be informed”, which entails unbiased data being volunteered to enable the shopper to make rational purchasing decisions;
- “The right to freedom of choice”, which involves giving the consumer the right to use replacement products or alternatives, and protects against monopolistic groups; and
- “The right to be heard”, which requires that customers are assured that their welfare will receive consideration from the government and any other stakeholders.

The Department of Trade and Industry (2014: 6) itemises the basic consumer rights that are recognised by the CPA. They are as follows:

- “Right to Equality” in the consumer market and protection against discriminatory marketing practices;

- “Right to privacy”;
- “Right to choose”;
- “Right to disclosure of information”;
- “Right to fair and responsible marketing”;
- “Right to fair and honest dealing”;
- “Right to fair, just and reasonable terms and conditions”;
- “Right to fair value, good quality and safety”; and
- “Right to accountability from suppliers”.

These rights will be discussed in greater detail further on in this chapter, as it relates to the provisions of the CPA that affect the promotional efforts of retail businesses.

The South African Consumer Union aims to protect the consumer; to act as a watchdog; and to be in direct contact with manufacturers, suppliers and distributors of consumer products whenever this is in the consumer’s best interests. This union also monitors legislation that may affect the consumer and where necessary, campaigns for the amendment of existing laws or advocates for new legislation to protect the consumer. The CPA is an example of such legislation.

Cornelius (2011: 89) and Naude (2011: 338) maintain that for the purposes of the CPA, a person is a consumer if that person fits *any one* of the following four categories:

- Any person to whom goods or services are promoted;
- Any person who transacts with a supplier;
- A person that uses goods, even though that person did not conclude a transaction with a supplier; and
- A franchise in terms of a franchise agreement.

Kruger (2012: 1) states that for the purposes of the CPA, a consumer does not only refer to an individual but also includes small businesses. The author adds that the CPA regards any juristic person whose asset value or annual turnover at the time

of a transaction is less than R2m, as a consumer. The CPA applies to the sale of goods and the provision of services, as long as it is concluded in the ordinary course of business (Kruger 2012: 1). The CPA will not apply to a private sale (for example an individual selling his private vehicle).

The CPA also provides for other situations where a person who may ordinarily fall within one of these categories would be excluded. The most important exclusion is that the CPA does not apply to a consumer that is a juristic person if the asset value or annual turnover of that juristic person exceeds the threshold determined by the Minister of Trade and Industry (which was set at two million Rand). Cornelius (2011: 88-89) elaborates further on the definition of “consumer”, stating that such definition in the CPA is not concise and does not refer to the purpose for which the goods or services are obtained. A person could be a consumer, even if the goods or services are obtained for the sole purpose of enabling that person to conduct his/her own business as a producer or supplier (Cornelius 2011: 89).

Leggat (2011a: 14) clearly articulates that the CPA is indeed pro-consumer. Until recently, consumer law was unclear and un-codified. In addition, South African customers did not have the protection of internationally accepted codes. Sharrock (2010: 300) also shares the same view. There has been an introduction to a new “consumer-era” in this country. The consumer has been flooded with information about their rights as customers via the Internet, television, radio and other print material. Sharrock (2010: 300) states that the CPA has resulted in South Africans becoming classed as being amongst some of the most protected consumers in the world and has re-distributed the power back into the hands of the consumer. The author adds further, that the CPA will protect consumers against dishonest business practices as a result of the internationally-recognised consumer rights. We have now entered into a new “consumer-centric” era, equipped with liberal legislation and with the intent of addressing the disparity of power between service providers. Whilst consumers are becoming increasingly informed and empowered, there will unavoidably be drastic adjustments to the way business is conducted (Brewer 2011:4; Mohammed 2011:3; Reddy and Rampersad 2012: 7412).



Kruger (2011: 25) is of the view that in the past, consumers did not take matters to court if they had bad experiences since it became costly to engage attorneys. If one had a bad experience with a business entity, then one would just not patronise that entity again. The author adds that many consumers grow up with the idea of “turning the other cheek” so when they, for example, explicitly order white bread and receive brown bread they have to quickly assess the situation and, in most cases, decide that although they are not satisfied, making a fuss is not worth the trouble. There is no point in sending back the food, waiting another 30 minutes, and then eating when everyone else has finished (Kruger 2011: 25).

In the past, consumers seemed to have a lack of knowledge of their basic consumer rights. The CPA aims to protect consumers against unscrupulous business practices. The next section discusses transactions that the CPA applies to.

### **4.3 Transactions that the CPA applies to**

The CPA is regulation that protects the consumer or customer and does not pertain to all transactions where goods and services are rendered. The CPA outlines the transactions (i.e. “the marketing or supply of goods or services”) that fall within or outside its scope. Large entities are equipped with the resources to protect their own interests when doing business (Bauling and Nagtegaal 2015: 152-153). When two large JSE top 100 companies transact, the company that is purchasing is not allowed the protection of the CPA, and will not be regarded as a customer (KPMG 2010: 3).

“A transaction” involves “the supply or potential supply of goods and services”, as well as the “provision of information or advice” on a payment basis. The CPA also applies to any website that engages in any form of transacting with South African consumers. In addition to the provision of goods and services, the CPA also applies to the provision of information or advice that is paid for by the recipient of such services. The CPA may still apply if the transaction is free (Goldman and Judin Incorporated 2011: 3). The CPA applies to a wide array of products and service

providers, irrespective of whether or not they conduct their business in South Africa. The CPA will apply to an advertisement or an online Facebook page that recommends a specific product to a consumer. The Minister has determined, by way of publication in the Government Gazette, that the monetary threshold applicable to the size of the juristic person in terms of Section 5 (b) of the CPA is two million Rand.

Von Ulmenstein (2011: 1) declares that there are very few publications available regarding the new Consumer Protection Act No 68 of 2008. The author maintains that the CPA allows the South African consumer to be more empowered when dealing with businesses, as well as forces businesses to put measures in place. The punitive fines of 10 percent of the turnover or R1 million, whichever is greater, can be a strong motivator (Marus 2011: 38).

#### **4.4 The current influence of the CPA on the promotional efforts of retail businesses**

Kotler and Keller (2012: 475-500) emphasise that businesses spend vast sums of money on promotions to other businesses and to individuals by using “sales force promotion tools” to generate leads, offer rewards to customers, and to keep the sales force constantly motivated. For retailers, promotional objectives are on-going and include stimulating sales off-season, maintaining loyalty to their brand and gaining access to new channels (Karray 2011: 345-346). The promotion planner needs to take into account what the market type is, what the promotion aims are, what competitive conditions exist, as well as to analyse each tool’s cost-effectiveness (Grewal, Janakiraman, Kalyanam, Kannan, Ratchford, Song and Tolerico 2010: 139). Retailer promotions consist of discounted pricing, advertising features in publications, offering coupons, contests or premiums. It is difficult to implement measurable goals to assist marketers to establish a return path on promotional activities (Shahram, Mohammad and Azizi 2013: 52).

Reddy and Rampersad (2012: 748) aptly sum up the marketing and promotional dilemmas currently faced by businesses. The authors suggest that the use of

technology to market goods or services, such as the cellphone or telephone, could infringe on the consumer's privacy or the time chosen to market such goods or services could be unreasonable (Reddy and Rampersad 2012: 748).

Brewer (2011: 3) adds that the direct marketing industry may appear to be at risk because they are now forced to comply with new regulations like the Consumer Protection Act 68 of 2008 and the Protection of information Bill. The author adds that historically, the regulation of industries leads to a more mature industry where the majority of companies follow best practices. Coupled with this, the regulation and dissuasion of unwelcome or unsolicited commercial mail or spam practices has contributed to the fact that email marketing has become successful by reducing inbox clutter and frustration by recipients. In this way, brand loyalty is re-enforced as email subscribers trust the content of the emails (Brewer 2011: 4).

Goldman and Judin Incorporated (2011: 4) state that the present time signifies a transformation for virtual marketing organisations, businesses and private individuals that market products or services online. Social media marketing has been regarded as "permission-based marketing". However, according to the CPA, nothing is "permission-based", except if it is acknowledged in writing. This point is crucial to the study. Clearly, online marketing cannot be regarded as permission based going forward. The next section discusses the provisions of the CPA that affect the promotional efforts of retail businesses.

#### **4.5 The provisions of the CPA that affect the promotional efforts of retail businesses**

As discussed in the previous chapter, many retail businesses spend considerable resources on promotions to build and enhance relationships with current and potential customers through proper promotional planning, implementation and control of communication. Many promotional tools can be used to communicate with individuals, groups and organisations. Activities that facilitate promotions are "advertising", "sales promotions", "personal selling" and "publicity". These factors can all sway a shopper's perception, their sentiments and their connection, as well

as their buying process. Post-promotional communications are devised by marketers in such a way that they can offer dependable communication. Promotion is a form of selling technique and is combined with communication. Promotion is imperative in retailing as it provides information, advice and persuades the target market. Promotions also guides the customer to take action at a specific time and educates them on how they can use the product to receive the beneficial results thereof.

The critical elements of promotions and how they positively affect customer satisfaction was also discussed in Chapter 3. The feelings and perceptions have a general influence on attracting new customers and retaining existing customers. A common theme identified is that email marketing is still preferred and is more cost-effective. Customer acquisition via email marketing has quadrupled over the past four years. Email provides an efficient means for staying in touch with leads and potential customers on a large scale, encouraging consistent interaction with customers so that potential customers can turn into paying customers.

However, the CPA, places restrictions on direct marketing in terms of approaching customers in person, by mail or by electronic media (Havenga 2010: 485; Reddy, Mohamed and Naidoo 2017). In this section, the provisions of the CPA and the impact it has on the promotional efforts of retail businesses, is discussed. The CPA further outlines key consumer rights, of which all South African consumers should be aware. Importantly, and for the first time in the history of South African law, the consumer is provided with fundamental consumer rights. These include the following:

- “Right to Equality in the consumer market and protection against discriminatory marketing practices”;
- “Right to privacy”;
- “Right to choose”;
- “Right to disclosure of information”;
- “Right to fair and responsible marketing”;
- “Right to fair and honest dealing”;

- “Right to fair, just and reasonable terms and conditions”;
- “Right to fair value, good quality and safety”; and
- “Right to accountability from suppliers” (Republic of South Africa 2009: 25-26).

However, for the purposes of this study, only six of the nine rights are applicable to the provisions of the CPA that directly affect the promotional efforts of retail businesses. These will be discussed in greater detail in the next section, namely

- “Right to Equality in the consumer market and protection against discriminatory marketing practices”;
- “Right to privacy”;
- “Right to choose”;
- “Right to disclosure of information”;
- “Right to fair and responsible marketing”; and
- “Right to fair and honest dealing” (Republic of South Africa 2009: 25-26).

#### **4.5.1 The right to Equality in the consumer market and protection against discriminatory marketing practices**

The apartheid system resulted in vertical discrimination by the state against individuals and it condoned and stimulated discrimination by individuals and corporates and by corporates against other persons (horizontal discrimination), predominantly targeting aspects of race and gender (Reddy 2006: 784). The author adds that in the past, discrimination was blatant and that suppliers frequently ignored other race groups and did not regard them as “customers”. People that were HIV positive were also discriminated and treated unfairly and were provided with shoddy services (Nair 2007: 20-45).

Slabbert *et al.* (2011: 548) draw attention to the following weaknesses in terms of marketing in rural communities:

- Poor planning of promotions;
- Unwanted items were promoted;

- There was no stock available of wanted items that were promoted;
- Delivery services were poor;
- There were no outlets in some rural areas, whereas some areas had several stores;
- Strategic areas were untouched and not marketed to;
- The hours of trading varied from store to store, resulting in customers being confused; and
- The range and assortment of products were not consistent across all stores. Merchandising and product assortment planning was done on a reactionary basis.

Certain customers, in comparison to others, were also supplied with inferior quality goods. Reddy (2005: 129) states that the provisions of the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) (referred to as the Equality Act) now protects the consumer against inferior services. The author adds that in outlining the right to equality, Section 9 of the 1996 South African Constitution provides that “no person may unfairly discriminate directly or indirectly against anyone”. Section 8 of the CPA stipulates that marketing strategies should not be discriminatory. Thus, no retailer is permitted to treat customers from different groups differently, in terms of marketing or actual sales transacting or practices. Promotions may not be targeted at a certain individual or group of individuals to the degree that such promotions will result in prejudiced judgement (Monty 2012: 53-54).

#### **4.5.2 The right to fair and honest dealing**

Section 47 of the CPA “provides for the reasonableness test for over-selling and over-booking”. In terms of this test, “a supplier may not accept payment for goods or services where it has no sound intention to supply goods or services” for which the consumer has paid (The Consumer Protector 2012: 94). The CPA provides for a refund if a supplier is unable to supply products as a result of over-booking, over-selling or any other damages suffered. This refund is usually the “deposit plus interest, as well as any consequential damages which directly resulted from the

breach of contract” (Leggat 2011a: 14). Retailers incur added administrative costs as a result of this. Retailers are prevented from promoting goods or services if the product or service is not available.

According to Section 29 of the CPA, promotions cannot be conducted in a fraudulent or misleading way. The CPA also highlights guidelines for product labelling and the way goods and services should be marketed. A supplier cannot make use of any product description that could be misleading to a consumer as to the nature of the product (KPMG 2010: 9). A supplier may not either verbally or via their conduct act in a misleading or deceptive way or offer false representation to a consumer in relation to the marketing of any goods or services (Gouws 2010: 10). Mupangavanhu (2015: 132) concurs with this view. According to Leggat (2011a: 14) suppliers are not allowed to use unethical, coercive methods when marketing to customers. Merchants are no longer allowed to use exaggerations, overstatements or obscurity regarding any product or service. This right protects customers against fraud, “ponzi schemes”, as well as “network marketing” (Leggat 2011b: 32-33). Havenga (2010: 495) states that the CPA stipulates general criteria for promotions and contains guidelines for explicit kinds of promotions.

This places an extra burden on retailers when they are devising and implementing marketing strategies. The retailer will need to seek legal advice or engage an attorney to assist with the drawing up of agreements, quotations and standards. The marketing team will need to have a dedicated person to scrutinise every piece of material before a promotions campaign commences.

#### **4.5.3 The right to privacy**

“Direct marketing” (an important facet of retailing) is defined as contacting an individual in person, by email or any form of electronic communication in order to promote products or service offerings or to request a sponsorship (Section 1 of the CPA). In Section 1 of the CPA, the word “promote” has a broad connotation. Promotion encompasses “advertising or displaying of goods or services, making any representations regarding such goods or services or engaging in any other conduct

in the ordinary course of business that may be construed to be an inducement or attempted inducement to a person to engage in a transaction” (Slabbert *et al.* 2011: 172-173). Hence, customers cannot be coerced into purchasing any product. The privacy of customers must be respected (Coertse 2014: 28).

In a simplified handbook published by the Department of Trade and Industry (Department of Trade and Industry 2014: 5), the rights that consumers now have include the right to privacy. Consumers are now protected in respect of their discretion with regard to undesirable or unwanted communication and customers are within their rights to reject such forms of communication or correspondence (Department of Trade and Industry 2014: 5).

Section 11 of the CPA provides the consumer or customer with the right to restrict unwanted marketing. Therefore, potential customers can now refuse to accept such marketing by formally “requesting that it be discontinued or by pre-emptively blocking” such communication (Reddy, Mohamed and Naidoo 2017: 38). This poses a huge challenge in the present age of technology where marketers rely on cheaper and more effective means of promoting their products or services (Gwin, Seow-Eng and Gwin 2002: 27-28). Email is the cheapest and most efficient means of remaining in contact with customers to maintain brand awareness and to convert ordinary individuals into long-term brand-conscious customers (Conlon 2013: 9). Businesses are forced to desist from emailing customers without having sought their permission prior to sending out emails (Jacobs, Stoop and van Niekerk 2010: 320). Owners of websites, online advertising agents and social network users should therefore be aware of the new legislation because existing and potential customers cannot be contacted as in the past; at any time, day or night (Gladwin and Civin 2014: 13).

Erasmus (2013: 6) agrees that the CPA also places restrictions on most marketing methods, including SMS or MMS-based promotional competitions. The author states that promotions co-ordinators are only allowed to charge standard SMS rates for competition entries as opposed to the R5 or R10 that was often charged to assist with covering the cost. In addition, winners of promotional competitions that are



entitled to a prize (the minimum value being set at R1) are compelled to acknowledge the acceptance of these prizes in writing and to provide their identity numbers.

In the current age where spam prevails daily, this right to privacy has particular relevance. Spam refers to repetitive mass marketing emails to individuals (Jacobsson, Granroth and Dumont 2014: 18). The CAN-Spam Act set the rules in 2003 and it defines what is acceptable and not acceptable (Frick 2013: 4-9). Thus, the consumer has the right to refuse unwanted direct marketing, which includes SMSs, telephone calls, letters or emails. According to Section 11 of the CPA, customers are at liberty to opt out of receiving unwanted direct marketing services and suppliers and businesses are not allowed to continue any unwelcome direct marketing of products and service offerings once a consumer has opted out (Durant 2014: 1-2).

A significant transformation to email marketing legislation presented by the CPA is the required compliance with the “official do not contact” list that is scheduled to block direct marketing to customers that include their details on the list (Erasmus 2010: 395-409). Together with emails, this will include SMSs, brochures and letters in the mail. It is envisaged that this will be managed through an “opt-out” registry (still to be set up by the National Consumer Commission) through which marketing personnel will apply for permission before contacting a customer via email or SMS (Jacobs, Stoop and van Niekerk 2010: 320). The facility will also cater for a change in preference whereby a customer that included their details on the “do not contact list” in the past has since changed their minds and prefers to be contacted in the future. The marketer will have to abide to the changes in preference. This will be at no extra cost to the consumer. Section 11 of the CPA also allows for promotional “junk mail” to be excluded by potential customers by merely putting up a “no junk mail” notice on their post boxes (Erasmus 2013: 4-8).

Section 12 of the CPA protects the privacy of the customer. It also prohibits marketing during certain days and at certain times as prescribed by the Minister, for

example on weekends or after hours (Kruger 2011: 25-26). Retail businesses that usually send out bulk emails to customers on a Saturday or public holiday to inform them about a special deal, sale or promotion, will also be affected (Havenga 2010: 496).

In terms of Section 11 of the CPA, consumers have the right to choose not to receive unwanted direct marketing services by blocking the relevant supplier/ marketer. Consumers also have the right to “accept, restrict or refuse unwanted direct marketing”. Companies and suppliers are not permitted to continue any unsolicited direct marketing of goods and services once consumers have opted out. Although email messages are highly cost-efficient, it can be costly to employ a dedicated employee just to honour opt-out requests promptly (Jacobsson, Granroth and Dumont 2014: 16). The CPA also places restrictions on direct marketing in terms of how the consumer is approached, whether he/she is approached in person, by mail or electronic communications, for the purpose of promoting or offering goods or services or for requesting a donation (Section 1 of the CPA). Section 11 of the CPA gives the consumer the right to restrict unwanted marketing by refusing to accept such marketing, by requesting it be discontinued or by pre-emptively blocking such communication. The customer “who has been approached for the purpose of direct marketing may demand” that the person responsible for such direct marketing discontinue from any further approaches (Reddy and Rampersad 2012: 7408).

Email marketing campaigns have proven to be by far the most economical means of bulk marketing to customers and remains the most important customer engagement method. The users of emails grow exponentially each year (Daum 2014: 2). The new CPA has tighter standards on the way data is collected.

#### **4.5.4 The right to choose**

As per the “cooling off” period (Section 16 of the CPA), the customer is permitted to withdraw from a transaction originating from direct marketing without sustaining consequences. The maximum period is five days after the delivery of the goods or the conclusion of a sale (Monty 2012: 53-55). The customer is entitled to return the

product without having to provide any reasons or being penalised in any way for it. However, the customer is required to inform the retailer in writing or there should be some form of recorded material (Barnard 2012: 3-5). The retailer is compelled to reimburse the customer within fifteen days of being informed. This provision can have severe repercussions for products such as motor vehicles, whereby the retailer cannot provide a refund after the vehicle has been driven (Brewer 2011: 1). Shoppers are now permitted, “subject to a reasonable cancellation fee”, to cancel “early payment” bookings or orders (Section 17 of the CPA) (Havenga 2010: 490).

The customer now has the prerogative of selecting a preferred supplier. Suppliers may make it a condition of the contract or compulsory for instance when buying something, that the consumer is forced to purchase other goods or services (Erasmus 2013: 3). This is referred to as “bundling”. Section 13 of the CPA prohibits “bundling” unless the supplier can show that such bundling is in the customer’s favour (Reddy and Rampersad 2012: 7409). Section 13 of the CPA affords the customer the privilege of selecting the supplier provided that a supplier does not combine or “bundle” goods, thereby forcing the customer to purchase more products from that supplier or go into any other form of contracts, additional agreements, transactions or designated third party (Scott 2013: 7-11). The author also adds that the bundling of goods is permitted only if the way in which the products are bundled is of value and is not limiting in any way but instead is beneficial to the customer. The services or bundled goods should also be offered separately at individual prices.

#### **4.5.5 Right to disclosure of information**

The preamble of the CPA sums up how the apartheid system resulted in high levels of poverty. Clearly, in the past, consumers did not pay attention to the “fine print” of contracts. They did not bother to read long contracts and are usually in a hurry to conclude the deal (Reddy and Rampersad 2012: 7411).

Newman (2010: 737-738) refers to two very important pieces of legislation, the National Credit Act 34 of 2005 and the Consumer Protection Act 68 of 2008. In the

past, contracts were unreadable and confusing. Therefore, a section has now been included in the CPA which compels drafters of contracts to write in “plain language” (Gordon and Burt 2010: 1). Many consumers in S.A. were previously disadvantaged and their literacy levels were so low that they could not understand the content of basic contracts and agreements. Section 22 of the CPA stipulates that contracts and advertising material must be in plain language. There must be no ambiguities in terms of pricing (Marus 2011: 37). Businesses are required to create awareness so that the disadvantaged customer can be informed accordingly, as well as to ensure that they conform to “plain language requirements” (Mupangavanhu 2015: 131).

Reddy (2012: 596) reminds us that students studying at universities and colleges are also customers. As customers, students have a right in terms of Section 22 of the CPA to information “in plain and understandable language”. The author adds that in terms of this provision, any notice or document must be in the “form prescribed” and if no form is suggested, it must be in “plain language”. This applies to contracts, marketing material and indemnity notices that are displayed to students.

Reddy and Rampersad (2012: 7411) comment that contracts may have “technical language” which is problematic for the customer to understand and customers usually do not read contracts before signing. The authors add that terms included are usually non-negotiable, biased and in the supplier’s favour. Gouws (2010: 80) is of the view that, previously, agreements were not written in plain language but in technical language that was incomprehensible to the customer. Contracts were mass produced and the terms were fixed. The customer was not in the position to bargain with the supplier and with no option but to sign the agreement, the customer was forced to accept the proposed terms. Customers need to understand an agreement by merely reading it. The test for “plain language” is whether an average buyer with average reading ability and minimal knowledge as a customer understands the content of documents without obtaining legal advice (Tait and Newman 2014: 633).

It is imperative that businesses set forth their terms and conditions in basic and comprehensible language, as well as to draw attention to any relevant aspects of the contract or arrangement so that it can be easily grasped by customers (Brewer 2011: 12). All processes of the company have to be reviewed to ensure that communication to the customer, from the customer complaints procedure to lengthy contracts, are in very simple comprehensible language. The language in all forms of promotional strategies must be clear and unambiguous (Mupangavanhu 2012: 131). The retailer cannot make use of “fine print” as in the past. All communication has to be legible and easy to understand (Ardic, Ibrahim and Mylenko 2011: 4). This would have incurred added costs for the retailer to re-draft promotional templates, quotations and agreements.

Coertse (2014: 28) comments that for customers, the reasoning behind “the plain language” phenomenon is that the reader should easily find what he or she needs, understands what is written and then be able to use the information easily.

#### **4.5.6 The right to fair and responsible marketing**

Bait marketing is prohibited (Section 30 of the CPA). Suppliers are no longer permitted to advertise products or services as being available, in a misleading or deceptive way, to a consumer and to misconstrue the facts about the actual availability of those services (Cornelius 2011: 89). The consequence of this is that businesses need to change the way in which they approach customers for business. If an advertisement indicates that items are on promotion at a particular price subject to precise limits, then the “amount of the limit must be available” (Guillet, Lui and Law 2014: 952).

Businesses cannot use methods that were used in the past. Suppliers are no longer permitted to deceive consumers with regard to pricing, the nature of goods and the properties of goods if those particular items or service offerings are not accessible (Department of Trade and Industry 2014: 4-6). The author also states that suppliers are obligated to print challenges with regard to the availability of products or service offerings in advertisements, and to honour whatever is advertised. This simply

means that retailers are now prohibited from advertising products to entice customers to call them (with the intention of selling them other products) if those products are not available.

Lederer (2011: 315-316) describes how mail-order and internet sales have become a vital component of retail sales. In the past, mail order sales made it possible to shop from home at a customer's convenience, benefitting geographically isolated or busy consumers. With the dawn of internet shopping, this has become a trend. The author also states that both mail-order and internet shopping have time-saving benefits, and provide competition for retailers in terms of pricing and the assortment of products. Negative option marketing is excluded in terms of Section 31 of the CPA. A supplier is not permitted to promote any goods or services on the basis that the goods or services are to be supplied unless the consumer refuses the offer. The danger of negative option marketing is that a customer could forget to cancel or return the goods and may be unfairly prejudiced as a result. This includes upgrades of contracts and renewals of services (Knowler 2011: 2-7).

Section 34 of the CPA covers promotional offers and demands that any document setting out a promotional offer must state the following:

- the details of the prize, reward, gift or offer;
- the type of goods or service relating to the offer;
- the phases required by a customer to receive the offer or to accept the benefit, and
- the details of the person from whom, any place where and any date or time the customer accept the prize, reward, gift or special offer (Reddy and Rampersad 2012: 7410).

Retailers are also not allowed to advertise promotional offers if they have no intention of fulfilling them. Retailers will need to ensure that they have adequate stock or the service available to service all reasonably anticipated demands as a result of the offer.

In designing and implementing promotional strategies, retailers must take into account Section 35 of the CPA which deals with customer loyalty programmes. Any document that sets out a loyalty programme offer must clearly state:

- a) “The details of the programme, credit or award”;
- b) “The description of the goods or services related to the offer”;
- c) “The input required by a customer to take part in the programme or to receive any benefit in terms of the programme”; and
- d) “The place where and any date and time which the consumer may gain access to the programme, or to any loyalty credit or awards in terms of the programme”.

The provisions relating to promotional competitions are dealt with in Section 36 of the CPA, which has stringent requirements and ensures that there is full transparency and disclosure. Suppliers need to be cognisant of the charges for participating in promotional competitions. The maximum charge for participation has been capped at R1.50. Monty (2012: 53-54) states that a winner of a prize will no longer be obliged to feature in any future advertising pertaining to that particular promotion by volunteering any of their personal information or photographs. She adds that suppliers must obtain the prize-winner’s consent in order to use their personal information or photographs in future marketing campaigns. Hence, it places a further obligation on retailers to ensure that customer confidentiality is maintained and they must not divulge the details of the competition without the consent of the recipient of the prize.

The retailer cannot impose any fees for the administrative tasks or management of a business deal. The next section focuses on the impact of the CPA on retail businesses.

#### **4.6 The impact of the CPA on retail businesses**

In the past, businesses were subliminally portrayed as being unjust, unfair and not generally disclosing all information. After the implementation of the CPA, the rights

of the consumer were emphasised and re-emphasised. However, businesses now have to comply with the CPA or face harsh punishments being imposed (Section 11 of the CPA). Administrative fines may be imposed of up to one million rand or 10% of the respondent's annual turnover, whichever is the greater (Monty 2012: 53-54). Reddy and Rampersad (2012: 7411) concur with these views.

Section 11 of the CPA gives the consumer the right to restrict unwanted marketing. Businesses are now forced to put measures in place to record what their existing and/or potential customers' prefer regarding promotions, without any costs being incurred by the customer (KPMG 2010: 4). Williams (2011: 1) indicates that the CPA allows consumers to proactively stem any forms of direct contact or marketing in any form of communication whatsoever. According to the author, the potential customer needs to be contacted and permission sought before a company can market their products to them. The author further adds that the potential customer needs to agree to such marketing before the business can start communicating with them. It is anticipated that an "opt-out" registry (still to be set up) will manage a database through which marketers will apply for permission before sending any forms of communication to any potential customer (Brewer 2011: 4). The consumer will also receive a copy of the registry to allow them another opportunity to opt out if they already have not done so. The CPA allows for paper "junk mail" to be blocked by consumers by simply placing a "no junk mail" notice on their post boxes (Waxer 2014: 32). The new legislation also allows for parents of minors to block access to any forms of unwanted direct marketing, even if the minor has requested it (Leggat 2011a: 14).

The CPA contains general product guarantees and provides for firm product accountability (Fin24 2013: 1). The CPA comprises several provisions pertaining to the way products are marketed. It also provides for a standard "cooling-off period" if products were promoted by means of direct marketing and also restricts unwanted direct marketing (Strachan 2010: 1). The CPA regulates promotional competitions and loyalty schemes. It requires that any information provided to consumers must be simple and unambiguous (Gordon and Burt 2010: 1). Labels and expiry dates on



packages of products need to be clear and in simple language (Gow 2012: 70). The supplier may not in any way mislead or deceive a customer in relation to the marketing of any goods or services (Gow 2012: 70). Agreements concluded between service providers and customers must contain non-discriminatory and reasonable terms and conditions. Added costs would have been incurred to reprint the packaging and labels. Gouws (2010: 80) concurs with this view.

Kruger (2011: 27) has a broader view of the way in which the CPA is impacting on businesses. The author is of the opinion that besides the fact that businesses have to comply with the CPA to avoid penalties, a competitive advantage can be gained. This would be as an indirect result of consumer satisfaction and trust resulting from fair purchases, which in turn results in consumer loyalty. Consumer loyalty would mean more positive word-of-mouth and referrals; increased spending; up-selling; cross-selling; and repeat purchases, all of which directly increase the profit of the business. The author adds that it is for this reason that businesses that emphasise the fact that they comply with the CPA through sound marketing practises, will also benefit from the CPA. Monty (2012: 55) is of the view that the CPA has a significant impact on several of the marketing and promotional practices used by businesses daily. This includes direct marketing and other methods of promotions. The author also adds that reference to the term 'promotion' in the CPA includes advertising, displays or offers to supply particular goods or services; making representations to consumers regarding those goods or services or engaging in conduct which in the ordinary course of business, could be construed as inducing or attempting to induce a consumer into a transaction.

Barnard (2012: 1-12) mentions latent defects and the customer's rights to safe and good quality products that ought to be supplied by retailers. According to the DTI, "many agreements of sale will fall outside the ambit of the CPA and in such situations, the common law position will remain intact" (Department of Trade and Industry 2014: 2). "A "voetstoots" clause will no longer be in force where the CPA is applicable" (Haroun 2011: 1) . The word "voetstoots" emanated from Roman-Dutch custom meaning to "stoten" or thrust an item sold (for example a barrel of grain) with

one's foot to demonstrate the delivery and sale of the item without the purchaser returning with complaints later (Barnard 2012: 3). The outcome of such a clause is that the supplier does not have the hazard of the presence of any diseases or defects, but is responsible for distortions of any sort (Bauling and Nagtegaal 2015: 169).

According to the Department of Trade and Industry (DTI) Minister, Rob Davies, the legislation will be of great importance to consumers and producers and will create opportunities to increase competition (Zvomuya 2011). Minister Davies added that fair trade was required and that in most cases, the poor were victims of unfair trade. However, he made no mention of how the CPA will impact on the business sector. Furthermore, there is a lack of government funding for marketing campaigns. In the past, the DTI funded marketing initiatives for Black businesses entities to the value of 30 percent of their previous year's turnover (capped at R200 000). Since April 2013, the DTI has stopped their funding for Website development, signage and light box insignia (Department of Trade and Industry 2016: 8). This puts a significant amount of strain on the marketing budgets of companies as they have to find other sources of funding for future marketing endeavours.

As a result of the implementation of the CPA, consumers' rights have now been given priority. Promotion refers to the media channel tools that can convey information to the envisioned audience. "Promotion" is fundamentally the combination of actions to notify, influence and update the potential customer. However, the CPA directly impacts on the forms of marketing and promotional strategies that retailers may adopt. Marketing campaigns in the form of bulk SMS's and emails are cost-effective, but are no longer permissible unless the recipient has given prior written consent to receiving such forms of advertising.

#### **4.7 The restrictions placed on businesses as a result of the CPA**

Retail businesses are now forced to implement the CPA amidst turbulent economic times post-2010, when South Africa is facing higher inflation, rising fuel costs, a

higher Rand / Dollar exchange rate and is still recovering from a major recession. The review of literature on this aspect reveals that there are several areas of business that are being affected because of the implementation of the CPA.

There are a number of South African laws that already have an impact on email marketing strategies: The Constitution and Bill of Rights Act 108 of 1996; The Promotion of Access to Information Act 2 of 2000; The Promotion of Administrative Justice Act 25 of 2002; The Electronic Communications and Transactions Act 25 of 2002; The Electoral Act 73 of 1998; The Identification Act 68 of 1997; The Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000; The Unfair Businesses Act 5 of 1998 (repealed but still used as a yard stick); The Lotteries Act 57 of 1997; The National Credit Act 34 of 2005; The Consumer Protection Act 68 of 2008; The Protection of Personal Information Act 4 of 2013. All of these Acts may have an effect on a company's emailing practices, but those with the most rules directed specifically at email marketing are the Electronic Communications and Transactions Act 25 of 2002 and the Consumer Protection Act 68 of 2008 (Republic of South Africa 2002).

Kruger (2012: 1-3) highlights salient points that would otherwise have been overlooked. Section 5 (b) of the CPA determines that a juristic person whose asset value or annual turnover equals or exceeds the threshold value as determined in Section 6 of the CPA, as discussed in paragraph 1 above, does not fall within the ambit of the CPA. This simply means that "businesses whose customers are mostly juristic persons which have an annual turnover of more than R 2 million a year can ignore the provisions of the CPA". Section 5 (5) of the CPA, nevertheless, alters this assumption considerably stating the following: "If any goods are supplied within the Republic to any person in terms of a transaction that is exempt from the application of this Act, those goods and the importer or producer, distributor and retailer of those goods respectively, are nevertheless subject to Sections 60 and 61". Sections 60 and 61 of the CPA deals predominantly with the well-being and observing and recall of merchandise and the accountability for destruction produced by merchandise correspondingly.

In terms of Section 61 of the CPA, a “producer” or “importer”, “distributor” or “retailer” of any goods are liable for any detriment produced as a consequence of retailing products that are unsafe; any failed products; defective or hazardous products; or insufficient guidelines or cautions regarding the usage of merchandise, whether the detriment or danger was as a result of carelessness on the part of the manufacturer, importer, distributor or retailer (Bauling and Nagtegaal 2015: 168). Therefore, Section 61 makes provision for modified so-called “strict liability” of an “importer”, “producer”, “distributor” or “retailer of the goods” (Naude 2011: 345). In this regard, all parties in the supply chain will be jointly liable for the defective goods. The customer does not have to substantiate the form of negligence (Naude 2011: 345). The customer simply has to verify that the merchandise is malfunctioning and that the damage or harm ensued as a result of the defects (Chirwa 2013: 6).

Mdluli (2011: 35-36) states that he was encouraged to see the growing membership base of the Direct Marketing Association of South Africa (DMASA). These are businesses and suppliers who are committing themselves to abide by their code of practice and respect the rights of consumers. The author adds that since the inception of talks and negotiations that commenced with the DTI, the DMASA has been the only vocal and active industry association representing marketers that has actually lobbied government and invested heavily in advocacy-not just for the direct marketing industry but for the broader marketing industry as a whole. The author further states that it begs the question: where is the rest of the industry? And how seriously are they taking the CPA, the rights of their consumers and their members’ rights to conduct their business if they have no representation on any of the portfolio committees?

Sharrock (2010: 325) is of the view that in the past, businesses derived substantial benefits from using standardised terms and will generally adopt a “take-it- or leave-it” stance if asked by the customer to make changes to the terms. The author goes on to state that legislature has now dealt with the matter on a more general level in the CPA, which provides for both official and managerial control of “unfair contract terms” across a broad array of consumer contracts. It now also authorises the

Minister to create regulations pertaining to terms in biased agreements. Goldman and Judin Incorporated (2011: 5-6) advise that marketers using social-network sites, such as Facebook and Twitter, must be cautious and should ensure compliance with the CPA. Coupled with this, the CPA poses threats to a business that markets their goods through the internet as lawsuits and prosecution could arise. This could potentially be a costly exercise for marketing executives. If social-network sites like LinkedIn or Twitter are used, marketers can no longer send bulk Direct Messages for marketing purposes, unless consented to by the recipient (Goldman and Judin Incorporated 2011: 7).

De Ryhove (2011: 1-2) highlighted that the DTI rolled out a national campaign in February 2011 to create awareness about the rights consumers are granted under the new Consumer Protection Act. The impact on businesses was again sadly neglected, although the DTI was the entity that encouraged growth and productivity in business economies in South Africa. The Professional Accountant (2008: 19) provides a detailed account of what the CPA means for businesses, elaborating further on, *inter-alia*, which transactions are exempt from the ambit of the CPA; the concise construction of the CPA; the rights of the consumer; suppliers' accountability to consumers; and the issues of non-compliance.

Brewer (2011: 6) outlines the impact of the CPA on email marketing and pays particular attention to the pre-emptive blocking of direct marketing for retail businesses. He claims that it is imperative for technical features to be included so that customers can unsubscribe from the mailing list. According to the author, this operation of these mechanisms needs to be constantly audited with the email service provider, ensuring that they have the following in place, which also poses a logistical nightmare:

- The functionality of excluding the "Do Not Contact" list;
- A team to manage the "opt-out" online facility. The recipient of the mail should be able to use the "unsubscribe" link to allow them to be excluded from further correspondence;

- The ability to export all opt-outs so that these recipients can be removed from other platforms used by the business to send bulk correspondence. For example postal, SMS or telemarketing;
- An internal process is crucial to ensure that if a recipient of an email wishes to be removed from any further communication, then this is done instantaneously. A “global suppression” feature is required for this aspect; and
- It is important that companies’ “direct messaging systems” are able to confine the sending of such messages only to specific days and at certain times to comply with Section 12 of the CPA, which restricts correspondence on weekends, after hours, on public holidays and at certain times.

From the literature discussed above, it is evident that several restrictions and punitive actions have been placed on businesses as a result of the implementation of the CPA:

- Businesses are not allowed to supply hazardous or dangerous goods without proper labelling informing customers about the dangers. The business will have to accept liability for damage caused by goods, respectively;
- All members in a supply chain will be jointly liable for defective goods;
- The CPA presents threats to businesses that market their goods via the Internet, with prosecution for non-compliance;
- It is imperative for technical features to be included on marketing emails so that customers can unsubscribe or opt out from the mailing list;
- Businesses are required to have in place the functionality to export all opt-outs so these recipients can be removed from other platforms used by the business to send bulk correspondence. For example, postal, SMS or telemarketing; and
- Businesses are required to ensure that processes are in place to limit the sending of direct messages to suitable times.

In the discussion that follows, CPA compliance will be discussed.

## **4.8 CPA Compliance**

Gouws (2010: 91) is of the view that even suppliers within a company's supply chain ought to be CPA-compliant. If this becomes legislated, then it would change the way businesses conduct themselves in the future, particularly the way procurement is handled and the way tenders and contracts are awarded. Being BEE compliant on its own is a costly mission for businesses currently. To be "CPA Compliant" would certainly put added pressure on businesses throughout the year. The author adds that there are so many facets to CPA compliance for businesses. What would the deliverables be? One would have to wait and see if this becomes a compliance prerequisite.

## **4.9 The CPA as a form of Corporate Social Responsibility**

Ethical business practice means doing the right thing. An organisation's performance is no longer judged on profit alone. More and more emphasis is being placed on businesses to become better corporate citizens and to invest in making society a better place (Kloppers 2013: 179). A corporate is a legal entity recognised by law. It therefore has to abide by statutory principles of corporate governance as prescribed by law. In terms of the CPA (Section 72), companies are compelled to appoint a "social and ethics" committee to observe and provide feedback on their undertakings regarding "social and economic development", "promotion of equality" and "social development", especially in the areas in which they are based (Deloitte 2010). These core principles overlap with the King 111 Report on Corporate Governance, which stipulates that "social injustice has to be eradicated".

Noked (2011: 1-10) and Van Staveren (2007: 25-36) concur that Corporate Social Responsibility has been defined as "a business organisation's configuration of principles of social responsibility, processes of social responsiveness and policies, programmes and observable outcomes as they relate to the firm's social relationships". The authors are of the view that, gradually, such undertakings can result in good standing for "social responsibility". Jazbhay (2009: 1) shares a similar view to that of Noked (2011: 1-10) as he believes that the CPA is a form of CSR.

The author explains that in the United States of America, companies are aware of the fact that consumers are beginning to reject products they regard as not being ethical or inferior, yet businesses with a strong social responsibility structure were benefitting from being transparent and upholding strong values. Chirwa (2013) suggested the following compliance measures that will assist retail businesses whilst conforming with the CPA: “consumer education”, “employee training”, “emergency funds”, “purchasing of insurance”, “customer consultants”, “quality-assurance”, “refunds”, and “replacement and compensation”. These are valid suggestions that businesses can implement to ensure CPA compliance.

Good ethical behaviour is noticed by customers, which encourages more support for good ethical brands and in turn increases sales and revenue. The author adds that “the CPA provides for the development of codes of conduct” and it is at this level that consumer mediums have a beneficial role to play. Further to this, what Jazbhay (2009:2) gathers from the CPA is that it “actively promotes and propagates the ideal of Corporate Social Responsibility”. The idea undermining CSR is to “do good for the people and the planet without sacrificing profits”. This is aligned to the teleological theory of ethics, in particular the Utilitarian Theory (Jazbhay 2009: 2).

The Companies Act of 2008 has also placed a significant amount of pressure on business practices. Businesses have to comply with best practises at all times in terms of ethical processes, ethical marketing and ethical products. Customers are very sensitive to ethics in business and will support only those businesses that are deemed to be transparent. Thus businesses need to adopt a changed focus in respect of the ethical aspects of the organisation’s business practices. Triple bottom line, corporate governance, corporate social responsibility and broad-based black economic empowerment (BBBEE) indicate a major change from the belief in previous eras that organisations are only in existence to make profits (Reddy and Rampersad 2012: 7406).



#### **4.10 The implications of the CPA for consumers**

In the market economy, the consumer has a principal position and ensures that his/her fundamental rights are observed (Dinu 2014: 449). The author adds that change brought about by technology, as well as trade becoming more globalised, has resulted in a very complex environment that poses more challenges in respect of consumer protection.

Products and services are becoming increasingly technical and more personalised causing difficulties for consumers to become familiar with the digital environment (Alwan 2013: 1153). There is a lack of consumer confidence (Allender and Richards 2012: 335). Many consumers think that it is unsafe to purchase online as they may not be fully protected in terms of their rights if they purchase via the internet. All these phenomena occurring in the era of technological change and globalisation adds further pressure on consumer protection. Therefore, effective market surveillance is imperative so that consumer protection policies adapt to these uncertainties. Currently, the production, distribution and selling of goods has a global dimension (Alwan 2013: 1154). Traders can sell to consumers in any country in the world as a result of e-commerce, but this globalisation makes the identification of hazardous products coming into the market very problematic. This is a very significant fact that has far-reaching implications as products and services become more sophisticated and more personalised (Avlonitis and Karayanni 2000: 441-450). Consumer protection policies will have to be adapted to these changing realities.

From the literature reviewed, it is clear that the CPA protects consumers in South Africa in the following ways:

- Consumers now have the right to query the inferior quality of goods and services;
- Consumers should be treated equally, irrespective of gender, race, socio-economic status or geographic location;
- Consumers have the right to protect their privacy and confidentiality in respect of unwanted or unsolicited correspondence;

- Consumers have the right to refuse unwanted SMSs, telephone calls, letters or “spam” emails;
- Consumers have the right to opt out of receiving unsolicited direct marketing services by blocking the relevant supplier or marketer;
- Consumers have the right to accept, restrict or refuse unwanted direct marketing;
- Consumers have the right to shop around for the best prices, goods and services;
- Consumers are not obliged to enter into additional agreements with suppliers from whom they purchased goods or services (bundling);
- Consumers have the right to cancel fixed-term agreements upon expiry of the contract period, without penalties or charges;
- Consumers are obliged to provide suppliers with twenty business days’ notice, in writing or other recorded means, of cancellation of fixed-term agreements. Reasonable penalties may apply;
- Consumers have the right to request written cost estimates/ quotations from suppliers, prior to the suppliers’ executing any repairs or maintenance services;
- Consumers have the right to pre-authorise or refuse any additional repairs or maintenance services;
- Consumers have the right to cancel any advance reservations, bookings or orders;
- Consumers have the right to refuse display items or opened goods;
- Consumers have the right to return unsafe or defective goods and request a full refund for such goods;
- Consumers have the right to return unsolicited goods or services, at the risk and expense of the suppliers;
- Consumers have the right to request unit costs of goods and services so as to avoid any hidden costs; and
- Consumers have the right to demand contracts/ agreements in easily-understood and plain language.

The CPA is multi-faceted and ensures that consumers can make informed purchasing decisions; that a variety of products and services can be accessed; that the marketing and selling practices are based on sound principles; have efficient redress; and are well-informed about their rights and responsibilities.

The implications highlighted above for consumers apply to various aspects of transacting. However, the following implications, apply to promotions directly:

- Consumers have the right to protect their privacy and confidentiality in respect of unwanted or unsolicited correspondence;
- Consumers have the right to refuse unwanted SMSs, telephone calls, letters or “spam” emails;
- Consumers have the right to opt out of receiving unsolicited direct marketing services by blocking the relevant supplier or marketers;
- Consumers have the right to accept, restrict or refuse unwanted direct marketing;
- Consumers are not obliged to enter into additional agreements with suppliers from whom they purchased goods or services (bundling);
- Consumers have the right to cancel any advance reservations, bookings or orders;
- Consumers have the right to return unsafe or defective goods and request a full refund for such goods;
- Consumers have the right to return unsolicited goods or services, at the risk and expense of suppliers; and
- Consumers have the right to demand contracts or agreements in easily-understood and plain language.

In the past, businesses derived substantial benefits from using standardised terms and they generally adopted a “take-it- or leave-it” stance if asked by the customer to make changes to the terms. The CPA now gives the consumer the right to restrict unwanted marketing via email, SMS or telephone. Businesses are now forced to put measures in place to record their existing or potential customers’ preferences in

terms of what they are prepared to receive and when. The CPA enables consumers to pre-emptively block any direct marketing attempts, whether this is by email, phone or printed material in the post. The consumer has to first be informed that a company wants to market to them directly. From a management perspective, this involves a lot more planning, more processes to be put into place and it requires dedicated company staff and management to co-ordinate this. The consumer has to agree to this before the business can start communicating with them. This has to be managed through an “opt-out” registry, through which marketers have to apply for permission before sending direct marketing communication to a potential customer. Any confirmation from this registry will be copied to the consumer, giving them another opportunity to opt out if they have not done so. All these aspects will now have to be monitored by the retailer. These are added measures that have to be implemented to ensure compliance with the CPA. The CPA allows for paper “junk mail” to be blocked by consumers by simply placing a “no junk mail” notice on their post boxes. Retailers cannot undertake bulk pamphlet distributions as was quite popular in the past. Parents of minors also have the right to block access to direct marketing for their children.

The CPA now provides for a much broader mechanism to protect consumers and applies to all forms of promotions conducted by retailers. The CPA is focussed on giving consumers the right to fair, just and reasonable terms and conditions and the right to fair value, good quality and the safety of products. Consumers are protected not only in terms of the provision of goods and services and the conclusion of contracts, but also in the promotion and marketing thereof.

#### **4.11 The implications of the CPA for retailers**

Retailers will have to re-examine their institutional rules and the terms and conditions of their agreements (Leggat 2011a: 14). They will also have to examine the implications of breaches of contract, as well as penalties imposed on the consumer (Reddy and Rampersad 2012: 7404-7406). From a communications perspective, retailers will need to pay more attention to their business and legal

documents to ensure that they are readable and easy to comprehend. The retailer is obliged to inform and educate the disadvantaged customer and to take responsibility for ensuring that they comply with the plain language requirements. Marketing and communication policies will need to be introduced in businesses to ensure that marketing and communication strategies embrace simplified communication to ensure that the ordinary consumer with average literacy skills understands a contract. It is the social responsibility of retailers to ensure that they carry out good business practices. Retailers are also required to adhere to the following:

- Labelling and trade descriptions of products should not be misleading to consumers about the contents or packaging of the goods;
- A notice should be displayed that any “grey” market goods are re-conditioned, re-made or re-built;
- Limitations should be included in respect of “the availability of goods or services when advertising such items and honouring such agreements” (Section 30 of the CPA);
- Contact information should be disclosed when supplying products via catalogue marketing;
- A “cooling-off period” should be included in direct marketing transactions and this period usually spans five business days;
- A returns process should be in place, within fifteen business days of receiving the cancellation notice from customers;
- Customers should be afforded an opportunity to examine goods purchased or delivered;
- Repair defective goods, ensure good quality of goods and services and refund or replace damaged or defective items;
- Clearly specify the duration of any promotions in catalogues or brochures, failing which, consumers have the right to purchase the goods or services at the specified prices if the prices have not been changed; and

- Refrain from any further communication if the consumer has requested to be unsubscribed from the mailing list. The privacy of the consumer will have to be respected (Mupangavanhu 2015: 129-135).

As discussed in Chapter 3, email and SMS have proved to be the most cost effective promotional tool. Sending out regular emails to clients helps in terms of positioning the company in the minds of the consumer. Repetitive emails; flyers and specials; and open channels of communication via email entrenches the company in the minds of the customer, as a stable company and assisted the customer in feeling a sense of security in dealing with that particular company. Email and SMS are also invaluable as a means of providing customer relationship services. Market segmentation is expensive, as the cost of providing differentiated products and services, as well as marketing communications is high and requires considerable effort. Therefore, a standardised product and communications message is much cheaper. Email marketing has been found to be the most effective and economical to segment markets into groups with common needs and profiles.

Email marketing is not just about positioning one's product offers to attract the attention of a consumer. Email marketing also provide a brand interaction that customers value. Emails can also be used for mass campaigns or regular contact. As customers opt out of their databases and the databases continue to shrink, retailers will have to look for other alternative means of promoting their products.

Retailers are also not permitted to:

- Limit access to goods and services;
- Prioritise any consumer groups over others when marketing, selling or distributing their goods and services;
- Force consumers to enter into agreements with third-parties, unless these retailers can prove the benefits of these additional goods or services;
- Withhold the extension of fixed-term agreements on a month-to-month basis if consumers failed to request the cancellation of such agreements;

- Charge consumers for any diagnostic work or inspections required in compiling cost estimates or quotations, unless there was prior agreement;
- Continue any unsolicited direct marketing of goods and services once consumers have opted out;
- Alter, amend, conceal, remove or deface trade-marks and other labelling in order to mislead consumers;
- Promote any goods or services or automatically enter consumers into agreements for the supply of goods or services, and if consumers receive unwanted unsolicited goods or services, they are under no obligation to pay for these goods or services;
- Offer any loyalty credit or award with the intention of not providing it in a manner other than as offered;
- Mislead consumers in respect of pricing, the nature, properties, advantages or uses of goods or services advertised, if such goods or services are not actually available for purchase or procurement in accordance with these standards;
- Make promotional offers with the intention of not fulfilling them;
- Divulge any particulars of any recipient of any prize, reward, gift, free good or service, concession or enhancement of quality of the products;
- Limit or restrict capacity to supply any such goods or services in response to the acceptance of the offer;
- Coerce the consumer to accept an inferior quality product or service than those generally available; and
- Impose any monetary charge for the administration, processing or handling of a transaction in respect of which a consumer tenders a trade coupon, and this applies where a membership fee is being paid.

Retailers now have the right to:

- Charge consumers for the loss or damage of property or goods, if this resulted from gross negligence or deliberate actions;

- Extend fixed-term agreements on a month-to month basis, if the consumer failed to request the cancellation of such agreements;
- Request a reasonable charge for the cancellation of reservations, bookings or orders, depending on the nature of the business and specific circumstances; and
- Request a reasonable advance deposit for reservations, bookings or orders, depending on the nature of the business.

From the various aspects highlighted above, it is clear that the way in which promotional strategies are conducted has evolved tremendously over the last few decades. Retailers have an important role to play in terms of the economic growth of the country, and for these retail entities, CPA compliance is no longer a matter of choice. Retailers have many facets of business which have to be re-visited and amended in order to be compliant. It begs the question: is the CPA only in favour of the consumer? Retailers are forced to be compliant with the CPA or face heavy penalties. The privacy and rights of the consumer have to be respected. From a Kantian perspective, is the CPA good or bad for business, considering the cost implications to be CPA compliant? Or is it good for the greater number of consumers only, from a Utilitarian perspective? The cost implications are indeed phenomenal. This will be discussed further in the next section.

#### **4.12 Cost implications for the retailer**

The CPA has imposed added costs for the retailer. From the literature review and as highlighted above, retailers will have to reconsider their organisational processes, procedures and terms and conditions of their agreements. They will also have to examine the consequences of not abiding by contracts, in addition to the penalties imposed on the customer. From a communications perspective, retailers will need to pay more attention to their business and legal documents to ensure that they are readable and easy to comprehend, to educate the disadvantaged customer and to take responsibility for ensuring that they comply with the plain language



requirements. Added costs will be incurred to engage legal experts to amend existing documents and contracts.

Customer care lines will have to be developed and implemented from documenting the customer's complaint through to providing a return or refund for products that the customer is not happy with. There will be added costs to the business to train staff in terms of these compliance issues. Administrative costs to process the returns will have to be absorbed by the business. It is imperative that the business has marketing and communication policies to ensure that marketing and communication strategies embrace simplified communication so that the conventional shopper with average learning abilities understands a contract. Marketing material will need to be re-printed to ensure that advertisements, pamphlets and other print material are unambiguous. This would certainly involve added costs for graphic designing and the costs of having a marketing manager oversee all marketing activities to ensure that the company is CPA-compliant.

The retailer has to ensure that all display classification and trade descriptions on items for sale are not misleading and ambiguous and that shoppers understand the nature of the contents of the merchandise. The retailer will either have to pay for labels to be produced as per their text requirements or they will have to purchase a labelling machine and pay additional staff to design and print their own labels.

The "cooling-off period" in direct sales to customers usually spans five business days. The retailer incurs additional costs as a result of customers returning products, whether the products are "defective" as per the customer, or unsatisfactory. Administrative costs arise to process the credit and returns or refunds. The complaint will have to be documented and handled in terms of the business' complaints procedure. Transportation and administrative costs will also be incurred to return the goods to the supplier. Retailers also have to be compliant in terms of returns of money received from customers, within the stipulated period of fifteen business days of receiving their cancellation notice. The retailer is obliged to afford shoppers realistic occasions to inspect merchandise purchased or delivered, as well

as to sort out any defects in terms of the quality of services provided, goods supplied, or to replace items. This results in opportunity costs whereby the retailer experiences losses. The retailer could have re-purchased stock and generated more profit in that period.

The retailer would have to look at other means to market their products, for example, employing marketing representatives to market to individual companies. They would also have to absorb the costs of marketing vehicles, fuel and vehicle maintenance. Marketing representatives would also need workstations to communicate with their clients via email and telephone. There would also be added costs to set up appointments with customers.

Retailers may have charged for any diagnostic work or assessments in terms of compiling quotations in the past. However, as a result of the restrictions of the CPA, they are currently prevented from charging for these services. This cost will have to be absorbed by the retailer. Opt-out facilities will need to be added if they are not already effected for email campaigns. There is a significant amount of programming that goes into this facility, which can be very costly if the customer database is huge. Retailers are unable to charge to draw up estimates or quotations, even if the customer requires changes to the quotation to be made several times.

#### **4.13 Conclusion**

What the CPA has transcended to is that restrictions are now placed on businesses in terms of the way they market themselves and approach customers. The CPA has resulted in increased standards in all spheres of marketing and business practices to ensure that all parties that transact (suppliers, importers, exporters, wholesalers, manufacturers and customers) are not compromised in any way. Businesses cannot target potential customers as they used to in the past, without their permission. The same applies to SMS marketing. This will affect direct marketing via call centres that have a second shift to call prospective customers in the evenings when they are more relaxed, in order to market their products. The CPA only deals with the right

to privacy in relation to direct marketing. However, the Protection of Personal Information Act will regulate an individual's right to privacy comprehensively.

Acquisition mailing (whereby a company acquires new leads through cold-cannvassing or purchasing databases) has played a significant role in the email marketing strategy of many companies. The CPA enforces tighter standards on the way a business acquires leads for marketing campaigns. Marketers will now be required to properly inform customers in plain language regarding their contact information in the event of defective items. Companies that specialise in collecting this type of consumer data are now required to be completely transparent about the companies that the data will be provided to and the type of communications that the consumer can expect to receive from those companies when they grant opt-in permission.

This chapter has contributed towards the objectives of this study, in particular the following objectives: the provisions of the CPA that affect the promotional efforts of retail businesses and the implications of the implementation of the CPA on promotions expenditure for retail businesses. The following objectives will be dealt with in the questionnaire and the findings of the study: the promotional strategies that retail business in Durban are presently using, as well as their preferred choice of such strategies; as well as to determine the measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA.

This chapter also highlighted reasons why it was imperative for the CPA to be enacted. The provisions of the CPA that affect retail businesses were also discussed. In this chapter, it was outlined that the CPA has had a huge impact on retail businesses and together with this, there are several restrictions that businesses need to comply with or face the imposition of hefty fines. The next chapter outlines the research methodology chosen for this study.

## **CHAPTER 5 – RESEARCH METHODOLOGY AND DESIGN**

### **5.1 Introduction**

The previous four chapters have examined the literature and the theory applicable to this study. The foundation laid therein has paved the way for the study. In this chapter, the research methodology, target population and sampling methodology are examined. Choosing the right research design is important because it allows the researcher to foresee probable glitches in gathering information, the operationalization of concepts and measurements (Krishnaswami and Satyaprasad 2010: 43). This study aims to bridge the gaps that have been identified in the literature study and to present a framework for future research on the CPA and promotional strategies of retail businesses in Durban. This chapter examines the key concepts of this research study, such as the research design, data collection, instruments, target population and sampling methods.

### **5.2 The objectives of the study**

The objectives of the study are as follows:

- Objective 1: To explore the promotional strategies that retail businesses in Durban are presently using, as well as their preferred choice of such strategies and the reasons for such preferences;
- Objective 2: To explore the provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban;
- Objective 3: To determine the measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA; and
- Objective 4: To determine the implications of the implementation of the CPA on the promotions expenditure for retail businesses in Durban.

The next section discusses the methodology chosen for the study.

### **5.3 Hypothesis testing**

Hypothesis testing entails the use of statistics to determine the probability that a given hypothesis is true. Hypothesis studies are embarked on to clarify the essence of certain relationships, investigate the consistencies among clusters or the interdependence of multiple variables in a situation (Sekaran and Bougie 2010: 103-108).

According to Weisstein (2015: 1), hypothesis testing consists of the following steps:

- Formulate the null hypothesis  $H_0$  (the observations are the result of pure chance) and the alternate hypothesis  $H_1$  (the observations show a real effect combined with a component of chance variation);
- Identify a test statistic that can be used to assess the truth of the null hypothesis;
- Compute the p-value, which is the probability that a test statistic at least as significant as the one observed, would be obtained assuming that the null hypothesis was true. The smaller the p-value, the stronger the evidence against the null hypothesis; and
- Compare the p-value to an acceptable significance value  $\alpha$  (sometimes called an alpha value). If  $p \leq \alpha$ , the observed effect is statistically significant, the null hypothesis is ruled out and the alternate hypothesis is valid.

Hypotheses refer to the anticipated outcome or possible answers to the research questions. They should be conceptually clear, specific and simple (Krishnaswami and Satyaprasad 2010: 45). Hypotheses testing, and specifically the Chi-squared test of association, has been used in this study to assist in answering the hypothesis questions in a precise way.

### **5.4 Methodology chosen for the study**

The chosen research method should be appropriate and relevant for answering the research questions that were formulated earlier in the study. It is the research question that commands the methodology and the type of research setting

(Grossoehme 2011: 97). The methodology entails a specific design, strategies and methods of data collection from acquired research participants, accumulating information, analysis and understanding of the data and the formulation of conclusions about a research problem. The design for this study constitutes a combination of qualitative and quantitative methods.

“Research designs” are classified into three traditional categories: “exploratory”, “descriptive” and “causal” (Burns and Bush 2013: 99). “Exploratory research” is used to “gain background knowledge”; “define terms”; “clarify problems and hypotheses”; and “establish research priorities”. “Descriptive research” assists the researcher in cross-sectional studies, for example who the customers are, what brands they purchase and where they shop? “Causal research” or “causality” may be regarded as understanding an occurrence in terms of a qualified statement of a form (“if x, then y”; or “if I spend more on advertising, then my sales will increase”) (Burns and Bush 2013: 103). Applied research is an authentic research undertaking in order to accumulate new facts and understanding on various subjects. It is however directed primarily towards a specific practical aim or objective (Denicolo 2013: 36). Exploratory research was undertaken in this study since there was very little information available on the subject. Triangulation is discussed in the next section.

#### **5.4.1 Triangulation**

Kumar (2014: 386) is of the view that “triangulation” involves the use of data from varied sources to best achieve the objectives of the study. The author adds that it is the collation of the matching set of information viewed through different lenses or angles to draw conclusions. This investigation from diverse perceptions provides a better understanding of an occurrence, circumstance, phenomenon or issue.

Reeves, Kuper and Hodges (2013: 514) state that “triangulation” is a term related to direction-finding or surveying as people discover their location on a map and where the lines intersect is where they are located. Casey and Murphy (2009: 41) state that when “qualitative” and “quantitative methods” are “used simultaneously and the findings from each method are complementary”, then this is referred to as

“simultaneous triangulation”. When one method is “used in advance of another method”, then this is referred to as “sequential triangulation” (Casey and Murphy 2009: 41). “Sequential triangulation” was used in this study.

This study made use of both qualitative and quantitative methodologies. Hence, a “mixed-method approach” was used for the purpose of triangulation. The constructs (intelligence, creativity, problem-solving ability and motivation) are quantified and attain values and are consequently referred to as variables (Ary *et al.*, 2010:23). This, according to the authors, is an innovative method in which the same study employs both quantitative and qualitative approaches and is defined as “mixed methods research”.

The fundamental assumption of the “mixed methods” approach is that when a researcher combines statistical tendencies (quantitative data) with stories and personal practices (qualitative data), this combined strength provides a more meaningful insight into the research problem than having the information alone (Creswell 2015: 70-77). When using mixed methods, this combination of methods involves the collation, investigation and integration of quantitative and qualitative data (Sonja, Matjaž and Mazurek 2014: 571). This assists the researcher with the merging of data collected by the different methods in the study to augment the reliability of the research findings. Triangulation strengthens, buttresses and augments a study’s conclusions.

The use of both the qualitative and quantitative methods of data collection was adopted in this study because of their suitability for examining different facets of the occurrences under study, for triangulation and for adding breadth and depth to the assessment of the variables studied. This is in accordance with the views expressed by Johnston (2010: 188-189) relating to the use of both quantitative and qualitative methods of research in a singular study. It is beneficial to the study to attain two varied outlooks; one gathered from closed-ended response data (quantitative) and one drawn from open-ended personal data (qualitative). This adds to the

quantitative data to extract further information regarding the context of individual involvements in retail businesses.

#### **5.4.2 Descriptive statistics**

According to Creswell, Plano Clark and Garrett (2008: 66), descriptive statistics are used to assist the researcher to describe and compare the main features of the collected data in quantitative terms. Descriptive statistics are applied to investigate, review and illustrate the data gathered. An example of descriptive analysis is market research data analysis on, for example, “what types of people consume modified foods?” (Eriksson and Kovalainen 2008: 6). This type of research gathers more specific information of persons, events and situations and requires a clear picture of the problem before the research begins (Jacobsson, Granroth and Dumont 2014: 22).

#### **5.4.3 Inferential statistics**

“Inferential statistics” is concerned with “inferences” that one can make “about population indices on the basis of the corresponding indices obtained from samples drawn randomly from the populations” (Tustin and De Jongh 2008: 41). Inferential statistics also aims to establish whether differences or relationships within a sample can be expected to exist other than by chance, from which the sample is drawn. Inferential statistics encompasses Chi-square testing, factor analysis, hypothesis testing and correlations.

##### **5.4.3.1 Chi-square testing**

Chi-square analysis refers to “the examination of frequencies for two nominal-scaled variables in a cross-tabulation table to determine whether the variables have a statistically significant non-monotonic relationship” (Burns and Bush 2013: 386). To establish whether there is an association between attitudes and perceptions between people and certain concepts, a Chi-square test of association is done. A Chi-square analysis can be used to measure respondents in terms of categories such as age, gender, level of qualification and so on.



#### **5.4.3.2 Factor analysis**

Factor analysis is a statistical technique whose key objective is the reduction of data. Factor analysis is used in survey research, where a researcher wishes to represent a large number of questions with a small number of hypothetical factors. The factor analysis technique is used to identify cases where responses in a subset of observed variables are in fact associated or correlated with one another. Using factor analysis, the researcher is able to discuss underlying traits that are usually vague and rather abstract ( e.g. “intelligence”, “charitableness” and “socio-economic status”) (Durbach 2014: 122).

#### **5.4.3.3 Correlations**

“Correlation analysis” examines the “strength of the identified association between variables” (Coldwell and Herbst 2004: 25-30). “Pearson’s correlation matrix” indicates the “direction, strength and significance of the bivariate relationship amongst the variables” in the study (Cooper and Emory 1995: 92-116). The correlation coefficient is the fundamental building block of data analysis. A “positive correlation” reflects a “high tendency for a high value in one variable to be associated with a high value in the second variable”. A “negative correlation” reveals “an association between a high value in one variable and a low value in the second variable” (Aaker, Kumar, Leone and Day 2013: 403).

##### **5.4.3.3.1 Directly proportional relationships**

Positive values indicate a directly proportional relationship between the variables and a negative value indicates an inverse relationship. All significant relationships are indicated by a \* or \*\*. This construct aims to establish whether there is a directly-related proportionality between variables or not.

#### **5.4.4 Validity and reliability**

Researchers are always apprehensive regarding the issue of legitimacy of the cause and effect of associations and their generalizability to the external setting. “Validity”

refers to whether or not the final research product truly portrays what it claims to portray (Sekaran and Bougie 2010: 158). The authors also state that it is essential to take cognisance of the fact that validity is a necessary, but not a sufficient condition of the “test of goodness” of a measure. Validity also refers to the “goodness”, “trustworthiness” and “soundness” of the research study (Andres 2012: 115). The author adds that validity is also used to describe the significance or accuracy of a research study. These words describe the worth or “true value” of a research study. From a survey research perspective, information collected through one or more survey modes is valid or trustworthy to the extent that:

- it produces information that answers the research questions posed by the researcher;
- it accurately describes the sample or population at hand; and
- if appropriate, can be extended to individuals beyond the participants of the study.

A measure should not only be valid, but also reliable. A measure is reliable if it produces consistent results (Sekaran and Bougie 2010: 158-159). Validity is enriched by some methodologies such as “grounded theory”, which use participants’ own words to name categories and themes, instead of the use of categories pre-arranged by the researcher (Grossoehme 2014: 109).

“Reliability” refers to the degree to which the outcomes of a study can be simulated (Creswell 2012: 18-30). Reliability also refers to the manner in which a study can be duplicated with parallel samples and in related situations to produce like results (Andres 2012: 122). If similar trends in the findings can be determined, the measures and methods employed can be considered to be reliable. The challenge is: If someone else duplicated the same study, would they attain the same findings? The reliability of variables shows the level to which it is unbiased and therefore ensures dependable measuring across a period of time and across the various items in the instrument. Hence, the reliability of a measure is the indication of the stability and consistency with which the instrument measures the concept and helps to assess the “goodness” of the measure.

#### **5.4.4.1 Cronbach alpha test**

The Cronbach alpha test was used to determine reliability. Test statistics, including the Chi-square goodness-of-fit test, were applied. Cronbach's alpha was used to approximate the quantity of discrepancy that is consistent in a set of variables. Alpha was developed by Lee Cronbach in 1951 "to provide a measure of the internal consistency of a test or scale and it is expressed as a number between 0 and 1" (Tavakol and Dennick 2011: 1). "The acceptable value of Cronbach's alpha is between 0.65 and 0.8" (Goforth 2015: 1-2). Co-efficients that are less than 0.5 are unacceptable. Cronbach's alpha is favoured because it is a consistency measurement that specifies how well the items in a set are positively associated to one another. The next section discusses data analysis in a quantitative study.

### **5.5 Quantitative methodology**

Quantitative research deals with questions of association, cause and effect, or current circumstances that researchers answer by collecting and analysing numerical information using statistics (Johnston 2010: 188). The author also believes that social facts have an impartial reality and that key factors can be highlighted and relationships measured.

According to Sekaran and Bougie (2013: 3), quantitative research includes surveys and questionnaires which could be completed face-to-face or over the telephone. These include structured and semi-structured questions. Structured questions are usually closed, where respondents choose from a specific selection of answers, whilst semi-structured questions are open-ended. "Quantitative research" aims to establish "the relationship between an independent variable and a dependent or outcome variable in a population". In the context of this study, marketing managers were interviewed using survey questionnaires to ascertain the impact of the CPA on their promotional strategies. Quantitative research designs can be either "descriptive" ("subjects usually measured once") or "experimental" ("subjects measured before and after a treatment") (Sekaran and Bougie 2010: 61-96). Marketing managers were required to complete the questionnaires once.

### **5.5.1 Response rate**

In this study, questionnaires were administered to respondents that were listed with the Durban Chamber of Commerce in the Durban Region of KwaZulu-Natal. Questionnaires were administered to a sample size of four hundred respondents. Three hundred and thirty respondents completed the questionnaires, thereby generating a response rate of 82.5 percent. In the quantitative method of research, including surveys and questionnaires, the respondents are asked identical questions in the same order. This consents to meaningful responses across respondents. The next section discusses the research population and the sampling method chosen for the study.

### **5.5.2 The research population and sampling**

The population refers to the entire group (either people, events or things of interest) that the researcher wishes to gather more information about which he/she wants to make inferences based on sample statistics (Creswell 2013: 2-9). The sample is a portion of the whole population and it includes some participants that are carefully chosen from this population (Sekaran and Bougie 2013: 241). The author adds that by studying the subset, the researcher must be able to make deductions and assumptions that are generalisable to the preferred population. A good sampling strategy is random sampling as a probability sampling technique. However, this approach may not be available, given the need to sample individuals who are available or who volunteer (Creswell 2012: 18-30). "Sampling" may fall into the category of "probability sampling", such as "simple random sampling", "systematic sampling", "stratified sampling", or "multistage cluster sampling". It can also consist of non-probability sampling, as in convenience, expert sampling or snowball sampling (where the initial selection of people recommend other possible candidates for inclusion in the study) (Creswell 2015: 70-77). Simple random sampling was used to select four hundred candidates for the quantitative study from the Durban Chamber of Commerce list.

#### **5.5.2.1 Probability sampling**

Zikmund and Babin (2012: 311) explain that in likelihood sampling, “every element of the population has an acknowledged, non-zero probability of being selected”. The author also states that the simple random sample, in which every participant of the population has an equal opportunity of being chosen, is the best-known probability sample.

#### **5.5.2.2 Non-probability sampling**

In terms of “non-probability sampling”, the “likelihood of any particular member of the population being chosen is not known” (Zikmund and Babin 2012: 491). The selection of sampling units in non-probability sampling is quite random, as researchers depend on individual judgement. Non-probability samples are realistic and are used generally in market research (Wolf, Joye, Smith and Fu 2016: 320-329).

#### **5.5.3 Simple Random Sampling**

In the “unrestricted probability sampling design”, generally known as “simple random sampling”, each component in the population has the same opportunity of being chosen (Singh and Solanki 2013: 479-487). The sample size is a major consideration. It is important to select as large a sample as possible, because with a large sample there is less room for sampling errors (Antal and Tillé 2011: 597). The challenge is to select a sample that best reflects the characteristics of the population. In this case, cost is also a major concern. Thus, using a simple random sampling technique implies that the most representative information can be obtained and can be generalised throughout the entire population. The simple random sample was chosen by the Durban Chamber of Commerce’s (DCC) marketing department. The source list of all the retailers that were emailed was obtained from the DCC by the researcher. The next section discusses the data collection methods.

#### **5.5.4 Data Collection Methods- Survey Methodology**

Fowler (2009b: 2) describes survey methodology as follows:

Two of the main goals of survey methodology are to minimise errors in the data collected by surveys and to measure the error that necessarily is part of any survey. The other defining characteristic of the survey is that respondents answer questions. The answers to these questions are used to describe the experiences, opinions and other characteristics of those answering questions. The other fundamental premise of the survey research process is that the answers people provide can be used to accurately describe the characteristics of respondents. The extent to which those answers are not accurate measures is the second fundamental source of error in surveys.

Data collection modes also include: telephone, mail, personal interviews, internet, email, Online communication, mobile and other forms of social media, like Twitter (Clow and James 2014: 169). The authors also state that for some research studies, using multiple modes provides better results and that using more than one mode can increase the response rate and ensure that the sample is more representative of the population. When surveys are used, data can be collected economically and efficiently (Burns and Bush 2013: 172).

The research population consisted of retailers from the Durban area that are on the Durban Chamber of Commerce list. In total, 400 research questionnaires were emailed by the Durban Chamber's Marketing Department. This was followed up telephonically and via email by the researcher, who was provided with the contact details of the retailers (selected by DCC). The Durban Chamber encourages research in the business sector and also offered to circulate the feedback to all the respondents and the entire mailing list, after the study was completed.

#### **5.5.5 The Questionnaire as a research instrument**

O'Rourke, Crowley, Eigenbrode and Wulfhorst (2014: 249) state that after identifying the problem, inter and trans-disciplinary research is frequently designed

to answer fundamental questions and address specific complex problems identified in the field. Therefore, discussions usually begin by identifying a problem and determining (at least roughly at first) the range of knowledge requirements. According to Andres (2012: 63), questionnaires often require that questions are designed with multiple lenses aimed at the same construct. This may require that a series of questions are used, and that several different questions are posed from somewhat dissimilar perspectives, or that there is a combination of closed-ended questions as well as open-ended questions, ensuring that participants are able to provide unambiguous as well as precise responses to questions (Andres 2012: 63).

When administering questionnaires, confidentiality should be emphasised and respondents should be informed that they may sign a consent form confirming that they wish to participate and that all their information that is supplied to the researcher is confidential. The basic approach should be to deal with everyone in an honest way (Fowler 2009a: 3). Respondents in this quantitative research study were assured that all personal data would be treated with strict discretion. Respondents were not compelled to divulge their names or their company names on the questionnaires.

In the letter of information and consent, the following appeal was made and each respondent was asked to sign an agreement to participate in the study:

“Would you agree to participate by answering the questions within the questionnaire? Participation is voluntary and you are free to withdraw from the study at any time. To ensure that strict confidentiality is maintained, all questionnaire scripts will be shredded. The information you provide will only be used for research purposes, and your identity and individual answers will be kept totally confidential. Your assistance will be much appreciated.”

According to Parasuraman, Grewal and Krishnan (2006: 292) the researcher should avoid double-barrelled questions or open-ended questions and avoid leading questions or loaded questions that may steer a respondent away from their true responses. A good cover letter wins the co-operation of the respondent (Creswell

2013: 2-9). Editing complications can be evaded if considerable preparation is done before the information-gathering commences (Bernard 2013: 500-550). The author adds that preventing ambiguous, inappropriate or incorrect responses is better than attempting to correct data errors after they occur.

Field editing usually takes place immediately after the completed questionnaires are received. As stated by Zikmund and Babin (2012: 493), the following aspects of the questionnaire should be checked once the completed questionnaires are received from the selected respondents:

- Practical oversights, for example, a page that has not been completed in a questionnaire;
- The legibility and lucidness of any handwritten responses entered into an open-ended response box in an electronic questionnaire; and
- Responses that are logically or conceptually inconsistent.

Respondents are usually in a hurry to complete the questionnaires because of time constraints. These factors can have a significant influence on the results of the study, if they are ignored.

Questionnaires were administered to a simple random sample of 400 retail businesses in Durban that were members of the Durban Chamber of Commerce. The initial section of the questionnaire was constructed using general questions on the demographics of the respondent. The second part of the questionnaire focussed on promotional strategies used in the respondents' businesses. The way that the questionnaire was designed was to elicit the magnitude to which respondents "agree" or "disagree". The design of the scale measurements used to collect primary data in the questionnaire was considered using the five-point Likert scale. The Likert scale was preferred because it facilitates the examination of how strongly subjects "agree" or "disagree" with statements on a five-point scale (Sekaran and Bougie 2013: 390-395). McIver and Carmines (1981: 71-97) describe the Likert scale as containing an equal number of favourable and unfavourable statements. The respondents are instructed to select one of five responses, for example: strongly



agree, agree, undecided, disagree or strongly disagree. The use of the Likert scale facilitates the analysis of the responses from respondents (Andres 2012: 122).

Respondents were asked to specify the frequency of their promotional strategies (never/ rarely/ sometimes/ often/ always). The third part of the questionnaire highlighted the provisions of the CPA that affect promotional strategies. Respondents were required to indicate whether any of the provisions had any impact on their business. Section D focussed on the measures that the respondents adopted to address the restrictions of the CPA. Section E of the questionnaire addressed the implications of implementing the CPA in terms of marketing expenditure. Respondents were required to specify whether they had any increase in expenditure according to the following classes: "nil/ 10-29% / 30-49% / 50-69% / 70-79% / or 80-100%". A few open-ended questions were included to determine the knowledge that the respondents had of the CPA, the impact that the CPA has had and to prompt the respondent to recommend other cost-saving promotional strategies.

#### **5.5.5.1 Pilot test**

A combination of open-ended and closed-ended questions were used in the questionnaire. A pre-test was done in the working environment of the researcher, amongst business owners that the researcher interacted with. This assisted in terms of ironing out any ambiguities in the questions. The questionnaire was administered to 20 respondents in the pre-test and the results were analysed by the statistician using the SPSS programme. Researchers do pre-tests to measure the assortment of concepts or views that individuals have or the manner in which variables seem to cluster together. For these instances, people who are amenable at the time, or volunteers, could be suitable (Fowler 2009b: 2-4). Amendments were then made to questions that were unclear, biased or ambiguous. Questions that were problematic were excluded. A few questions were duplicated and re-phrased in a slightly different way to ensure that the answers were consistent and reliable. The final questionnaire had five parts. The questionnaire is presented in Annexure 2.

### **5.5.6 Data Analysis in Quantitative Research**

Zikmund and Babin (2012: 491) are of the view that information may not initially be in a form that can be analysed. Raw data is recorded in the same form as completed by the respondent. Raw data may contain errors by respondents and non-respondents. Editing and coding are the first two stages of data analysis. The data is analysed by doing a primary analysis in which tables and graphs are constructed using SPSS version 23 for Windows, which are examined to determine trends and patterns within each question.

## **5.6 Qualitative methodology**

“Qualitative research” is the “systematic collection”, “organisation” and “interpretation of textual material” derived from conversations with respondents (Grossoehme 2014: 109). The author postulates that qualitative research is used in the investigation of connotations of societal phenomenon as experienced by persons themselves in their natural context. Qualitative research was chosen to be used because this form of research does not follow a tightly woven plan (Rubin and Rubin 2013: 3). Qualitative research refers to research whose findings are not subject to quantifications or quantitative analyses (McDaniel and Gates 2010: 156). The author also states that qualitative research is used to observe consumer outlooks, emotional states and impetuses and is also an exceptional way to understand the in-depth motivations and approaches of buyers. Qualitative research also improves the efficiency of the research (McDaniel and Gates 2010: 156-157).

Qualitative research can be positivist, interpretive, action research, ethnographic or critical (Myers 2013: 37). The author also states that the selection of a particular qualitative research method (such as the “case study method” or “ethnographic research”) is dependent on “the underlying philosophical position adopted”. Qualitative research strategies take into account deviances and disclosures during the research progression in the data gathering and changes in the research settings during the process. Even if the research design was not to be followed in the actual process of the research, it is always very helpful and recommended for the process

to recognise some key elements that should be planned beforehand (Eriksson and Kovalainen 2008: 4). Therefore, a common and standardised set of questions were prepared in advance for interviews with owners and managers of the retail businesses. The researcher's role in qualitative methods is quite diverse in that he or she serves as the data gathering instrument (Johnston 2010: 188).

An interviewer's presence can influence respondents' answers and the survey can then be marred by interviewer bias (Zikmund and Babin 2012: 152). When using "in-depth qualitative interviewing", "one of the key naturalistic research methods", researchers converse with those who have understanding of or involvement with the subject. Through such interviews, researchers explore in detail the capabilities, intentions and motivations of others, other than their own (Rubin and Rubin 2013: 3). "Ethnography" is the study of "social interactions, behaviours and perceptions that occur within groups, teams, organisations and communities" (Creswell 2013: 2-9). The fundamental goal of ethnography is to provide all-inclusive insights into the interpretations and activities of individuals and the environment in which they are situated, through the collection of comprehensive interpretations and consultations (Plowman 2017: 443-450).

Ethnographers record the beliefs, perspectives and practices of the people in various settings (Grossoehme 2014: 112). The aim is to "get inside" the way each cluster of individuals perceives things. Dominie and Julia (2013: 430) comment that as work contexts evolve and the nature of company dynamics change, qualitative research methods assist in providing an ideal approach to understanding these work cultures. A rich insight and understanding of the questions were obtained. Unfortunately, time constraints prevented the researcher from spending lengthy periods of time with the participants.

Qualitative research has been included in this study because this research method examines the retailer's attitudes, feelings and motivations and is also an excellent means of understanding the in-depth motivations, tactics and diplomacies of retailers. Through such qualitative interviews, the researcher explores, in detail, the

experiences, motives and opinions of marketing managers and key decision makers of selected retail entities. Qualitative research adds a rich source of information because of the nature of the open-ended questions and it complements the quantitative research study.

#### **5.6.1 The Research population and response rate**

The intent of quantitative sampling is to be able to generalise from a small sample to a large population. However, the intent of qualitative research is quite different. “Qualitative research sampling” is the “purposeful selection of a sample of participants” who are best suited to assist the researcher in understanding the core occurrence that is being explored (Creswell 2015: 76). The population of the qualitative study consists of marketing managers of retail businesses that are listed with the Durban Chamber of Commerce and Industry. From this population purposeful sampling was used to select a sample of ten businesses that are classified as being SMME’s (with an annual turnover of less than R35 million and above R250 000). The balance of the eight participants had been recommended by the first ten participants (snowball sampling). There were a total of eighteen participants in the qualitative study.

This qualitative study studies real marketing situations. There is a need to look at the complexity of the organisation, including the complex, unquantifiable marketing issues that are the reality of business.

#### **5.6.2 Purposeful sampling**

The sampling for the qualitative sample needs to follow rigorous procedures. This entails attending to the scale of the sample, identifying who will participate in the study and bearing in mind what questions to ask them and whether to use more open-ended procedures such as interviews (Myers 2013: 110-150). Several purposeful sampling strategies are often used, such as “maximal variation sampling” so that varied views and opinions (“a goal of good quality research”) are fabricated into the plan, in which certain distinct circumstances or conditions are used to

choose candidates to further ascertain regarding how they are experiencing a particular phenomenon (Creswell 2015: 77). The author adds that “snowball sampling” is also valuable before the study commences in order to identify other valuable respondents. As with quantitative sampling, individual participants in a qualitative study need to be recruited and permissions need to be granted at several levels (Creswell 2012: 18-25).

Purposeful sampling was used to initially identify ten marketing managers or business owners (that are directly involved with the marketing functions of retail businesses) who would be able to make significant contributions towards the study. These ten participants were included in the sample of four hundred respondents which were part of the quantitative study. The balance of the participants (eight) had been recommended by the first ten participants of the sample (snowball sampling). A total of eighteen structured interviews were conducted.

### **5.6.3 Sampling method**

A “convenience sample” entails individuals or objects that are convenient for the researcher to survey (Clow and James 2014: 231). The author also elaborates that it can also involve individuals self-selecting to be a part of the survey, for example by clicking on an online link to be a part of a survey. The challenge with either method is in collecting a representative sample. It is much more difficult to get participants through self-selection as compared to when a researcher selects them. This method raises many concerns as to the validity of the sample and was therefore not used. The second factor to consider is how representative the sample is. Purposeful sampling was used to select the ten initial research participants. Thereafter, snowball sampling was used to select the eight marketing managers for this part of the research study because it would be more beneficial to incorporate the views of managers of a few large corporate companies that are not on the Durban Chamber of Commerce listing.

#### **5.6.4 Data Collection Method**

Bernard (2011: 115) suggests the use of a sampling frame to assist in the analysis of a list of units in a sample. In this study, the sampling frame was drawn from the DCC list. A sample of 2.5% (10) of the DCC list was selected. The balance of participants were recommended by the ten initial participants. In a qualitative study, the quality of data collected is dependent on the open-ended questions that elicit stories and explanations (Grossoehme 2014: 109). “Structured” interviews were used to interview the 18 selected participants. An Interview Schedule with pre-determined questions was used. Appointments were set by the researcher, with each participant and interviews conducted at their work premises at their convenience.

#### **5.6.5 Structured Interviews**

According to Myers (2013: 110-150), researchers may use “structured interviews” in which “an interview guide” sets out a template of “pre-determined questions” from which “no deviation is permitted”. The author adds that the shortcoming of using structured interviews is that it does not permit the investigator to pursue matters that evolve while the interview is being conducted and that seem pertinent. An identical set of questions were used for each research participant. (*See Annexure 3 for a copy of the structured interview schedule*).

#### **5.6.6 Data Analysis in Qualitative Research**

Qualitative data is the gathering of information in an expressive form through interviews and observations (Dominie and Julia 2013: 436). Bernard and Engel (2001: 394) refer to the qualitative analysis of qualitative data and elaborates that this involves converting the information from words or images into numerical values. The author also states that “when people’s thoughts, behaviours, emotions, artefacts and environments are reduced to sounds, words or pictures, the result is qualitative data”. There are usually three steps in data analysis: “data reduction”; “data display”; and “the drawing of conclusions” (Sekaran and Bougie 2013: 390-395). The first step in qualitative data analysis is concerned with data

reduction; which is the “process of selecting, coding and categorising” the data. Data reduction refers to “ways of presenting the data” and data displays help to “draw conclusions based on patterns in the reduced set of data” (Sekaran and Bougie 2010: 61-96). The authors also state that qualitative data analysis is not a methodical linear process and that the coding of data can be used favourably to concurrently advance ideas on the way that the data may be presented. “Coding” is the “analytical process through which the qualitative data that has been gathered is reduced, re-arranged and integrated to form theory” (Sekaran and Bougie 2010: 61-96). Labels are reduced to units of text which are later clustered and converted into classifications. Examples of coding units used in the data analysis included words, sentences, paragraphs and themes, for example: “Types of Promotional Strategies used in the business”, “Provisions that affect promotional strategies”, “Measures adopted to address the restrictions of the CPA”, and “Implications of implementing the CPA”.

## **5.7 Ethical considerations**

“Research ethics” is the essence of applying moral principles in the “planning, conducting, and reporting of results of research studies and the basic moral standards involved”, whilst concentrating on what is true and what is false (Myers 2013: 49). The author also stresses the importance of informed consent when conducting surveys and structured interviews. Qu (2011: 239-241) states that previous understanding of the researcher’s intent may adversely affect the candidates’ responses. In most circumstances, researchers are required to obtain written approval from the participant, stating the purpose of the research and any assurance about potential risks to the participant. In this study, there were no risks to respondents or participants in the structured interviews.

Participation in this study was completely voluntary and respondents were informed that they could withdraw from the study at any time. No form of coercion was used to pressure respondents into being a part of the study. There are no real ethical issues that respondents had to contend with in the study. Respondents

were made aware that they were not obligated to divulge their names, positions in the businesses or their contact information if they wished to keep that confidential.

The types of questions do not lend themselves to being reported for anomalies or any sort of misconduct. The questions were aligned to business' marketing strategies and focussed on whether the CPA had any significant impact on the way they were now marketing their products. (*See Annexure 1 for the complete letter of information and consent, Annexure 2 for the sample questionnaire and Annexure 3 for the structured interview schedule*).

## **5.8 Delimitations to the study**

There were several delimitations to the study. Firstly, the entire retail business population of South Africa could not be interviewed by the researcher because she is based in Durban. Secondly, the quantitative research study was limited to retail businesses that were listed with The Durban Chamber of Commerce. The researcher was limited to the businesses that were categorised as retail entities only. The businesses were located in the Durban and surrounding areas only. Respondents for the survey questionnaires were selected via simple random sampling. The initial participants for the structured interviews were selected via purposeful sampling and the balance were selected via snowball sampling.

## **5.9 Conclusion**

This chapter outlined the research methodology and the research design used in the study. Both qualitative and quantitative methods were adopted for the purposes of triangulation. In the qualitative study, data was collected in the form of a survey questionnaire, which was distributed to 400 respondents. The survey method was used. The research questionnaires were emailed by the Durban Chamber's Marketing Department. Simple random sampling was used to select the respondents for the quantitative study. The importance of pre-testing and ethical considerations were discussed in this chapter. The construction of the questionnaire and the concerns surrounding validity and reliability were also discussed.



Qualitative research has also been included in this study because this research method examined the retailer's attitudes, feelings and motivations. It is also an excellent means of understanding the in-depth motivations, strategies and feelings of retailers. Through such qualitative interviews, the researcher explores, in detail, the experiences, motives and opinions of marketing managers and key decision makers of selected retail entities. The qualitative research, in the form of structured interviews, adds a rich source of information because it allows for open-ended responses and it complements the quantitative research study. Ten participants were identified from the quantitative study with whom to conduct structured interviews. A further 8 participants were recommended by these 10 participants. Eighteen structured interviews were conducted in total. The research population for the qualitative study consists of retailers from the Durban area that are directly involved with the promotions of their products in their businesses.

The next chapter focusses on the collation, summarisation, analyses and presentation of data findings generated using the different methods in the study.

## **CHAPTER 6 – DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS**

### **6.1 Introduction**

This chapter presents the analysis of the data and discusses the results obtained from the empirical study using survey questionnaires, as well as the analysis of the results from the qualitative study using structured interviews. The entire population of retailers on the DCC membership listing is 1600. The questionnaire was the primary tool that was used to collect data and was distributed to 400 businesses that are listed on the DCC membership listing. The data collected from the responses was analysed with SPSS version 24.0. This chapter presents the descriptive statistics in the form of graphs, cross tabulations and other analyses for the quantitative data that was collected. The use of non-pragmatic tests under the ambit of inferential statistics was used to analyse the data. This included the use of correlations and chi-square test values, which are interpreted using the p-values. A total of 18 structured interviews were conducted. The results of the quantitative study were triangulated with the results of the qualitative study.

### **6.2 Demographic Results**

In this section, the analysis of the demographic results and discussion of the findings obtained from the empirical study will be presented. The questionnaires were administered to marketing managers or business owners of retail businesses in Durban.

#### **6.2.1 Demographic results from the questionnaires to retailers**

##### **6.2.1.1 The response rate**

In total, 400 questionnaires were emailed and 330 were returned, which generated a response rate of 82.5 %.

#### **6.2.1.2 The Research Instrument**

The research instrument consisted of 64 items, with a level of measurement at a nominal or an ordinal level. The questionnaire was divided into 5 sections, which related to various themes as indicated below:

1. Demographic data
2. Types of Promotional Strategies used in the business
3. Provisions that affect promotional strategies
4. Measures adopted to address the restrictions of the CPA
5. Implications of implementing the CPA

#### **6.2.1.3 Demographic characteristics of respondents to the questionnaire**

Table 6-1 below highlights the demographic characteristics of the respondents in terms of age and gender.

**Table 6-1 Demographic characteristics of respondents**

			Gender		Total
			Male	Female	
Age (in years)	20-30	Count	15	24	39
		% within Age (in years)	38.5%	61.5%	100.0%
		% within Gender	8.1%	16.7%	11.8%
		% of Total	4.5%	7.3%	11.8%
	31-40	Count	62	57	119
		% within Age (in years)	52.1%	47.9%	100.0%
		% within Gender	33.3%	39.6%	36.1%
		% of Total	18.8%	17.3%	36.1%
	41-50	Count	76	38	114
		% within Age (in years)	66.7%	33.3%	100.0%
		% within Gender	40.9%	26.4%	34.5%
		% of Total	23.0%	11.5%	34.5%
	51-60	Count	23	18	41
		% within Age (in years)	56.1%	43.9%	100.0%
		% within Gender	12.4%	12.5%	12.4%
		% of Total	7.0%	5.5%	12.4%
	60+	Count	10	7	17
		% within Age (in years)	58.8%	41.2%	100.0%
		% within Gender	5.4%	4.9%	5.2%
		% of Total	3.0%	2.1%	5.2%
Total	Count	186	144	330	
	% within Age (in years)	56.4%	43.6%	100.0%	
	% within Gender	100.0%	100.0%	100.0%	
	% of Total	56.4%	43.6%	100.0%	

#### 6.2.1.3.1 Overall gender distribution

Overall, the ratio of males to females is approximately 3:2 (56.4 %: 43.6 %). This shows that there are more males than females employed in this sample.

#### **6.2.1.3.2 Age of respondents**

The results in Table 6-1 show that 39 (11.8 %) of the respondents were between 20 to 30 years old; 119 (36.1 %) were between 31 to 40 years; 114 (34.5 %) were between 41 to 50 years; 41 (12.4 %) were between 51 to 60 years; and 17 (5.2 %) were over 60 years old. Clearly, there were more respondents from the age 31 to 40 years category.

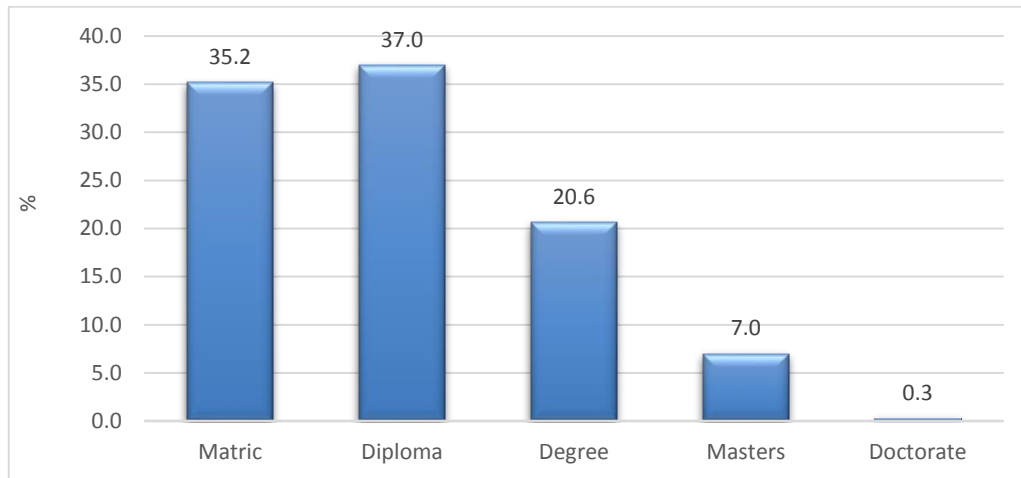
#### **6.2.1.3.3 Overall gender distribution by age**

Within the age category of 20 to 30 years, 38.5 % were male and 61.5 % were female. In the category 31 to 40 years, 52.1 % were male and 47.9 % were female. In the category 41 to 50 years, 66.7 % were male and 33.3 % were female. In the category 51 to 60 years, 56.1 % were male and 43.9 % were female. In the category 60+, 58.8 % were male and 41.2 % were female. It is also important to note that 5.4 % of the male respondents and 4.9 % of the female respondents were over 60 years old. Overall, the highest percentage of respondents in the male category was in the 41 to 50 years age group (66.7 %) and the highest percentage of females was in the 31 to 40 years age group (47.9%).

#### **6.2.1.3.4 Education levels**

Figure 6-1 below shows the level of education of the respondents.

**Figure 6-1 Education levels of the respondents**

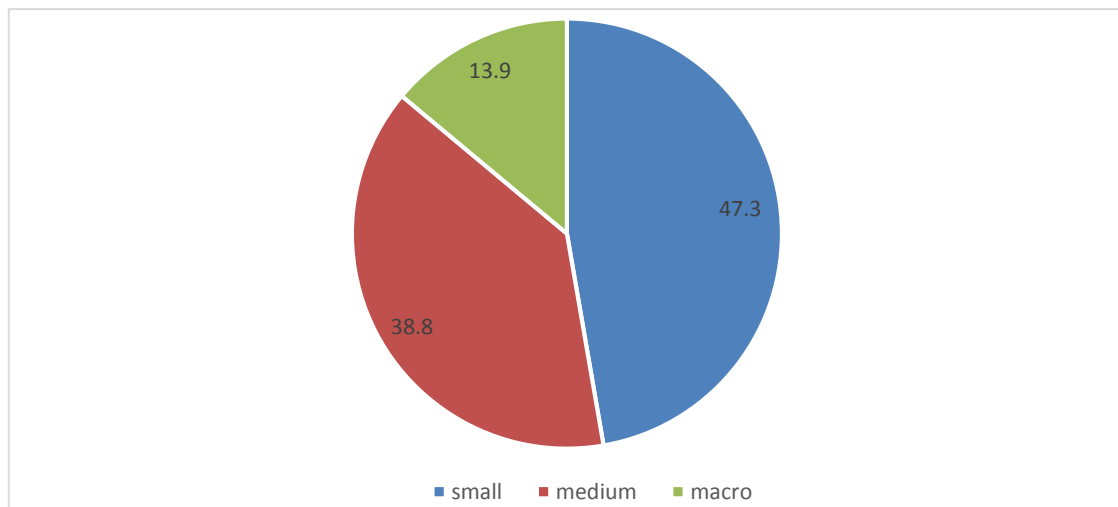


The results in Figure 6-1 above, show that one third (35.2 %) of the respondents had a matriculation qualification only. There were 37 % who indicated that they had a diploma qualification. Furthermore, 20.6 % had degrees. A little more than 7 % had a post-graduate degree and a mere 0.2 % indicated that they had a doctoral qualification. The results show that nearly two-thirds of the respondents (64.8 %) had a post-school qualification.

#### **6.2.1.3.5 Category of business**

The category of business by size is shown in the pie chart in Figure 6-2 below.

**Figure 6-2 Category of the business**



The DTI uses the company's turnover to measure whether a business is small, medium or macro (Hoxmeier, Winter and Purvis 2000; Department of Trade and Industry 2016: 393). The fact that marketing assistants and marketing managers may not have access to the annual financial records of the business and for ease of reference, the number of employees in the business was used to gauge the size of the business, instead of the businesses' turnover.

The size of business categories on the questionnaire were itemised as follows:

1. Small- less than 20 employees;
2. Medium- 20 to 100 employees; and
3. Macro- more than 100 employees.

As depicted in Figure 6-2 above, approximately 47.3 % of the respondents indicated that they were from small businesses. A further 38.8 % were from medium sized businesses and 13.9 % were from macro entities. The results show that more respondents were from small businesses (less than 20 employees).

#### **6.2.1.3.6 Experience of respondents**

Figure 6-3 below indicates the number of years of experience that the respondents had in the marketing sector.

**Figure 6-3 Number of years of experience of respondents in the marketing sector**

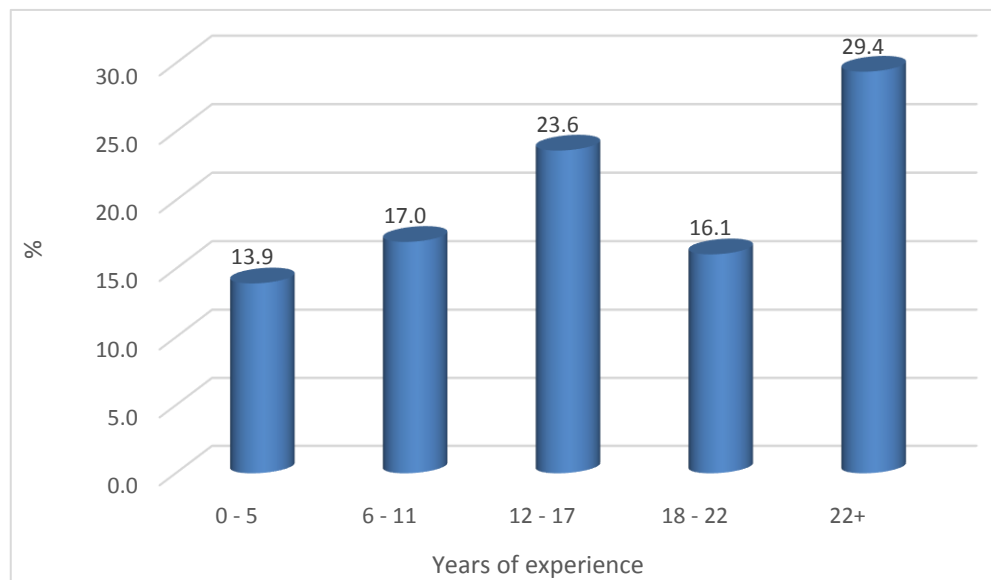


Figure 6-3 above indicates that 13.9 % of the respondents had less than 5 years of work experience, while 17 % of them had between 6 and 11 years of work experience. Further, 23.6 % of the respondents had between 12 and 17 years of work experience, while 16.1 % had between 18 and 22 years of work experience. Lastly, 29.4 % of the respondents had more than 22 years of work experience. The results show that more respondents had between 12 and 17 years of experience and over 20 years of experience.

#### **6.2.1.3.7 Respondents that had formal training in marketing**

Table 6-2 below presents the percentage of respondents that had formal training in marketing.



**Table 6-2 Percentage of respondents that had formal training in marketing**

	Frequency	%
Yes	130	39.4 %
No	200	60.6 %
Total	330	100.0 %

The percentage of respondents that did not have any formal training in marketing was 60.6 %. Only 39.4 % of the respondents had formal training in marketing. The results show that more respondents did not have formal training in marketing.

#### **6.2.1.3.8 Level of employment**

Table 6-3 below indicates the level at which the respondents are employed at.

**Table 6-3 Level that the respondents are employed at**

	Frequency	%
Marketing Assistant	39	11.8 %
Marketing Manager	60	18.2 %
Marketing Director	42	12.7 %
Other	189	57.3 %
Total	330	100.0 %

The percentage of respondents employed at the level of marketing assistants was 11.8 % (Table 6-3). Further, 18.2 % of them were marketing managers, 12.7 % were marketing directors and 57.3 % were in the “Other” category. The results show that there were more respondents in the “Other” category as compared to the rest of the categories. The “Other” category also includes business owners that handled the marketing and management functions.

The first part of the questionnaire was constructed using general questions on the demographics of the respondent as highlighted in this section (Section A). The next section deals with Sections B to Section D of the questionnaire.

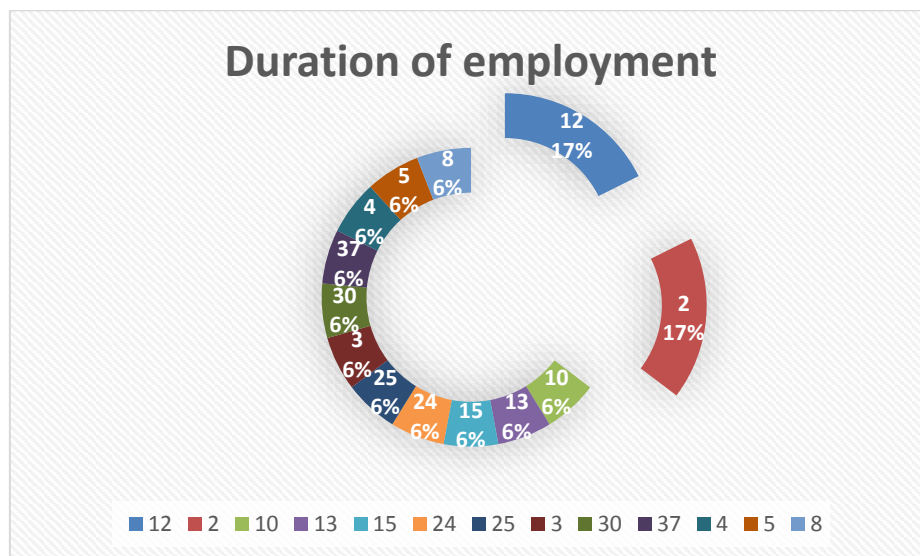
## 6.2.2 Demographic results from structured interviews

This section provides an analysis of the demographics for the structured interviews. Eighteen structured interviews were conducted with marketing managers or business owners.

### 6.2.2.1 Duration of employment at the organisation

Figure 6-4 below indicates the duration of employment of the participants.

**Figure 6-4 Duration of employment**



The duration of employment of the participants in their respective companies is as follows:

- More than 8 years of experience (6%);
- More than 5 years of experience (6%);
- More than 4 years of experience (6%);

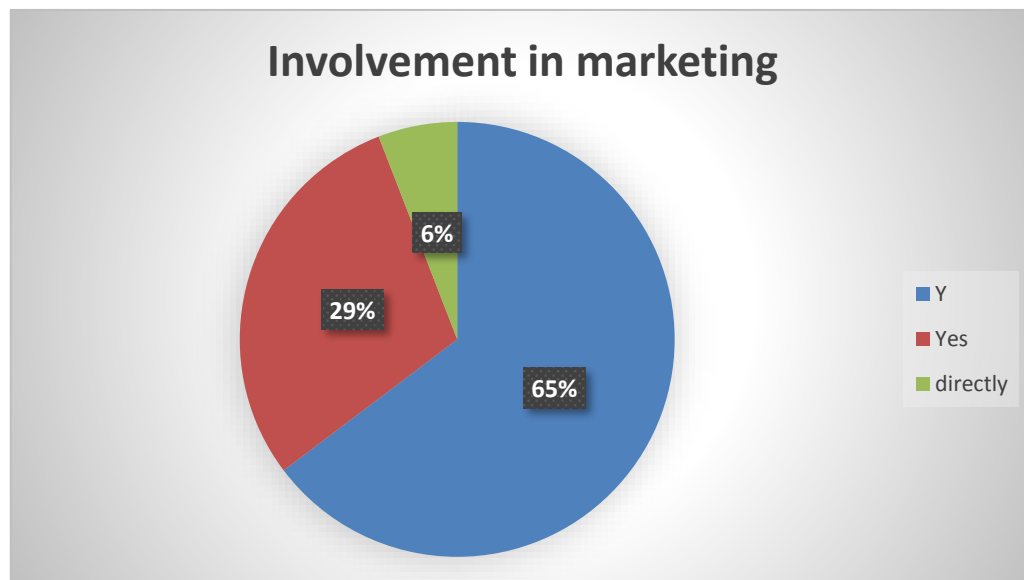
- More than 37 years of experience (6%);
- More than 30 years of experience (6%);
- More than 3 years of experience (6%);
- More than 25 years of experience (6%);
- More than 24 years of experience (6%);
- More than 15 years of experience (6%);
- More than 13 years of experience (6%);
- More than 10 years of experience (6%);
- More than 2 years of experience (17%);
- More than 12 years of experience (17%);

Only 5 of the participants had less than 5 years of experience in their current employment. The results show that the balance of the participants (13) had more than 5 years of work experience in a marketing role. The results indicate that the marketing personnel that were interviewed are seasoned and experienced. Their input and suggestions are very valuable because of their experience.

#### **6.2.2.2 Direct involvement with formulating marketing strategies for the business**

Figure 6-5 below shows employees directly involved with formulating marketing strategies in the respective businesses.

**Figure 6-5 Employees directly involved with formulating marketing strategies**



All eighteen participants responded positively and stated “yes” to this question. These participants were involved with all the decision-making of the marketing activities of the business. This meant that the responses provided were credible and from a primary source. The results are in line with Gök and Hacıoglu (2013: 300) contention that marketing management is complex in that it involves strategy development, knowledge generation, performance evaluation, communicating about the company’s offerings and managing relationships with various internal and external actors in the value chain.

#### **6.2.2.3 Description of duties**

Some of the responses offered by the participants with regard to the nature and description of their duties are as follows:

- “Sales of Bank Products, Customer Service and staff management”;
- “Co-ordinating marketing campaigns. Ensuring email templates comply with company policy; growing the database; promotions and competitions”;
- “Marketing to corporate customers via email and telephone”;

- “Duties include managing the design team, social media team, web development team and advertising team.
- “All aspects of marketing for the retail outlet. Liaising with head office in terms of specials and promotions for the store and ensuring that promotions are communicated to all sales staff”;
- “Managing expenses, managing sales and formulating marketing plans to increase sales year-on-year”;
- “Advertising, loyalty cards, social media, staff training, events co-ordination, all aspects of marketing the company”;
- “Formulating the marketing strategy, working closely with the sales and marketing reps”; and
- Searching the Tender’s database for possible tenders and contracts. Applying for tenders”.

The participants were all senior managers, entrusted with a management decision-making capacity. The roles of the participants involved planning and rolling out the marketing plans, including the budgeting aspects, and following through with market research. Many business owners fulfil a dual role in that they also manage the marketing function. They were all directly involved with marketing strategies and business development. Clearly, their roles were to drive sales and increase market share. The findings concur with those of Martin (2009: 393) who states that corporate or traditional marketing is complex and involves understanding the culture of the target market and the organisation, using strategy to achieve competitive advantages within the particular industry and also involves tactics (i.e. methods of resource leveraging and a variety of techniques for managing risks).

### **6.3 Inferential statistics**

This section presents the results of the cross-tabulations, correlations and factor analysis for the quantitative study.

### 6.3.1 Cross-tabulations

Cross-tabulations were performed to establish whether there is a relationship between the ages of respondents and email campaigns. The traditional approach to reporting a result requires a statement of statistical significance. A p-value is generated from a test statistic. A significant result is indicated with " $p < 0.05$ ". These values are highlighted with an asterisk (\*).

A second Chi-square test was performed to determine whether there was a statistically significant relationship between the variables (rows vs columns).

The null hypothesis states that there is no association between the two. The alternate hypothesis indicates that there is an association. Table 6-15 and Table 6-16 below summarise the results of the chi-square tests. The p-value between "Gender" and "SMS campaigns" is 0.038. This means that there is a significant relationship between the variables highlighted in yellow. That is, the gender of the respondent did play a significant role in terms of how respondents viewed SMS campaigns. All values without an \* (or p-values  $> 0.05$ ) do not have a significant relationship. The results for the chi-square test can be viewed in Annexure 4.

#### 6.3.1.1 Email campaigns – Age (in years) cross-tabulations

The section below focusses on the cross-tabulations between email campaigns and the age of respondents. Table 6-4 below shows the cross-tabulations between email campaigns and the age of respondents.

**Table 6-4 Email campaigns – Age (in years) cross-tabulations**

Email campaigns * Age (in years) Cross-tabulation								
			Age (in years)					Total
			20-30	31-40	41-50	51-60	60+	
Email campaigns	Never	Count	4	2	5	2	2	15
		% within Age (in years)	10,3%	1,7%	4,4%	4,9%	11,8%	4,5%
	Rarely	Count	10	17	9	8	3	47
		% within Age (in years)	25,6%	14,3%	7,9%	19,5%	17,6%	14,2%
	Sometim es	Count	7	18	15	6	6	52
		% within Age (in years)	17,9%	15,1%	13,2%	14,6%	35,3%	15,8%
	Often	Count	9	41	48	12	2	112
		% within Age (in years)	23,1%	34,5%	42,1%	29,3%	11,8%	33,9%
	Always	Count	9	41	37	13	4	104
		% within Age (in years)	23,1%	34,5%	32,5%	31,7%	23,5%	31,5%
Total		Count	39	119	114	41	17	330
		% within Age (in years)	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %

The cross-tabulation in Table 6-4 above shows that email campaigns are preferred by the age groups 31-40, 41-50 and 51-60 years old. In the age group 31-40 years, 34.5 % preferred email campaigns “Often” and 34.5 % preferred email campaigns “Always”. In the age group 41-50 years, 42.1 % preferred email campaigns “Often” and 32.5 % preferred to use email campaigns “Always”. In the age group 51-60 years old, 29.3 % preferred email campaigns “Often” and 31.7 % preferred to use email campaigns “Always”. It is evident from the cross-tabulations that email strategies are more popular amongst ages younger than 50 years. May (2016: 1-18) re-affirms that new evidence suggests a large-scale pivot by the youth toward mobile tools like WhatsApp and Viber to do their “chit-chatting”. Moreover, there is an age divide that increasingly makes traditional email seem like a tool for the middle-aged and beyond.

The null hypothesis states that there is no relationship between “age” and “email campaigns”. Therefore the alternate hypothesis is - there is a significant relationship between “age” and “email campaigns”. The p-value between the variables is 0.038 indicating that the age of the person plays a role in whether emails will be used or not.

Table 6-5 below shows the cross-tabulations between email campaigns and educational qualifications.

**Table 6-5 Email Campaigns and educational qualifications cross-tabulations**

Email campaigns * Education: Qualification Cross-tabulation								
			Education: Qualification					Total
			Matric	Diplo ma	Degre e	Maste rs	Doctora te	
Email campaig ns	Never	Count	8	3	2	2	0	15
		% within Education: Qualification	6,9%	2,5%	2,9%	8,7%	0,0%	4,5%
	Rarely	Count	23	14	8	1	1	47
		% within Education: Qualification	19,8 %	11,5%	11,8 %	4,3%	100,0%	14,2 %
	Sometim es	Count	15	27	8	2	0	52
		% within Education: Qualification	12,9 %	22,1%	11,8 %	8,7%	0,0%	15,8 %
	Often	Count	47	39	26	0	0	112
		% within Education: Qualification	40,5 %	32,0%	38,2 %	0,0%	0,0%	33,9 %
	Always	Count	23	39	24	18	0	104
		% within Education: Qualification	19,8 %	32,0%	35,3 %	78,3%	0,0%	31,5 %
Total		Count	116	122	68	23	1	330
		% within Education: Qualification	100,0 %	100,0 %	100,0 %	100,0 %	100,0%	100,0 %

There were 40.5% of respondents who had a matric qualification and used emails “Often”, while 32% of the respondents had a degree and used emails “Often” and 38.2% had a master’s qualification and used emails “Often”. Table 6-5 above also



indicates that 19.8% of respondents with a matric qualification used emails “Always”; while 32% with a degree used emails “Always”; 35.3% of the respondents that had a master’s qualification used emails “Always”; and 78.3% of the respondents that had a doctoral qualification used emails “Always”.

The cross-tabulations indicated in Table 6-5 show that with regard to the level of education, there is a steady progression up the education level from 40.5 % who had a matriculation qualification and used email campaigns often, to 78.3% that had masters’ degrees who used email campaigns always. The responses show that there is a strong link between education and email campaigns. The more educated individuals preferred to use email campaigns. Hoxmeier, Winter and Purvis (2000: 11-13) are also in agreement with this.

The null hypothesis states that there is no relationship between “email campaigns” and “educational qualifications”. Therefore, the alternate hypothesis is that there is a significant relationship between “email campaigns” and “educational qualifications”. The p-value between the variables is  $< 0.001$ , indicating that a person’s educational qualifications plays a role in whether email campaigns are used.

#### **6.3.1.2 Email campaigns and gender cross-tabulation**

The section below outlines the cross-tabulations between email campaigns and the gender of the respondents. Table 6-6 below shows the cross-tabulations between email campaigns and gender.

**Table 6-6 Email campaigns and gender cross-tabulation**

Email campaigns * Gender Cross-tabulation					
			Gender		Total
			Male	Female	
Email campaigns	Never	Count	9	6	15
		% within Gender	4,8%	4,2%	4,5%
	Rarely	Count	23	24	47
		% within Gender	12,4%	16,7%	14,2%
	Sometimes	Count	32	20	52
		% within Gender	17,2%	13,9%	15,8%
	Often	Count	69	43	112
		% within Gender	37,1%	29,9%	33,9%
	Always	Count	53	51	104
		% within Gender	28,5%	35,4%	31,5%
Total		Count	186	144	330
		% within Gender	100,0%	100,0%	100,0%

The cross-tabulation between email campaigns and gender in Table 6-6 show that 4.8 % males and 4.2 % females “never” use emails; 12.4 % males and 16.7 % females “rarely” used emails; 17.2 % males and 13.9 % females indicated that they used emails “Sometimes”; and 37.1 % of the male respondents and 29.9 % females indicated that they used email campaigns “Often”.

Grimes, Hough and Signorella (2007: 2-5) agree that males exhibit greater competency and comfort with the Internet, computers and emails and spend more time online than females. Furthermore, males are more likely to own a computer. Similarly, the work of Henson, Reyns and Fisher (2013: 319-320) supports these findings, noting that women are more anxious and less confident than men about using computers, the Internet and emails.

The null hypothesis states that there is no relationship between “email campaigns” and “gender”. Therefore, the alternate hypothesis is - there is a significant relationship between “email campaigns” and “gender”. The p-value between the variables is 0.381, indicating that usage levels did not depend on gender.

### **6.3.2 Chi-square testing**

Chi-square tests were performed to ascertain whether the scoring patterns per statement were significantly different. The results are presented below.

#### **6.3.2.1 Chi-square testing - preferred marketing methods**

This section analyses the preferences in respect of marketing methods of the respondents have towards marketing. The scoring patterns for Section B are shown in Table 6-7.

To determine whether the scoring patterns per statement were significantly different per option, a chi-square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate states that there is a significant difference between the levels of agreement and disagreement. The results are shown in Table 6-7 below. The highlighted significant values (p-values) are less than 0.05 (the level of significance), which implies that the distributions were not similar. That is, the differences between the way respondents scored (“rarely”, “sometimes” and “often”) were significant. To determine the chi-square, similar patterns follow in the succeeding tables. When p is reflected as 0.00, it implies that  $p < 0.001$  (because  $p = 0.00$  does not exist and is rounded off).

**Table 6-7 Chi-square testing- Preferred marketing methods**

		Rarely		Sometimes		Often		Chi Square
		Count	Row N %	Count	Row N %	Count	Row N %	p-value
Email campaigns	B8	62	18.8%	52	15.8%	216	65.5%	0.000
SMS campaigns	B9	93	28.2%	64	19.4%	173	52.4%	0.000
Telesales to existing customers	B10	58	17.6%	69	21.0%	202	61.4%	0.000
Telesales to potential customers	B11	71	21.5%	61	18.5%	198	60.0%	0.000
In-store promotions	B12	224	68.1%	34	10.3%	71	21.6%	0.000
Billboard campaigns	B13	240	72.7%	35	10.6%	55	16.7%	0.000
Radio campaigns	B14	252	77.1%	26	8.0%	49	15.0%	0.000
Other	B15	218	71.5%	31	10.2%	56	18.4%	0.000

### 6.3.2.2 Chi-square testing - marketing strategies should not be discriminatory

Table 6-8 below indicates the responses to marketing strategies should not be discriminatory. The responses to Question 20 are discussed in this section.

To determine whether the scoring patterns per statement were significantly different per option, a chi-square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate states that there is a significant difference between the levels of agreement and disagreement. The results are shown in Table 6-8 below. The highlighted significant values (p-values) are less than 0.05 (the level of significance), which implies that the distributions were not similar. That is, the differences between the way respondents scored (“very little impact”, “neutral” and “some impact”) were significant.

**Table 6-8 Marketing strategies should not be discriminatory**

		Very little impact		Neutral		Some Impact		Chi-Square
		Count	Row N %	Count	Row N %	Count	Row N %	p-value
According to section 8 of the Act, marketing strategies should not be discriminatory. Thus suppliers may not supply goods/ services to only certain groups of consumers.	C20	205	62,50%	28	8,50%	95	29,00%	0,00

A majority of 62.5 % of respondents indicated that Section 8 of the CPA, which stipulated that marketing strategies should not be discriminatory, had very little impact; whilst 29 % of the respondents indicated that this had some impact on their business and 8.5 % remained neutral. The results show that this provision had some impact on the sample of businesses and that businesses are adhering to Section 8 of the CPA by ensuring that there is no discrimination when marketing to different groups of consumers. This finding is in agreement with the views expressed by Monty (2012: 53-55) that no supplier may either directly or indirectly classify or treat a customer differently from any other in terms of marketing or sales practices. Marketing may not be targeted differently at a specific person or group of persons to the extent that such marketing will be seen as unfair discrimination.

### **6.3.2.3 Chi-square testing- the implications of implementing the CPA**

To determine whether the scoring patterns per statement were significantly different per option, a chi-square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate hypothesis states that there is a significant difference between the levels of agreement and disagreement. The results are shown in Table 6-9 below. The highlighted significant values (p-values) are less than 0.05 (the level of significance), which implies that the distributions were not similar. That is, the differences between the way respondents scored were significant. This

shows that the respondents had varied views and responses with regard to the implications of implementing the CPA in their businesses.

**Table 6-9 The implications of implementing the CPA**

		Nil		10-29%		30-49%		50-69%		70-79%		80-100 %		Chi-Square
		C o u n t	Row N %	C o u n t	Row N %	C o u n t	Row N %	C o u n t	Row N %	C o u n t	Row N %	C o u n t	Row N %	p-value
Re-drafting agreements and contracts	E53	115	34.8 %	175	53.0 %	17	5.2%	11	3.3%	12	3.6%	0	0 %	0.000
Telephonic communication	E54	71	21.5 %	157	47.6 %	81	24.5 %	17	5.2%	4	1.2%	0	0 %	0.000
Re-labelling in plain and understandable language	E55	208	63.2 %	89	27.1 %	29	8.8%	3	0.9%	0	0.0%	0	0 %	0.000
Customer care lines	E56	102	30.9 %	172	52.1 %	44	13.3 %	8	2.4%	4	1.2%	0	0 %	0.000
Disclosure of contents on packaging	E57	195	59.1 %	96	29.1 %	23	7.0%	13	3.9%	3	0.9%	0	0 %	0.000
Newspaper advertising	E58	114	34.5 %	94	28.5 %	62	18.8 %	33	10.0 %	16	4.8%	11	3 %	0.000
Administrative costs due to returns and	E59	173	52.4 %	98	29.7 %	31	9.4%	20	6.1%	7	2.1%	1	0 %	0.000

refunds within the "cooling off" period													3 %	
Printing of marketing brochures and catalogues	E60	3 8	11.5 %	1 1 6	35.2 %	9 8	29.7 %	5 4	16.4 %	2 3	7.0%	1 3	0 . 3 %	0.000
In-store promotions	E61	1 8 9	57.4 %	5 7	17.3 %	2 9	8.8%	2 0	6.1%	1 3	4.0%	2 1	6 . 4 %	0.000
Outdoor / mall promotions	E62	2 0 4	62.0 %	6 9	21.0 %	2 1	6.4%	2 4	7.3%	4	1.2%	7	2 . 1 %	0.000
Acquiring written permission to email customers	E63	1 4 9	45.4 %	1 2 5	38.1 %	3 7	11.3 %	1 3	4.0%	1	0.3%	3	0 . 9 %	0.000

### 6.3.3 Correlations

Correlation analysis examines the strength of the identified association between variables (Coldwell and Herbst 2004: 25-30). Pearson's correlation matrix indicates the direction, strength and significance of the bivariate relationships amongst the variables in the study (Cooper and Emory 1995: 92-116). Bivariate correlations were also performed on the (ordinal) data. The complete results are found in Annexure 4.

There exists significant intercorrelations of the key variables of the study. Negative values imply an inverse relationship. That is, the variables have an opposite effect on each other. That is, as one increases, the other decreases. Positive values indicate a directly proportional relationship between the variables and a negative value indicates an inverse relationship. All significant relationships are indicated by a "\*" or "\*\*\*". For example, the correlation value between those respondents that used "email campaigns" and the statement "In terms of Section 17 of the CPA, consumers are allowed, subject to a reasonable cancellation fee, to cancel advance reservations, bookings or orders. This leads to added administrative costs for the organisation" was 0.357. This is a directly related proportionality. Respondents

indicate that the greater the use of email campaigns, the more likely respondents would cancel advance reservations, and vice versa. The results also indicate the following patterns:

#### **6.3.3.1 Direct Proportional relationships**

The analysis of the results show that there is a direct proportional relationship between the stipulated variables:

##### **Interpretation rules:**

1. Pearson correlation coefficient ( $r$ ) value starts from -1 to +1;
2. – means a negative correlation (if one variable increases, the other variable will decrease); and
3. + means a positive relationship (if one variable increases, the other variable will also increase).

#### **6.3.3.2 Email campaigns and the right to opt out of email campaigns**

*“Email campaigns” and “Section 11 gives customers the right to opt out of email campaigns”* ( $r=0.452$ ). The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.452 indicates a significant correlation between them. This is directly related proportionality. This affects future email campaigns. Once the customer opts out, there can be no further communication with that particular customer.

#### **6.3.3.3 Email campaigns and SMS campaigns**

*“Email campaigns” and “SMS” campaigns* ( $r=0.459$ ). The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.459 indicates a significant correlation between them. This is directly related proportionality. People that choose email campaigns also chose to use SMS campaigns. Both email and SMS campaigns are cost-effective methods of marketing.



#### **6.3.3.4 Telesales to existing customers and telesales to potential customers**

*“Telesales to existing customers” and “Telesales to potential customers ( $r=0.430$ )*. The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.430 indicates a significant correlation between them. This is directly related proportionality. Respondents have indicated that they used telesales campaigns for existing as well as potential customers in order to try to service their existing customers, as well as to increase their market share.

#### **6.3.3.5 Marketing strategies should not be discriminatory and customers cannot be coerced or harassed into purchasing**

*“According to Section 8 of the CPA, marketing strategies should not be discriminatory. Thus suppliers may not supply goods/ services to only certain groups of consumers” and “According to Section 1 of the CPA customers cannot be coerced or harassed into purchasing any product” ( $r=0.438$ )*. The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.438 indicates a significant correlation between them. This is directly related proportionality. Respondents that believed that marketing strategies should not be discriminatory also had to contend with the fact that customers could not be coerced into purchasing a product. Businesses would have had to revisit their marketing strategies to ensure that customers are not “pushed” into a sale.

#### **6.3.3.6 Marketing strategies should not be discriminatory and consumers have the right to restrict unwanted marketing**

*“According to Section 8 of the CPA, marketing strategies should not be discriminatory. Thus suppliers may not supply goods or services to only certain groups of consumers” and “Section 11 of the CPA gives the consumer the right to restrict unwanted marketing by refusing to accept such marketing. Companies are not allowed to continue any further marketing” ( $r=0.363$ )*. The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.363 indicates a significant correlation between them. This is directly related

proportionality. Respondents who believed that marketing strategies should not be discriminatory were also being affected by Section 11 of the CPA, which gives customers the right to restrict and refuse unwanted marketing.

#### **6.3.3.7 Prohibition of marketing during certain days and at certain times and emails**

*“Section 12 of the CPA protects the privacy of the customer and prohibits marketing during certain days and at certain times, for example on public holidays, week-ends or after a certain time at night. The customer should not be contacted during these periods” and “Emails” ( $r=0.432$ ).* The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.432 indicates a significant correlation between them. This is directly related proportionality. Section 12 of the CPA, which protects the privacy of the customer, has impacted directly on those respondents that use email campaigns.

#### **6.3.3.8 Prohibition of marketing during certain days and at certain times and SMSs**

*“Section 12 of the CPA protects the privacy of the customer and prohibits marketing during certain days and at certain times, for example on public holidays, weekends or after a certain time at night. The customer should not be contacted during these periods” and “SMS” ( $r=0.460$ ).* The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.460 indicates a significant correlation between them. This is directly related proportionality. Section 12 of the CPA has impacted directly respondents that use SMS campaigns.

#### **6.3.3.9 Prohibition of marketing during certain days and at certain times and customers cannot be coerced into purchasing any products**

*“Section 12 of the CPA protects the privacy of the customer and prohibits marketing during certain days and at certain times, for example on public holidays, week-ends or after a certain time at night. The customer should not be contacted during these periods” and “According to Section 1 of the CPA customers cannot be coerced or*

*harassed into purchasing any product” ( $r=0.455$ ). The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.455 indicates a significant correlation between them. This is directly related proportionality. Respondents who experienced the impact of Section 12 of the CPA, which prohibits marketing during certain days and at certain times, have also experienced the impact of Section 1 of the CPA, which prohibits businesses from coercing and harassing customers.*

#### **6.3.3.10 The right to privacy and customers cannot be coerced or harassed into purchasing**

*“Section 11 of the CPA allows for paper “junk mail” to be blocked by consumers by simply placing a “no junk mail” notice on their post boxes. This right to privacy must be respected” and “According to Section 1 of the CPA customers cannot be coerced or harassed into purchasing any product” ( $r=0.447$ ). The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.447 indicates a significant correlation between them. This is directly related proportionality. Respondents who were affected in some way by Section 11 of the CPA were also affected in some way by Section 1 which stipulates that customers cannot be coerced or harassed into purchasing products.*

#### **6.3.3.11 Bundling and the consumer’s right to privacy**

*“According to Section 13 of the CPA the supplier should not bundle goods in such a way that the consumer is forced to buy additional goods or services from that supplier or enter into an additional agreement or transaction” and “Section 11 of the CPA allows for paper “junk mail” to be blocked by consumers by simply placing a “no junk mail” notice on their post boxes. This right to privacy must be respected” ( $r=0.409$ ). The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.409 indicates a significant correlation between them. This is directly related proportionality. Those respondents who indicated that Section 13 of the CPA had an impact on their business, particularly “bundling”, also felt the impact of Section 11, whereby customers place a “no junk mail” in their post boxes and businesses are expected to comply.*

**6.3.3.12 Prohibition of marketing during certain days and at certain times and consumers are allowed to cancel their advance orders or bookings**

*“Section 12 of the CPA protects the privacy of the customer and prohibits marketing during certain days and at certain times, for example on public holidays, weekends or after a certain time at night. The customer should not be contacted during these peak times” and “In terms of Section 17 of the CPA, consumers are allowed, subject to a reasonable cancellation fee, to cancel advance reservations, bookings or orders. This incurs added administrative costs for the organisation”* ( $r=0.535$ ). The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.535 indicates a significant correlation between them. This is directly related proportionality. Respondents who were affected by Section 12 of the CPA, which prohibits marketing during certain times or days, were also affected by Section 17 of the CPA, which stipulates that customers are allowed to cancel their advance orders or bookings subject to a reasonable cancellation fee.

**6.3.3.13 More marketing representatives are employed to call on customers and SMS**

*“More marketing representatives are employed to call on customers” and “SMS”* ( $r=0.412$ ). The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.412 indicates a significant correlation between them. This is directly related proportionality. Respondents who indicated that they employed more marketing representatives to call on their customers after the CPA was implemented, also mentioned that they used more SMS campaigns as well. Their marketing strategy is two-pronged, whereby the marketing representative takes samples or does demonstrations of products and follows up with an SMS to ensure that their products stay “top of mind”.

**6.3.3.14 Opt-out registry for unwanted emails**

*“Opt-out registry for unwanted emails” and “Emails”* ( $r=0.462$ ). The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value

of 0.462 indicates a significant correlation between them. This is directly related proportionality. Respondents who indicated that they used email campaigns often were being impeded by the fact that they had to implement an opt-out registry for those that requested to be unsubscribed. This is in accordance with the views of Brewer (2011: 2-4).

#### **6.3.3.15 Marketing via social media and in-store promotions**

*“Marketing via social media” and “In-store promotions to promote certain items”* ( $r=0.304$ ). The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.304 indicates a significant correlation between them. This is directly related proportionality. Respondents who used social media to circumvent the limitations of the CPA, also conducted in-store promotions to effectively market their products.

#### **6.3.3.16 Acquiring written permission to email customers and customers cannot be coerced into purchasing any product**

*“Acquiring written permission to email customers” and “According to Section 1 of the CPA, customers cannot be coerced or harassed into purchasing any product”* ( $r=0.213$ ). The positive sign indicates positive correlations. The Pearson product correlation coefficient  $r$  value of 0.213 indicates a significant correlation between them. This is directly related proportionality. Respondents who were being impeded by the fact that they now had to get written permission to email customers, were also affected by Section 1 of the CPA that stipulates that businesses are not allowed to use coerciveness or harassment to market their products. Regular or repetitive communication to customers can also be deemed as harassment. Ramsay and Renaud (2012: 13) refer to “cyber harassment”, which is repetitive communication via email and is regarded as a violation of interpersonal codes.

#### **6.3.3.17 Summary of the trends**

The following trends have arisen from this analysis of the results. These factors are significant to this study:

**Future email campaigns** are affected. Once the customer opts out of email campaigns, there can be no further communication with that particular customer. People who chose email campaigns also chose to use SMS campaigns. Both **email** and **SMS** campaigns are **cost-effective** methods of marketing. Respondents used telesales campaigns to existing as well as potential customers to try to service their existing customers as well as increase their market share. Respondents who believed that **marketing strategies should not be discriminatory** also experienced the impact of the fact that **customers could not be coerced** into purchasing a product. Businesses would have had to revisit their marketing strategies to ensure that customers were not coerced into a sale.

Respondents who believed that **marketing strategies should not be discriminatory** were also being affected by Section 11 of the CPA, which gives customers the **right to restrict and refuse unwanted marketing**. Section 12 of the CPA, which protects the **privacy of the customer**, has impacted directly on those respondents that use **email campaigns**. Section 12 of the CPA, which protects the privacy of the customer, has also impacted directly on those respondents that use **SMS** campaigns. Those respondents who have experienced the impact of Section 12 of the CPA, which prohibits **marketing during certain days and at certain times**, also experienced the impact of Section 1 of the CPA, which prohibits businesses from **coercing and harassing** customers. The respondents who were affected in some way by Section 11 of the CPA, which allows for paper “**junk mail**” to be blocked by consumers by simply placing a “no junk mail” notice on their post boxes, were also affected in some way by Section 1 of the CPA, which stipulates that **customers cannot be coerced or harassed** into purchasing their products. Those respondents that indicated that Section 13 of the CPA had impacted on their business, particularly “**bundling**”, also felt the impact of Section 11 of the CPA, whereby customers place a “**no junk mail**” in their post boxes and businesses are expected to comply. Respondents who were affected by Section 12 of the CPA, which **prohibits marketing during certain times or days**, were also affected by Section 17 of the CPA, which stipulates that customers were allowed to **cancel their advanced orders or bookings**, subject to a reasonable cancellation fee.

Respondents who indicated that they **employed more marketing representatives** to call on their customers after the CPA was implemented, also mentioned that they used **more SMS campaigns** as well. The marketing strategies of these respondents were two-pronged, whereby the marketing representative takes samples or does demonstrations of products and follows up with an SMS to ensure that their products stay “top of mind”. Respondents who used social media to circumvent the limitations of the CPA, also conducted in-store promotions to effectively market their products. Respondents who used **social media** to circumvent the limitations of the CPA, also conducted **in-store promotions** to effectively market their products. Respondents who experienced the impact of the fact that they now have to get **written permission to email** customers, were also affected by Section 1 of the CPA that stipulates that businesses are **not allowed to use coerciveness or harassment** to market their products.

The following section discusses the factor analysis of the data.

#### **6.3.4 Factor Analysis**

Factor analysis is a statistical technique whose main goal is the reduction of data. Factor analysis is used in survey research, where a researcher wishes to represent a large number of questions with a small number of hypothetical factors (Zikmund and Babin 2012: 491). For example, participants in a survey may answer several separate questions regarding a subject. Each question, on its own, would be an inadequate measure of attitude towards the subject, but *together* they may provide a better measure of the attitude. Factor analysis can be used to establish whether the three measures do, in fact, measure the same thing. If so, they can then be combined to create a new variable, a factor score variable that contains a score for each respondent on the factor. Factor techniques are applicable to a variety of situations. An individual does not need to believe that factors actually exist in order to perform a factor analysis, but in practice, the factors are usually interpreted, given names and spoken of as real things (Creswell 2015: 70-77).

The matrix tables are preceded by a summarised table that reflects the results of KMO and Bartlett's Test. The requirement is that the Kaiser-Meyer-Olkin Measure of Sampling Adequacy should be greater than 0.50 and Bartlett's Test of Sphericity less than 0.05. In all instances, the conditions are satisfied, which allows for the factor analysis procedure.

Factor analysis is done only for the Likert scale items. Certain components are divided into finer components. This is shown below in the rotated component matrix.

#### 6.3.4.1 KMO and Bartlett's Test

The KMO and Bartlett's Test is presented in this section.

**Table 6-10 KMO and Bartlett's Test**

		Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Bartlett's Test of Sphericity		
			Approx. Chi-Square	df	Sig.
B	Types of Promotional Strategies used in your business	0.687	305.343	21	0.000
C	Provisions that affect promotional strategies	0.921	3318.677	190	0.000
D	Measures adopted to address the restrictions of the CPA.	0.719	244.658	15	0.000
E	Implications of implementing the CPA.	0.720	620.774	55	0.000

As shown in Table 6-10 above, all of the conditions are satisfied for factor analysis. That is, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy value should be greater than 0.500 and the Bartlett's Test of Sphericity significant value should be less than 0.05.



#### **6.3.4.2 Section B- Rotated Component Matrix**

This section analyses the scoring patterns of the respondents for the different variables for Section B to Section D of the retailer questionnaire. The second part of the questionnaire (Section B) focussed on promotional strategies used in the respondent's business. Respondents were required to indicate the frequency of the promotional strategies (never/rarely/sometimes/ often/ always). The third part of the questionnaire (Section C) highlighted the provisions of the CPA that affect promotional strategies. Respondents were required to indicate whether any of the provisions had any impact on their business. Section D focussed on the measures that the respondents adopted to address the restrictions of the CPA. Section E of the questionnaire addressed the implications of implementing the CPA in terms of marketing expenditure. Respondents were asked to indicate whether they had any increase in expenditure according to the following classes: "nil/ 10-29 % / 30-49 % / 50-69 % / 70-79 % / or 80-100 %".

In analysing the data from the retailer questionnaire, it was established that the categories were too lengthy. Where applicable, levels of disagreement (negative statements) or agreement (positive statements) were collapsed to show a single category. "Never and rarely" were combined into "Rarely". "Strongly disagree and disagree" were combined into "Disagree". A similar procedure was followed for the levels of agreement (positive statements). The results are first presented using summarised percentages for the variables that constitute each section.

This section shows the rotated component matrix for section B.

**Table 6-11 Section B- Rotated Component Matrix**

Rotated Component Matrix <sup>a</sup>		
B	Component	
	1	2
Email campaigns	0.639	0.111
SMS campaigns	0.583	0.381
Telesales to existing customers	0.709	0.153
Telesales to potential customers	0.766	-0.025
In-store promotions	0.183	0.692
Billboard campaigns	-0.039	0.808
Radio campaigns	0.162	0.538
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

It is noted that the variables that constituted the other sections loaded along 2 or 3 components (sub-themes). This means that respondents identified different trends within the section. Within the section, the splits are colour-coded. The factors have been interpreted, given names, and spoken of as real things. Yellow = “*Electronic Marketing Methods*”; Green = “*Visual Marketing Methods*”, and Blue = “*administrative costs incurred*”.

Factor analysis supports the view that the first four statements form a sub-theme: “Emails”, “SMS’s”, “telesales to existing customers” and “telesales to potential customers” can be grouped together to be called “*Electronic Marketing Methods*”. “In-store promotions”, “billboard campaigns”, “radio campaigns” and “other” means of promotions can be grouped together to form another sub-theme called “*Visual Marketing Methods*”. There are high levels of agreement in relation to these sub-themes. Respondents have seen a pattern of how these are similar and generate similar responses. The results show that “*Electronic Marketing Methods*”, together with “*Visual Marketing Methods*” are used often in businesses.

### 6.3.4.3 Section C- Rotated Component Matrix

This section shows the results of the rotated component matrix for Section C.

**Table 6-12 Section C- Rotated Component Matrix**

Rotated Component Matrix <sup>a</sup>			
C	Component		
	1	2	3
According to section 8 of the Act, marketing strategies should not be discriminatory. Thus suppliers may not supply goods/ services to only certain groups of consumers	0.055	0.619	0.143
According to Section 1 of the Act customers cannot be coerced or harassed into purchasing any product	0.211	0.785	-0.043
Section 11 of the Act gives the consumer the right to restrict unwanted marketing by refusing to accept such marketing. Companies are not allowed to continue any unsolicited direct marketing of goods and services once a consumer has opted out	0.257	0.733	0.037
Section 11 of the Act allows for paper “junk mail” to be blocked by consumers by simply placing a “no junk mail” notice on their post boxes. This right to privacy must be respected	0.140	0.557	0.458
Section 12 of the Act protects the privacy of the customer and prohibits marketing during certain days and at certain times, for example on public holidays, week-ends or after a certain time at night. The customer should not be contacted during these periods	0.233	0.658	0.370
Section 11 gives customers the right to opt out of email campaigns	0.292	0.643	0.296
According to Section 13 the supplier should not bundle goods in such a way that the consumer is forced to buy additional goods or services from that supplier or enter into an additional agreement or transaction. The customer should be able to purchase items separately.	0.197	0.241	0.790
Section 16 focusses on the “cooling off” period. The consumer is entitled to cancel a transaction originating from such direct marketing without incurring any penalty, within five days after the delivery of the goods or the conclusion of the agreement.	0.280	0.150	0.751
In terms of Section 17, consumers are allowed, subject to a reasonable cancellation fee, to cancel advance reservations, bookings or orders. This incurs added administrative costs for the organisation.	0.475	0.426	0.201
Section 22 of the CPA stipulates that contracts and advertising material must be in plain and understandable language. Added costs are incurred to re-draft contracts and re-print marketing material.	0.404	0.398	0.404

Businesses are required to inform and educate the disadvantaged customer and to ensure that they comply with plain and understandable language requirements. Labels, prices and advertising must be in simple language	0.558	0.301	0.297
The nature of the prize, reward, gift, free goods or service, price reduction or concession, enhancement of quantity or quality of goods or services or other discounted items being offered(Section 34)	0.701	0.179	0.242
The goods or services to which the offer relates (Section 34)	0.863	0.179	0.068
The steps required by a consumer to accept the offer or to receive the benefit (Section 34).	0.832	0.212	0.136
The details of the person from whom, any place where, and any date and time on or at which, the consumer may receive the prize, reward, gift, free goods or service, price reduction or concession (Section 34)	0.702	0.219	0.062
Section 47 of the Act provides for the reasonableness test for overselling and overbooking. In terms of this test a supplier may not accept payment for goods or services where it has no reasonable intention to supply goods or services for which the consumer has paid.	0.627	0.214	0.255
As a result of a supplier's inability to supply goods or services due to over-booking or over-selling Section 47 of the Act provides for a refund or the amount paid plus interest as well as any consequential damages which directly resulted from this.	0.544	0.193	0.290
According to Section 29 of the Act, promotions cannot be conducted in a fraudulent or misleading way. The CPA also sets standards for product labels and general marketing of goods and services. Suppliers are not allowed to apply a trade description to a product that could mislead a consumer about that product.	0.543	0.018	0.487
Bait marketing is prohibited (Section 30). Suppliers are not allowed to advertise products or services as being available at a specific price and manner so as to deceive the consumer about the actual availability of those services.	0.590	0.205	0.396
In terms of Section 31 a supplier may not promote any goods or services on the basis that the goods or services are to be supplied unless the consumer declines such an offer. The danger of negative option marketing is that a customer could forget to cancel or return the goods and may be unfairly prejudiced as a result. Returns are costly to administer.	0.696	0.189	0.169

Extraction

Method:

Principal

Component

Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

#### **6.3.4.3.1 Visual Marketing Methods**

In Table 6-12 above, it is evident that respondents who made use of “*Visual Marketing Methods*” were also affected by the factors listed below:

- Marketing strategies should not be discriminatory. Thus suppliers may not supply goods/ services to only certain groups of consumers (Section 8 of the CPA);
- Customers cannot be coerced or harassed into purchasing any product (Section 1 of the CPA);
- The CPA gives the consumer the right to restrict unwanted marketing by refusing to accept such marketing. Companies are not allowed to continue any unsolicited direct marketing of goods and services once a consumer has opted out. The CPA allows for paper “junk mail” to be blocked by consumers by simply placing a “no junk mail” notice on their post boxes. The right to privacy must be respected. Customers have the right to opt out of email campaigns (Section 11); and
- The CPA protects the privacy of the customer and prohibits marketing during certain days and at certain times, for example on public holidays, weekends or after a certain time at night. The customer should not be contacted during these periods (Section 12).

#### **6.3.4.3.2 Administrative costs incurred**

“Bundling of goods” and “returns of products” can be grouped together to form the sub-theme “*administrative costs incurred*”. Together they provide a better measure of the attitude of the respondents. The results of the analysis in Table 6-12 shows that businesses in the sample have experienced some impact to their businesses in terms of “administrative costs incurred”.

#### **6.3.4.3.3 Electronic Marketing Methods and the provisions of the CPA**

In Table 6-12 above, it is clear that there are high levels of agreement of respondents that made use of “*Electronic Marketing Methods*” and the following provisions of the CPA:

- In terms of Section 17 of the CPA, consumers are allowed, subject to a reasonable cancellation fee, to cancel advance reservations, bookings or orders. This incurs added administrative costs for the organisation.
- Section 22 of the CPA stipulates that contracts and advertising material must be in plain and understandable language. Added costs are incurred to re-draft contracts and re-print marketing material.
- (1) Businesses are required to inform and educate the disadvantaged customer and to ensure that they comply with plain and understandable language requirements. Labels, prices and advertising must be in simple language. (2) The nature of the prize, reward, gift, free goods or service, price reduction or concession, enhancement of quantity or quality of goods or services or other discounted items being offered needs to be clearly stipulated. (3) The goods or services to which the offer relates needs to be clearly stipulated. (4) The steps required by a consumer to accept the offer or to receive the benefit needs to be clearly stipulated. (5) The details of the person from whom, any place where, and any date and time on or at which the consumer may receive the prize, reward, gift, free goods or service, price reduction or concession needs to be clearly stipulated (Section 34 of the CPA).
- (1) The CPA provides for the reasonableness test for overselling and overbooking. In terms of this test, a supplier may not accept payment for goods or services where it has no reasonable intention to supply the goods or services for which the consumer has paid. (2) As a result of a supplier's inability to supply goods or services due to over-booking or over-selling the CPA provides for a refund of the amount paid plus interest, as well as any consequential damages which directly resulted from this (Section 47).

- According to Section 29 of the CPA, promotions cannot be conducted in a fraudulent or misleading way. The CPA also sets standards for product labels and the general marketing of goods and services. Suppliers are not allowed to apply a trade description to a product that could mislead a consumer about that product.
- Bait marketing is prohibited (Section 30 of the CPA). Suppliers are not allowed to advertise products or services as being available at a specific price and manner in order to deceive the consumer about the actual availability of those services.
- In terms of Section 31 of the CPA, a supplier may not promote any goods or services on the basis that the goods or services are to be supplied, unless the consumer declines such an offer. The danger of negative option marketing is that a customer could forget to cancel or return the goods and may be unfairly prejudiced as a result. Returns are costly to administer.

It is clear from the factor analysis that respondents that made use of “*Electronic Marketing Methods*” have also experienced the impact in some way of some of the provisions of the CPA, as listed above. This is also in accordance with the views of Brewer (2011: 2) and Chirwa (2013: 33).

#### **6.3.4.4 Section D- Component Matrix**

The section below shows the results for the component matrix for Section D.

**Table 6-13 Section D- Component Matrix**

Component Matrix <sup>a</sup>	
D	
	1
Special sales advertised in the newspapers	0.633
In-store promotions to promote certain items	0.682
More marketing representatives are employed to call on customers	0.603
Marketing via social media	0.614
Interactive website marketing	0.465
Opt-out registry for unwanted emails	0.644
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

The statements that constituted section D, as highlighted in Table 6-13 above, loaded perfectly along a single component. This implies that the statements that constituted this section perfectly measured what they set out to measure.

#### **6.3.4.4.1 Electronic Marketing Methods and promotions**

Table 6-13 above shows that there is a strong relationship between “Electronic Marketing Methods” and the following:

- Special sales advertised in the newspapers;
- In-store promotions to promote certain items;
- More marketing representatives are employed to call on customers;
- Marketing via social media;
- Interactive website marketing; and
- Opt-out registry for unwanted emails.

The results show that respondents who used “Electronic Marketing Methods” also advertised sales in the newspapers; conducted more in-store promotions; employed more marketing representatives to call on customers; made use of social media marketing; made use of interactive website marketing; and also had an opt-out registry for unwanted emails.



### 6.3.4.5 Section E- Rotated Component Matrix

The section below shows the results for the rotated component matrix for section E.

**Table 6-14 Section E- Rotated Component Matrix**

<b>Rotated Component Matrix<sup>a</sup></b>			
E	Component		
	1	2	3
Re-drafting agreements and contracts	0.130	0.716	-0.068
Telephonic communication	0.154	0.656	-0.012
Re-labelling in plain and understandable language	0.445	-0.335	0.423
Customer care lines	0.054	0.700	0.279
Disclosure of contents on packaging	-0.048	0.011	0.855
Newspaper advertising	0.677	0.351	-0.119
Administrative costs due to returns and refunds within the "cooling off" period	0.205	0.200	0.722
Printing of marketing brochures and catalogues	0.286	0.358	0.142
In-store promotions	0.775	0.060	0.012
Outdoor / mall promotions	0.731	0.220	0.153
Acquiring written permission to email customers	0.430	0.086	0.278
Extraction	Method:	Principal	Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

Factor analysis is a statistical technique whose main goal is data reduction. A typical use of factor analysis is in survey research, where a researcher wishes to represent a number of questions with a small number of hypothetical factors. With reference to Table 6-14 above:

- The principle component analysis was used as the extraction method, and the rotation method was Varimax with Kaiser Normalization. This is an orthogonal rotation method that minimizes the number of variables that have high loadings on each factor. Factor analysis facilitates the

interpretation of the factors and is used to evaluate the suitability of patterns (Arjoon and Rambocas 2011: 138).

- Items of questions that loaded similarly imply measurement along a similar factor. An examination of the content of items loading at or above 0.5 (and using the higher or highest loading in instances where items cross-loaded at greater than this value) effectively measured along the various components.
- The factor analysis/loading shows inter-correlations between variables.

#### **6.3.4.5.1 Electronic Marketing Methods and cost implications**

Table 6-14 above shows a strong relationship between the respondents that used “*Electronic Marketing Methods*” and the following factors in the respondents’ businesses:

- Re-labelling in plain and understandable language;
- Newspaper advertising;
- In-store promotions;
- Outdoor / mall promotions; and
- Acquiring written permission to email customers.

The results show that respondents using “Electronic Marketing Methods” were also experiencing the impact of the provisions of the CPA in terms of re-labelling in plain and understandable language, newspaper advertising, in-store promotions, outdoor / mall promotions and acquiring written permission to email customers. This is also in accordance with the views of Grimes, Hough and Signorella (2007: 1); who state that many people regard email as playing an essential role in their daily lives, providing a mechanism for low-cost correspondence and advertising over long distances.

#### 6.3.4.5.2 Visual Marketing Methods and cost implications

As highlighted in Table 6-14 above, there is also a strong relationship between respondents that used “*Visual Marketing Methods*” and the following factors in the respondents’ businesses:

- Re-drafting agreements and contracts;
- Telephonic communication;
- Customer care lines; and
- Printing of marketing brochures and catalogues.

The results show that the respondents that were using “*Visual Marketing Methods*” were also experiencing the impact of the CPA in terms of re-drafting agreements and contracts; telephonic communication; customer care lines; and printing of marketing brochures and catalogues.

#### 6.3.4.5.3 Administrative costs incurred

Table 6-14 above also shows the results of respondents that experienced some impact to their businesses with regard to “*administrative costs incurred*” and the following aspects of the respondents’ businesses:

- Disclosure of contents on packaging; and
- Administrative costs due to returns and refunds within the "cooling off" period.

The results show that the respondents who had “*administrative costs incurred*”, also felt the impact of the fact that they had to disclose the contents on the packaging of products and, together with this, they experienced more administrative costs due to returns within the “cooling off period”.

#### 6.3.5 Reliability Statistics

The two most important aspects of precision are **reliability** and **validity**. Reliability is computed by taking several measurements on the same subjects. A reliability coefficient of 0.65 or higher is considered as “acceptable”. The table below reflects the Cronbach’s alpha score for all the items that constituted the questionnaire.

**Table 6-15 Themes of the retailer questionnaire**

		Number of Items	Cronbach's Alpha
B	Types of Promotional Strategies used in your business	7	0.657
C	Provisions that affect promotional strategies	20	0.928
D	Measures adopted to address the restrictions of the CPA.	6	0.660
E	Implications of implementing the CPA.	11	0.719

Table 6-15 above shows that the reliability scores for all sections exceed or approximate the recommended Cronbach's alpha value. For an exploratory study, a reliability score of 0.6 is acceptable. This indicates a degree of acceptable, consistent scoring for these sections of the research.

This section presented the inferential statistics. The following section presents the discussion on the objectives of the study.

#### **6.4 Discussion on the objectives of the study**

The objectives of the study are as follows and will be discussed in the following section:

- Objective 1: To explore the promotional strategies that retail businesses in Durban are presently using, as well as their preferred choice of such strategies and the reasons for such preferences;
- Objective 2: To explore the provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban;
- Objective 3: To determine the measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA; and
- Objective 4: To determine the implications of the implementation of the CPA on promotions expenditure for retail businesses in Durban.

In responding to these objectives, data was collected through the use of questionnaires and interviews with retailers. The analysis and discussion of the data from the questionnaires are presented in Part A, and Part B relates to the data from the interviews. Triangulation of the results from each of these components are presented thereafter.

#### **6.4.1 Part A –Analysis of data from questionnaires to retailers**

The data from the questionnaires are analysed and discussed in relation to each of the objectives mentioned above.

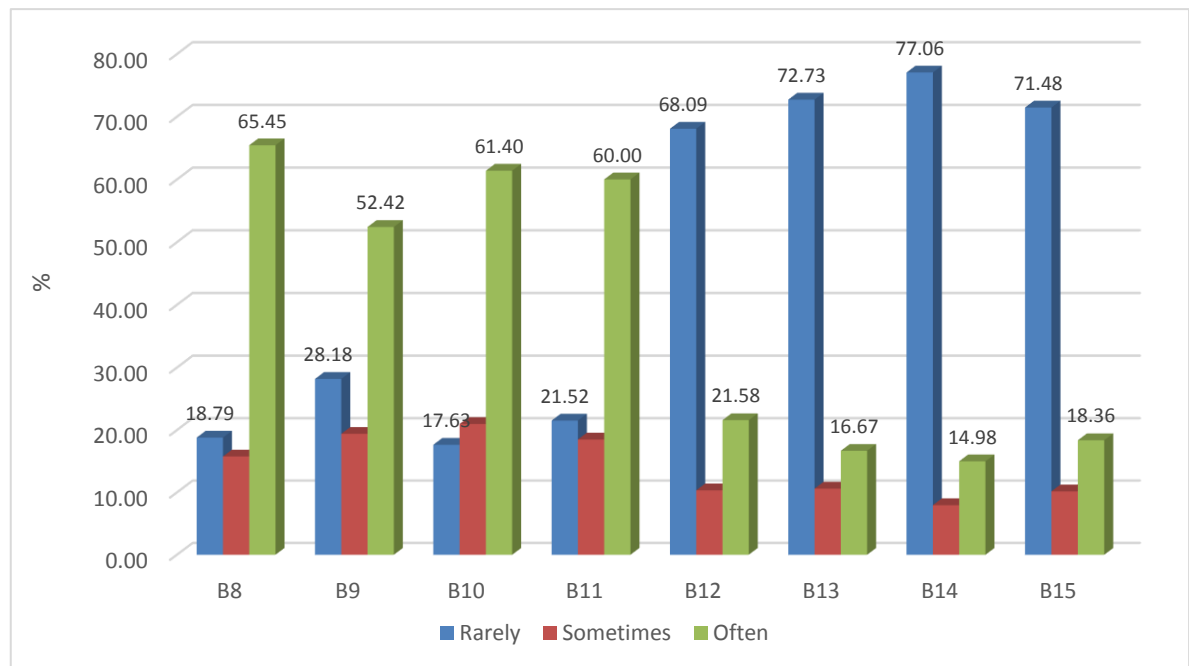
##### **6.4.1.1 Objective 1: To explore the promotional strategies that retail businesses in Durban are presently using, as well as their preferred choice of such strategies and the reasons for such preferences**

In the section that follows, the preferred methods of promotions, other types of promotions used, as well as the reasons for selecting these promotional methods, are discussed.

##### **6.4.1.1.1 Preferred marketing methods**

This section analyses the preferences of respondents in respect of promotional methods. The scoring patterns for Section B are shown in Figure 6-16 below.

**Table 6-16 Section B-Scoring Patterns**



The following patterns are observed:

- Some statements show (significantly) higher levels of “often”, whilst other levels of “often” are lower (but still greater than levels of “Rarely”)
- 4 statements indicate higher levels of “Rarely”
- The significance of the differences is tested and shown in Table 6-16.

The response rate for the percentage of respondents that used telesales “Often” for existing customers was 61.4 % (B10). A significant 60 % of the respondents indicated that they used telesales for potential customers “Often” (B11). The percentage of respondents that used instore promotions “Often” was 21.6 % (B12); whilst 16.7 % used billboard campaigns “Often” (B13). Borges Tiago *et al.* (2007: 138-142), however, found that in terms of outdoor advertising, billboards, signs and advertising on busses and taxis make up a little more than 1% of all advertising.

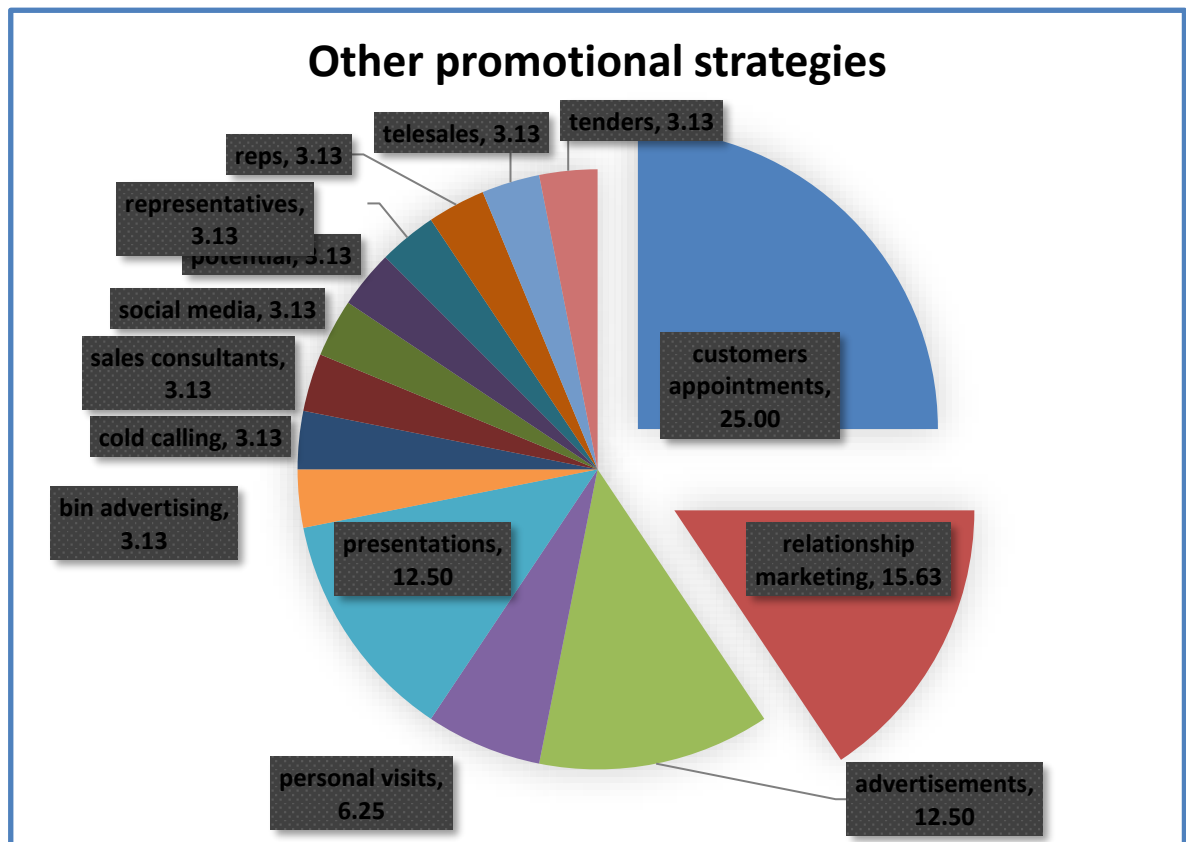
In terms of radio campaigns, 13 % of respondents indicated that they used this method of promotion “Often” (B14). There were also 18.4 % that indicated that they used “Other” means “Often” to promote their products (B15).

The percentage of respondents that indicated that they used email campaigns “Often” was 65.5 % (B8). Daum (2014: 2) concurs that email marketing campaigns remain the most important customer engagement method and that the users of emails grow exponentially each year. Another large group of respondents (53.4 %) used SMS campaigns “Often” (B9). These findings are also in agreement with the views of Brewer (2011: 4) which suggest that SMSs have been used by a broad range of retail businesses, from large listed entities to micro enterprises and across a variety of industries, as an essential tool for directly approaching, informing and retaining customers. The results show that more respondents used email and SMS campaigns.

#### **6.4.1.1.2 Other types of promotional strategies used**

Figure 6-6 below indicates the other types of promotional strategies used by the respondents.

**Figure 6-6 Other types of promotional strategies**



Respondents were asked to indicate if other types of promotional strategies were also used in their businesses. Figure 6-6 above indicates the analysis of the responses for this question:

Only 3.13 % of the respondents made use of social media; 6.25 % conducted personal visits to customers; 15.63 % used relationship marketing; 3.13 % used telesales; 3.13 % used sales consultants; 3.13 % used sales and marketing representatives; 3.13 % special sales; 3.13 % conducted cold calling to potential customers; 12.5 % did presentations; 3.13 % submitted tenders; 12.5 % used advertisements in newspapers and specialised magazines; 3.13 % made use of bin advertising (on street corners); and 25 % made personal appointments with customers on a regular basis.



The responses listed above are quite varied. However, the common element is that a personalised service to customers and relationship marketing are preferred. It is evident from the responses that business owners and staff prefer to be directly involved with promotional endeavours and not outsource these promotional activities. Relationship marketing has received considerable attention as it adds value between the retailer and customer, and enhances trust, which builds loyalty, thereby leading to the retention of customers (Datta and Bairagee 2012: 175).

#### **6.4.1.1.3 Preference of companies in promoting and marketing their products**

There are several ways in which companies can promote their products. Some companies use outsourced promotions companies to market and conduct their promotions, whereas some companies prefer to use their staff to do in-store promotions and outdoor street promotions (Reijonen 2010: 285).

Table 6-17 below presents the respondents' preferences for using a promotions company to promote and market its products.

**Table 6-17 Preference for using a promotions company to promote products**

	Frequency	%
Strongly Disagree	106	32.6 %
Disagree	158	48.6 %
Neutral	11	3.4 %
Agree	33	10.2 %
Strongly Agree	17	5.2 %
Total	325	100.0 %

An overwhelming 81.2 % of respondents disagreed with this statement. This meant that the preference was to promote their products by themselves. Chirwa (2013: 174) also expresses the view that businesses prefer to use their own staff to promote their products. Only 15.4 % of the respondents preferred to use a promotions

company to conduct their promotions. A small percentage (3.4 %) preferred to remain neutral to this statement.

#### **6.4.1.1.4 Preference of the organisation to use its staff to promote and market its products.**

Table 6-18 shows the preference of the organisation to use its staff to promote and market its products.

**Table 6-18 Preference of the organisation to use its staff to promote and market its products**

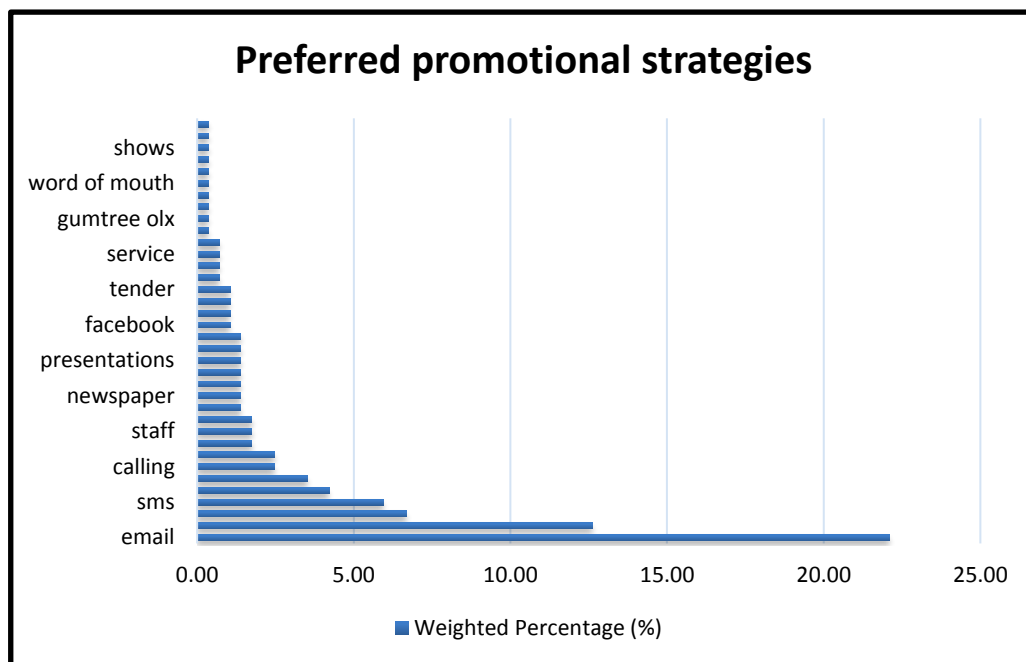
	Frequency	%
Strongly Disagree	52	15.8 %
Disagree	62	18.8 %
Neutral	9	2.7 %
Agree	132	40.1 %
Strongly Agree	74	22.5 %
Total	329	100.0 %

The percentage of respondents that agreed with this statement was 62.6 %. This finding supports the views expressed by Reijonen (2010: 285) who states that every employee is seen as a marketer and should be involved with all the marketing aspects, even after marketing (after-sales service). The percentage of respondents that disagreed with this statement was 34.6 %. The percentage of respondents that preferred to remain neutral was 2.7 %. The result show that more businesses preferred to use their staff to promote their products.

#### **6.4.1.1.5 Preferred promotional strategies of retailers**

Respondents were asked to indicate which promotional method they preferred to use in their businesses. Figure 6-7 below sets out the analysis of the responses. The complete list of responses appears in the appendix.

**Figure 6-7 Preferred promotional strategies**

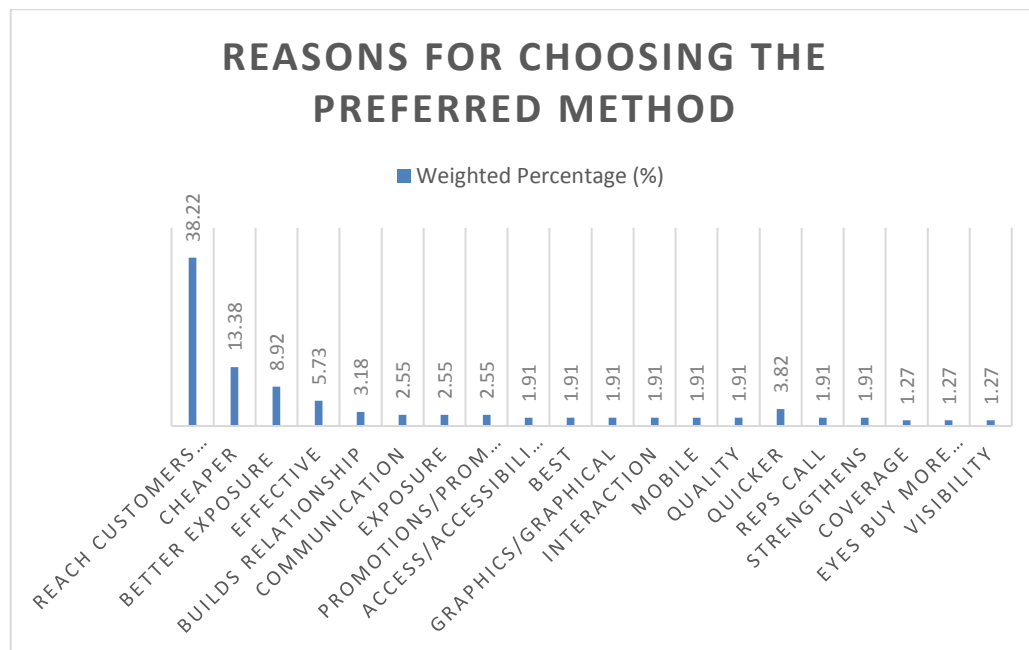


According to Figure 6-7 above, the results indicate that 1 % of respondents relied on referrals and inserts in newspapers; 2 % of the respondents preferred telesales to make sales as well as provide after-sales service; 3.33 % of the respondents preferred advertising in newspapers and also used marketing representatives; 8.49 % used radio advertising and 24 % of the respondents used emails. Five respondents did not respond. From the responses highlighted in this section, it is clear that the use of emails is higher. These findings are also in agreement with the views of Jacobsson, Granroth and Dumont (2014: 2) who agree that the use of emails was generally higher than other promotional strategies and that SME's can gain, as well as retain, customers through email-marketing. The results show that emails are important and that this is the preferred means of promotions in businesses.

#### 6.4.1.1.6 Reasons for choosing a preferred method of promotion

The respondents were asked to indicate why they had chosen their preferred method of promotions. The responses were varied and a graphical analysis is set out in Figure 6-8 below:

**Figure 6-8 Reasons for the preferred methods of promotions**



The respondents indicated that the reasons for choosing their preferred promotional methods were the following:

- The method of promotion is cheaper;
- “The eyes buy more than the ears”. Customers felt that it was better to view the samples and inspect the quality before they purchased the product;
- The preferred method strengthens better relationships with customers;
- The preferred method was quicker;
- The preferred promotional strategy was aligned to the fact that customers carry mobile phones and can view their email promotions immediately;
- The graphics appealed to their customers and helped generate more sales;
- Customers were more accessible using their preferred promotional method; and

- They derived better exposure using their preferred method of promotion.

From the analysis above (Figure 6-8), it is apparent that retailers seek quicker and more economical means of promoting their products. It is important for retailers to stay in touch with customers regularly as this personal contact helps to generate sales. Brewer (2011: 2-4) and Battersby (2013: 1-2) concur with this. Many retailers seek to provide information about their products in an appealing way, using designers, external promotions companies or their staff. The priority is obviously getting the information out as quickly as possible, staying in constant touch with customers and particularly long-term communication. The reasons that the respondents have offered confirm that marketing costs are an important factor that they have considered when deciding on their preferred method. The analysis above reveals the fact that the respondents are concerned about sending advertorials, e-brochures and taking samples to customers in order to create a value-added service and thus to get repeat business. Clapham (2011: 32) is of the same view and advances that email marketing is not just about getting one's product offers in front of a consumer, it is also important to provide a brand interaction that consumers value and enjoy and that emails can be used for mass campaigns or regular contact.

#### **6.4.1.2 Objective 2: To explore the provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban**

This section analyses the provisions that affect promotional strategies. The scoring patterns are shown in Figure 6-9 and Table 6-19 below. This section investigates the provisions that affect the promotional strategies of the respondents. Respondents were asked to indicate their views and the impact on their businesses, regarding the basic consumer rights as recognised by the CPA, namely the right to equality, the right to privacy, the right to choose, the right to disclosure of information, the right to fair and responsible marketing, and the right to fair and honest dealing.

Figure 6-9 below indicates the responses regarding the provisions that affect promotional strategies.

**Figure 6-9 Section C- The provisions that affect promotional strategies**

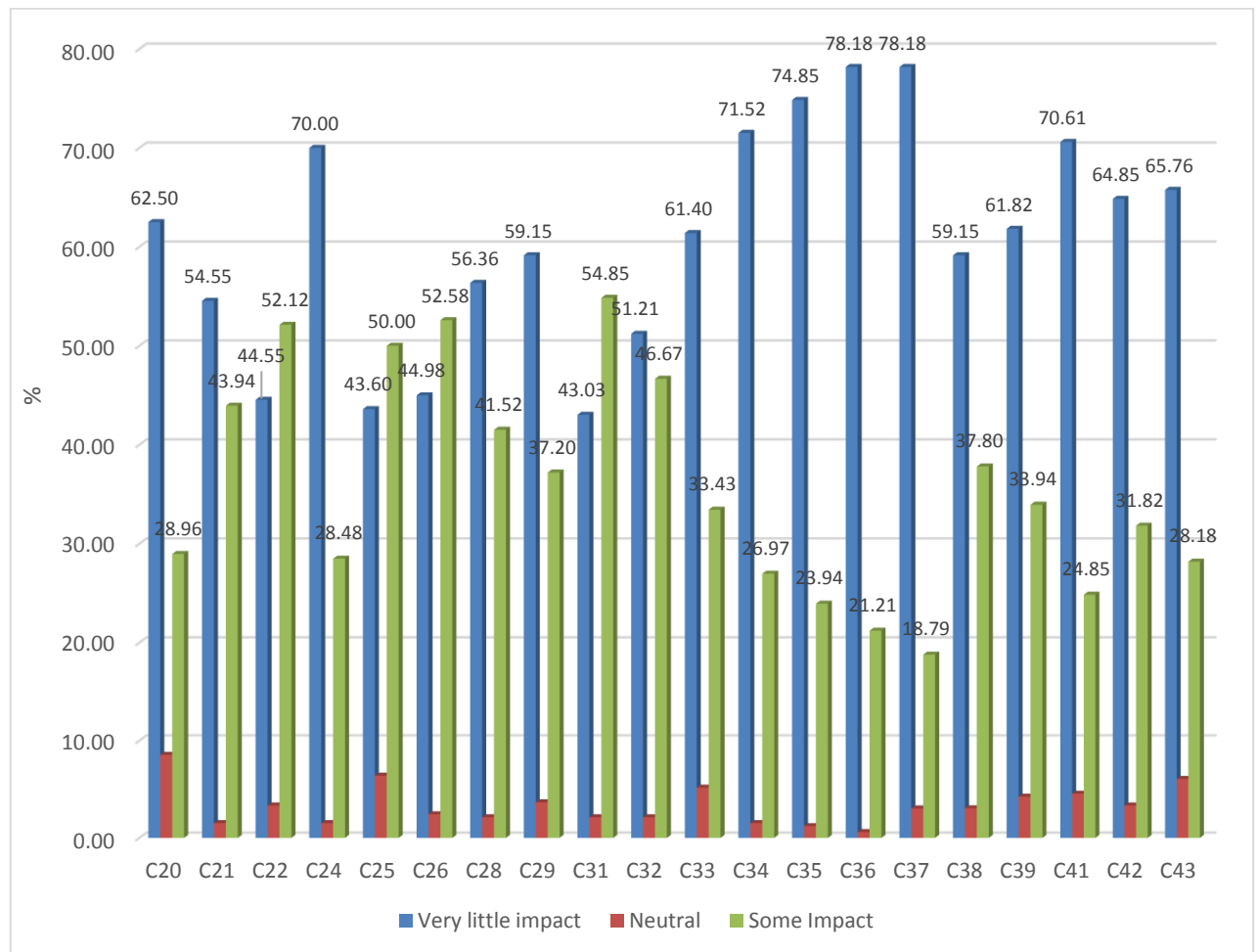


Figure 6-9 above indicates the responses to Questions 20 to Question 43 of the retailer questionnaire. These questions were based on the sub-themes in accordance with the basic consumer rights:

- Marketing strategies should not be discriminatory (Question 20);
- The privacy of customers must be respected (Questions 21-26);
- Customers have the right to choose their products and suppliers (Questions 28-31);

- The right to disclosure of information (Questions 32-33);
- Fair and responsible marketing (Questions 34-37); and
- Fair and honest dealing (Questions 38-45).

The analysis according to these sub-themes is presented and discussed below.

#### **6.4.1.2.1 The privacy of customers must be respected**

Table 6-19 below indicates the responses to the privacy of customers must be respected. The responses to Questions 21 to 26 will be discussed in this section.

To determine whether the scoring patterns per statement were significantly different per option, a chi-square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate states that there is a significant difference between the levels of agreement and disagreement. The results are shown in Table 6-19 below. The highlighted significant values (p-values) are less than 0.05 (the level of significance), which implies that the distributions were not similar. That is, the differences between the way respondents scored (“very little impact”, “neutral”, and “some impact”) were significant.

**Table 6-19 The privacy of customers must be respected**

		Very little impact		Neutral		Some Impact		Chi Square
		Count	Row N %	Count	Row N %	Count	Row N %	p-value
According to Section 1 of the Act customers cannot be coerced or harassed into purchasing any product.	C21	180	54,50%	5	1,50%	145	43,90%	0,00
Section 11 of the Act gives the consumer the right to restrict unwanted marketing by refusing to accept such marketing. Companies are not allowed to continue any unsolicited direct marketing of goods and services once a consumer has opted out.	C22	147	44,50%	11	3,30%	172	52,10%	0,00
Section 11 of the Act allows for paper "junk mail" to be blocked by consumers by simply placing a "no junk mail" notice on their post boxes. This right to privacy must be respected.	C24	231	70,00%	5	1,50%	94	28,50%	0,00
Section 12 of the Act protects the privacy of the customer and prohibits marketing during certain days and at certain times, for example on public holidays, week-ends or after a certain time at night. The customer should not be contacted during these periods.	C25	143	43,60%	21	6,40%	164	50,00%	0,00
Section 11 gives customers the right to opt out of email campaigns.	C26	148	45,00%	8	2,40%	173	52,60%	0,00

According to Section 1 of the CPA, customers cannot be coerced or harassed into purchasing any product. As illustrated in Table 6-19 above, the majority of respondents (54.5 %) indicated that this had very little impact on their business, 1.5 % remained neutral, while 43.9 % indicated that this provision had some impact on their business. The results show that this provision has had some impact on the marketing strategies of these businesses. Businesses are now restricted by Section 1 of the CPA and are unable to use coercion or deemed to be harassing customers into a sale. This finding is in agreement with the views of Leggat (2011b: 32-33) that suppliers are not allowed to use physical force, coercion, undue pressure, harassment or unfair tactics when marketing to consumers. Suppliers are not permitted to use exaggerations, innuendo or ambiguity when referring to goods or



services. This right also protects consumers against fraudulent schemes and offers, as well as pyramid and related schemes. This provision of the CPA has had some impact on marketing strategies of these businesses.

Section 11 of the CPA gives the customer the right to restrict unwanted marketing by refusing to accept such marketing. A significant group of 44.5 % indicated that there was very little impact, 3.3 % remained neutral and 52.1 % indicated that this has had some impact on their business. The results indicate that Section 11 of the CPA, which gives the customer the right to restrict unwanted marketing, has had some impact to the respondents' businesses. This finding is in agreement with the views of Conlon (2013: 9) that email offers a cheaper and more efficient means of staying connected with large numbers of leads or existing customers and assists in positioning a brand above competitors. Emails encourage ongoing positive brand interaction and converts leads into paying customers. This provision has had an impact on the marketing strategies of businesses.

Section 11 of the CPA allows for paper junk mail to be blocked by consumers placing a "no junk mail sign" on their post boxes (Waxer 2014: 31-33). The majority of the respondents (70 %) indicated that there was very little impact, while 28.5 % indicated that this provision had some impact, and 1.5 % remained neutral. The regulations impact on marketing strategies because they give the parents of minors the right to block access to direct marketing (Leggat 2011a: 14). However, the results, show that Section 11 of the CPA, which allows for paper junk mail to be blocked by consumers, has had some impact on the businesses in the sample.

Section 12 of the CPA protects the privacy of the customer and prohibits marketing during certain days and at certain times. Approximately 43.6 % of respondents indicated that there was very little impact to this provision and 50 % indicated that this provision had some impact, while 6.4 % remained neutral. The results show that Section 12 of the CPA, which protects the privacy of the customer, had some impact on the businesses in the sample. Section 12 of the CPA protects the privacy of the customer and prohibits marketing during certain days and at certain times. The

results show that Section 12 of the CPA, which protects the privacy of the customer had some impact to the respondents' businesses in the sample. This finding is in agreement with the views of Havenga (2010: 496) that retail businesses that usually send out bulk emails to customers on a Saturday or public holiday to inform them about a special deal, sale or promotion are affected by this provision.

Section 11 of the CPA gives customers the right to opt out of email campaigns. Forty-five percent of the respondents indicated that there was very little impact and 52.6 % indicated that this provision had some impact, while 2.4 % remained neutral. The results indicate that Section 11 of the CPA, which gives customers the right to opt out of email campaigns, had some impact on the businesses in the sample. This finding is in agreement with the views of Jacobsson, Granroth and Dumont (2014: 16) that businesses are not permitted to continue any unsolicited direct marketing of goods and services once consumers have opted out, and that although email messages are highly cost efficient, it can be costly to employ a dedicated employee just to honour opt-out requests promptly. This provision (Section 11 of the CPA) has had some impact on businesses insofar as it has increased cost implications.

#### **6.4.1.2.2 Customers have the right to choose their products and suppliers**

Table 6-20 below deals with the right of customers to choose their products and suppliers. The responses to Questions 28 to 31 will be discussed in this section. To determine whether the scoring patterns per statement were significantly different per option, a chi-square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate hypothesis states that there is a significant difference between the levels of agreement and disagreement. The results are shown in Table 6-20 below. The highlighted significant values (p-values) are less than 0.05 (the level of significance), which implies that the distributions were not similar. That is, the differences between the way respondents scored ("very little impact", "neutral" and "some impact") were significant.

**Table 6-20 Customers have the right to choose their products and suppliers**

		Very impact	little	Neutral		Some Impact		Chi Squ are
		C o u n t	Row N %	C o u n t	Row N %	C o u n t	Row N %	p- valu e
According to Section 13 the supplier should not bundle goods in such a way that the consumer is forced to buy additional goods or services from that supplier or enter into an additional agreement or transaction. The customer should be able to purchase items separately.	C 2 8	1 8 6	56,4 0%	7	2,10 %	1 3 7	41,5 0%	0,00
Section 16 focusses on the "cooling off" period. The consumer is entitled to cancel a transaction originating from such direct marketing without incurring any penalty, within five days after delivery of the goods or the conclusion of the agreement.	C 2 9	1 9 4	59,1 0%	1 2	3,70 %	1 2 2	37,2 0%	0,00
In terms of Section 17, consumers are allowed, subject to a reasonable cancellation fee, to cancel advance reservations, bookings or orders. This incurs added administrative costs for the organisation.	C 3 1	1 4 2	43,0 0%	7	2,10 %	1 8 1	54,8 0%	0,00

According to Section 13 of the CPA, the supplier should not bundle goods in such a way that the consumer is forced to buy additional goods or services from that supplier or enter into an additional agreement or transaction. The customer should be able to purchase items separately. A majority (56.4 %) of respondents indicated that there was very little impact to this provision and 41.5 % indicated that this provision had some impact, while 2.1 % remained neutral. Slabbert *et al.* (2011: 178) state that the bundling of goods is permitted, if the convenience of bundling outweighs the limitation on the freedom of choice of the consumer, if it is to the economic benefit of the consumer and if the services or bundled goods

are also offered separately at individual prices. The results show that there was some impact of this provision on the businesses in the sample.

Section 16 focusses on the “cooling off” period. The consumer is entitled to cancel a transaction originating from such direct marketing without incurring any penalty, within five days. More than half of the respondents (59.1 %) indicated that there was very little impact to this provision and 37.2 % indicated that this provision had some impact, while 3.7 % remained neutral. The results show that there was some impact of this provision on businesses in the sample. Brewer (2011: 1) agrees that the impact of this provision can be very far-reaching especially for marketing products where a refund after the product has been used is not possible.

In terms of Section 17 of the CPA, consumers are allowed, subject to a reasonable cancellation fee, to cancel advance reservations, bookings or orders. This results in added administrative costs for the organisation. A large group (43 %) of the respondents indicated that there was very little impact to this provision, while 54.8% indicated that this provision had some impact and 2.1 % remained neutral. The results show that this provision had some impact on the businesses in the sample. This finding is in agreement with the views of (Havenga 2010: 490) that no cancellation fee may be imposed if a consumer is unable to honour the reservation, booking or order owing to death or hospitalisation. This provision of the CPA (Section 17) does not apply to special-order goods. Special-order goods are “goods that a supplier expressly or implicitly was required or expected to procure, create or alter to satisfy the consumer’s requirement”.

#### **6.4.1.2.3 The right to disclosure of information**

Section 22 of the CPA stipulates that contracts and advertising material must be in plain and understandable language. Added costs are incurred to re-draft contracts and re-print marketing material. Table 6-21 below sets out the responses relating to the impact of the provisions on the right to disclosure of

information on the promotional strategies of the respondents. The responses to Questions 32 to 33 will be discussed in this section.

To determine whether the scoring patterns per statement were significantly different per option, a chi-square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate hypothesis states that there is a significant difference between the levels of agreement and disagreement. The results are shown in Table 6-21 below. The highlighted significant values (p-values) are less than 0.05 (the level of significance), which implies that the distributions were not similar. That is, the differences between the way respondents scored (“very little impact”, “neutral” and “some impact”) were significant.

**Table 6-21 The right to disclosure of information**

		Very little impact		Neutral		Some Impact		Chi Square
		C o u n t	Row N %	C o u n t	Row N %	C o u n t	Row N %	p-value
Section 22 of the CPA stipulates that contracts and advertising material must be in plain and understandable language. Added costs are incurred to re-draft contracts and re-print marketing material.	C3 2	1 6 9	51,20%	7	2,10%	1 5 4	46,70%	0,00
Businesses are required to inform and educate the disadvantaged customer and to ensure that they comply with plain and understandable language requirements. Labels, prices and advertising must be in simple language (Section 22).	C3 3	2 0 2	61,40%	1 7	5,20%	1 1 0	33,40%	0,00

A little more than half of the respondents (51.2 %) of the respondents indicated that there was very little impact to this provision, while 46.7 % indicated that this provision had some impact and 2.1 % remained neutral. The results show that this provision had some impact on businesses in the sample. This finding is in agreement with the views of Sharrock (2010: 306), who states that there must be no ambiguities in terms of pricing. Businesses are required to inform and educate the disadvantaged consumer and to ensure that they comply with plain language requirements.

Labels, prices and advertising must be in simple language (Section 22 of the CPA). Businesses had to take cognisance and change their labelling and pricing to make them easily understood in plain language (Reddy and Rampersad 2012: 741). More than half of the respondents (61.4 %) indicated that there was very little impact to this provision and 33.4 % indicated that this provision had some impact, while 5.2 % remained neutral. This provision had some impact on the businesses in the sample. In the past, agreements contained technical language which was difficult for the consumer to understand and consumers usually did not take the time to read contracts prior to signing.

Coertse (2014: 27-28) highlights that the reasoning behind “plain language” is that the reader should easily find what he or she needs, understands what is written and also be able to use the information easily.

#### **6.4.1.2.4 Fair and responsible marketing**

Section 34 of the CPA covers promotional offers and gives the customer the right to fair and honest marketing. It also affects the nature of the “prize, reward, gift, free goods or service, price reduction or concession, enhancement of quantity or quality of goods or services” or other discounted items being offered. Table 6-22 below indicates the responses relating to the right to “fair and responsible marketing”. The responses to Questions 34 to 37 will be discussed in this section.

To determine whether the scoring patterns per statement were significantly different per option, a chi-square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate hypothesis states that there is a significant difference between the levels of agreement and disagreement. The results are shown in Table 6-22 below. The highlighted significant values (p-values) are less than 0.05 (the level of significance), which implies that the distributions were not similar. That is, the differences between the way

respondents scored (“very little impact”, “neutral” and “some impact”) were significant.

**Table 6-22 Fair and responsible marketing**

		Very little impact		Neutral		Some Impact		Chi Square
		Count	Row N %	C o u n t	Row N %	C o u n t	Row N %	p-value
The nature of the prize, reward, gift, free goods or service, price reduction or concession, enhancement of quantity or quality of goods or services or other discounted items being offered.	C34	236	71,5 0%	5	1,50 %	8 9	27,0 0%	0,00
The goods or services to which the offer relates.	C35	247	74,8 0%	4	1,20 %	7 9	23,9 0%	0,00
The steps required by a consumer to accept the offer or to receive the benefit.	C36	258	78,2 0%	2	0,60 %	7 0	21,2 0%	0,00
The details of the person from whom, any place where, and any date and time on or at which, the consumer may receive the prize, reward, gift, free goods or service, price reduction or concession.	C37	258	78,2 0%	1 0	3,00 %	6 2	18,8 0%	0,00

The majority (71.5 %) of respondents indicated that there was very little impact to this provision; and 27 % indicated that this provision had some impact, while 1.5 % remained neutral. This provision had some impact on the businesses in this sample.

Section 34 of the CPA also stipulates that any document setting out a promotional offer must state what the goods or services are to which the offer relates. A significant 74.8 % of the respondents indicated that there was very little impact to this provision, 23.9 % indicated that this provision had some



impact, and 1.2 % remained neutral. This provision had some impact on the businesses in this sample.

Section 34 of the CPA covers the steps required by a consumer to accept a promotional offer or to receive a benefit. The majority (78.2 %) of respondents indicated that there was very little impact to this provision and 21.2 % indicated that this provision had some impact, while 0.6 % remained neutral. This provision had some impact on the businesses in this sample.

Section 34 of the CPA requires disclosure of the place and time that the consumer may receive the prize, reward, gift, free goods or service, price reduction or concession. The majority (78.2 %) of the respondents indicated that there was very little impact to this provision; while 18.8 % indicated that this provision had some impact and 3 % remained neutral. This provision had some impact on the businesses in this sample.

Section 34 of the CPA has had some impact on the respondents' businesses. Reddy and Rampersad (2012: 7410) also state that Section 34 has had some impact on businesses; gives the customer the right to fair and honest marketing; and now stipulates that any document setting out a promotional offer must clearly state the "nature of the prize, reward, gift, free goods or service", price reduction, concession, enhancement of quantity or quality of goods or services or other discounted items being offered.

#### **6.4.1.2.5 Fair and honest dealing**

Sections 47 and 29-31 of the CPA relate to the consumers right to "fair and honest dealing". Table 6-23 below indicates the analysis of the responses on the impact of these provisions have had on the respondents' promotional strategies. The responses to Questions 38 to 43 are discussed in this section.

To determine whether the scoring patterns per statement were significantly different per option, a chi-square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate hypothesis states that there is a significant difference between the levels of agreement and disagreement. The results are shown in Table 6-23 below. The highlighted significant values (p-values) are less than 0.05 (the level of significance), which implies that the distributions were not similar. That is, the differences between the way respondents scored (“very little impact”, “neutral” and “some impact”) were significant.

**Table 6-23 Fair and honest dealing**

		Very little impact		Neutral		Some Impact		Chi Square
		C o u n t	Row N %	Co unt	Row N %	C o u n t	Row N %	p-value
Section 47 of the Act provides for the reasonableness test for overselling and overbooking. In terms of this test a supplier may not accept payment for goods or services where it has no reasonable intention to supply goods or services for which the consumer has paid.	C38	1 9 4	59,10 %	10	3,00 %	1 2 4	37,80 %	0,00
As a result of a supplier's inability to supply goods or services due to over-booking or over-selling Section 47 of the Act provides for a refund or the amount paid plus interest as well as any consequential damages which directly resulted from the breach of contract. Retailers incur added administrative costs as a result of this.	C39	2 0 4	61,80 %	14	4,20 %	1 1 2	33,90 %	0,00
According to Section 29 of the Act, promotions cannot be conducted in a fraudulent or misleading way. The CPA also sets standards for product labels and general marketing of goods and services. Suppliers are not allowed to apply a trade description to a product that could mislead a consumer about that product.	C41	2 3 3	70,60 %	15	4,50 %	8 2	24,80 %	0,00
Bait marketing is prohibited (Section 30). Suppliers are not allowed to advertise products or services as being available at a specific price and manner so as to deceive the consumer	C42	2 1 4	64,80 %	11	3,30 %	1 0 5	31,80 %	0,00

about the actual availability of those services								
In terms of Section 31 a supplier may not promote any goods or services on the basis that the goods or services are to be supplied unless the consumer declines such an offer. The danger of negative option marketing is that a customer could forget to cancel or return the goods and may be unfairly prejudiced as a result. Returns are costly to administer.	C43	2 1 7	65,80 %	20	6,10 %	9 3	28, 20 %	0,00

Section 47 of the CPA provides for the reasonableness test for over-selling and over-booking. In terms of this test, a supplier may not accept payment for goods or services where it has no reasonable intention to supply the goods or services for which the consumer has paid. A large group (59.1 %) of respondents indicated that there was very little impact to this provision, while 37.8 % indicated that this provision had some impact and 3 % remained neutral. The results show that there was some impact of this provision on the respondents' businesses. The views of Leggat (2011b: 14) are in agreement with this finding. The author states that retailers incur added administrative costs as a result of the impact of implementation of the CPA and that retailers are prevented from promoting goods or services if the product or service is not available. As a result of a supplier's inability to supply goods or services due to over-booking or over-selling, Section 47 of the CPA provides for a refund of the amount paid plus interest, as well as any consequential damages which directly resulted from the breach of contract. Retailers incur added administrative costs as a result of this. A majority (61.8 %) of respondents indicated that this provision had very little impact, while 33.9 % indicated that this provision had some impact and 4.2 % remained neutral. The results show that this provision had some impact on the respondents' businesses. Havenga (2010: 490) and Brewer (2011: 2-5) are also of the view that this provision has had some impact on retail businesses.

According to Section 29 of the CPA, promotions cannot be conducted in a fraudulent or misleading way. The CPA also sets standards for product labels and the general marketing of goods and services. The supplier may “not by words or conduct, directly or indirectly imply a false, misleading or deceptive representation” to a consumer in relation to the marketing of any goods or services. Table 6.23 above shows that 70.6 % of the respondents indicated that there was very little impact to this provision; 24.8 % indicated that this provision had some impact; and 4.5 % remained neutral. The results show that there was some impact of this provision on the respondents’ businesses. This finding is in agreement with the views of Gouws (2010: 79-94) that businesses must provide an adequate description of a product that could possibly mislead a consumer about that product.

In terms of the CPA, bait marketing is prohibited (Section 30). Suppliers are not allowed to advertise products or services as being available at a specific price and manner in order to deceive the consumer about the actual availability of those services. If an advertisement states that goods are on offer at a certain price subject to express limits, then the amount of the limit must be available. Table 6-23 above shows that 64.8 % of the respondents indicated that there was very little impact to this provision; 31.8 % indicated that this provision had some impact; and 3.3 % remained neutral. The results show that Section 30 of the CPA had some impact on the respondents’ businesses. This finding is in agreement with the views of Cornelius (2011: 88-89) who states that the consequences of this is that businesses need to change the way in which they approach customers for business.

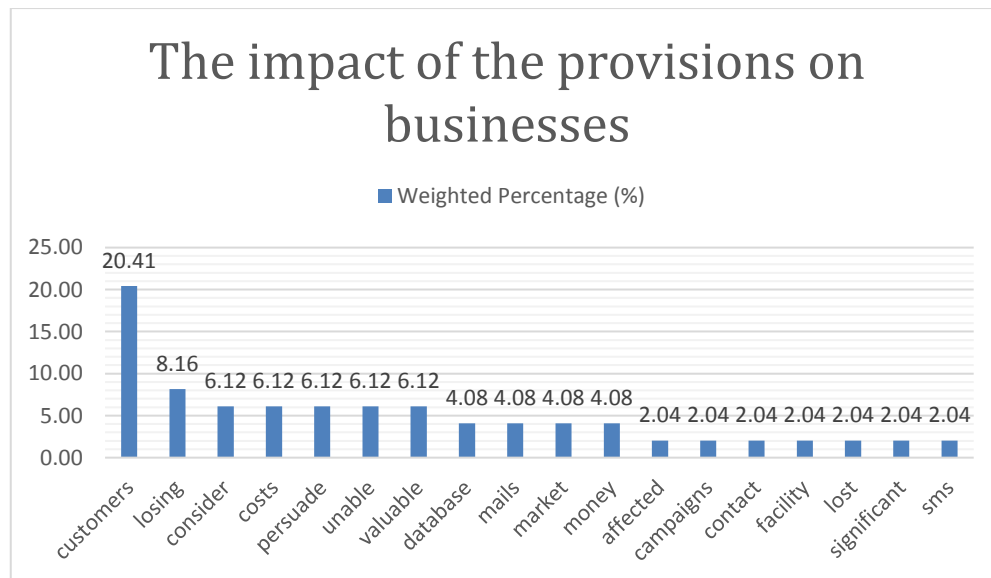
In terms of Section 31 of the CPA, a supplier may not promote “any goods or services on the basis that the goods or services are to be supplied”, unless the consumer declines such an offer. The danger of negative option marketing is that a customer could forget to cancel or return the goods and may be unfairly prejudiced as a result. Returns are costly to administer. The majority (65.8 %) of respondents indicated that there was very little impact to this provision, while 28.2 % indicated that this provision had some impact and 6.1 % remained neutral. The results show that there was some impact of this provision on the respondents’ businesses. Knowler (2011: 1-7) is pro-

consumer and states that the danger of negative option marketing is that a customer could forget to cancel or return the goods and may be unfairly prejudiced as a result. This includes upgrades of contracts and renewals of services.

#### 6.4.1.2.6 The impact of selected provisions of the CPA on businesses

Participants were asked to indicate if selected provisions of the CPA have had some, or a major impact on their business. Figure 6-10 below indicates the responses relating to the impact of the provisions on businesses.

**Figure 6-10 The impact of the provisions on businesses**



In response to the statement: “If this (the provisions of the CPA) has had some or a major impact on your business, kindly elaborate”, respondents offered the following responses:

- The loss of **significant** customer contact;
- They were unable to **persuade** the customer to **re-consider** and up-sell other products;
- They were losing **valuable** customers;
- (It) Costs them in time and **money** to have more promotions;

- They have to make sure the (e)**mails** go out during business hours by their promotions company. They have to use promo(tion)s to get written consent for email addresses. This is a costly exercise;
- They have to continually grow their databases using other promotional methods and **campaigns**;
- **SMS** campaigns are being affected. Several customers choose the **opt-out facility** monthly.
- They were allowed to **call customers** and coerce them in the past (to purchase).

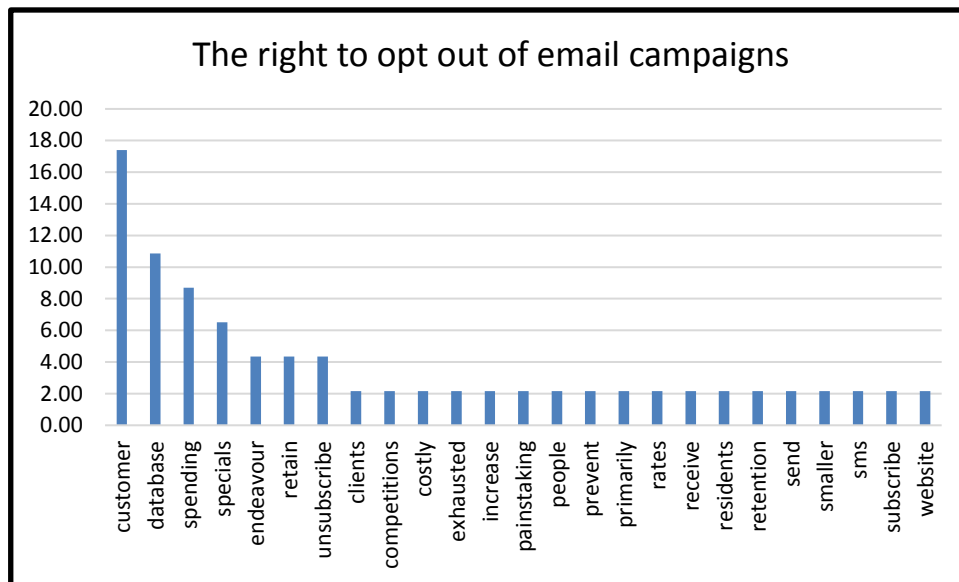
The responses above reveal that the respondents have been affected by the CPA. Insofar as emails are concerned, these were commonly used in the past. The responses above show that businesses are using other means to promote their products. Jacobsson, Granroth and Dumont (2014: 20) agree that email marketing is not only worth pursuing but it can be one of the most rewarding customer acquisition channels for any firm. Figure 6.10 above also confirms that the respondents prefer the cheaper methods of promoting their products. Billboard and Radio Campaigns were rarely used. A significant number of respondents mentioned that it was common practice to call customers and coerce them into purchasing and they are currently restricted in terms of the provisions of the CPA from doing so. These two methods are generally very expensive and have to be used over a longer period in order to achieve the desired results. The CPA has had an impact more on the cheaper promotional methods for instance emails and SMS. Shankar *et al.* (2011: 533) are of the view that retailers are moving away from print media because of the cost implications. They are using digital billboards and digital in-store display screens, which are cheaper forms of advertising.

#### **6.4.1.2.7 The consumer's right to opt out of email campaigns (Section 11)**

Section 11 of the CPA gives the consumer the right to opt out of email campaigns. Respondents were asked to elaborate if this promotional strategy had some or a major impact on their businesses.

Figure 6-11 below indicates the responses relating to “the right to opt out of email campaigns”.

**Figure 6-11 The right to opt out of email campaigns**



The responses for this open-ended question were as follows:

- They now look for new ways to increase their mailing lists. Websites invite **customers** to subscribe to their newsletter to keep customers posted with new specials;
- They have to spend on acquiring new leads to increase **databases**.
- They are **spending** more on brochures and print media;
- They have lost some good clients that have unsubscribed and they (customers) can no longer receive their **special** rates;
- They **endeavour** to market constantly;
- There was no customer **retention**;
- It was very **painstaking** to manage the database as people (customers) **unsubscribe** daily;
- They have **competitions** often;



- Databases get **exhausted** and other means of promotions have to be used to get written consent for email addresses. This is a **costly** exercise;
- **SMS** specials cannot be sent on weekends. Emails have to go out during business hours. The dilemma is that customers need to view the **specials** primarily on a weekend;
- They have to ensure that **emails** are sent during business hours by their promotions company; and
- They have to spend on acquiring new leads to increase databases with **subscribed** customers.

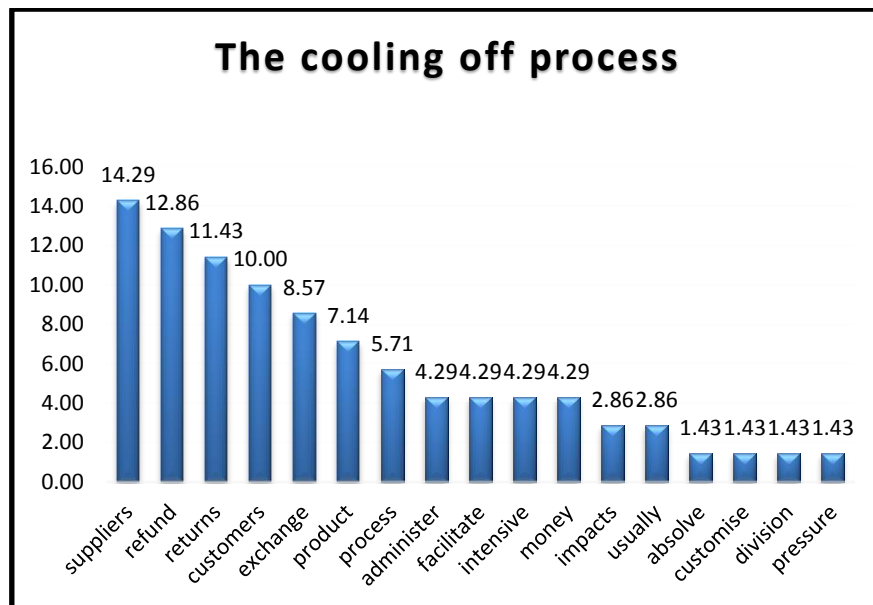
The responses indicate that it is costly for companies to market constantly in order to acquire fresh databases so that they can communicate with their customers. Managing the opt-out facility is also very labour-intensive. The opt-out facility has resulted in other emerging costs like printing costs for marketing material and spending on promotions to acquire new leads. Jacobsson, Granroth and Dumont (2014: 16) concur that companies and suppliers are not permitted to continue any unsolicited direct marketing of goods and services, once consumers have opted out. The authors also stress that although email messages are highly cost efficient, it can be costly to employ a dedicated employee just to honour opt-out requests promptly. Brewer (2011: 6) is also of the same view.

#### **6.4.1.2.8 The consumer's right to the "cooling off period" (Section 16)**

This section focussed on the 'cooling off' period. Section 16 of the CPA was explained, whereby the consumer is entitled to cancel a transaction originating from such direct marketing, without incurring any penalty, within five days after the delivery of goods or the conclusion of the agreement." The respondents were asked to elaborate if the previous question had any impact on their businesses. The following responses were received:

Figure 6-12 below indicates the responses relating to the cooling off period.

**Figure 6-12 The consumer's right to the “cooling off period”**



- Businesses cannot get refunds from **suppliers** if the products are damaged or scratched. They have to bear the cost;
- Retailers have to send the products to the supplier for testing before they can commit to a **refund**. Suppliers absolve themselves from any liability when goods are damaged. The retailer has to refund the customer;
- **Returns** are costly and have to be sent back to suppliers for credits. This needs a dedicated staff to manage and this was frustrating for staff;
- **Customers** use products and expect the business to refund them money when products are half used. This is a lot of work to return it to the suppliers. Suppliers can take up to 6 months to process the credit. Retailers, however, have to refund the money immediately;
- It costs more to get the product **exchanged**. Suppliers take long to process the refund or exchange and they (the respondents) usually have to carry the costs;
- Exchanges and refunds are time-consuming, especially following up with suppliers. Retailers do not have time to **facilitate** returns as they have a small staff; and

- An entire division was required to **administer** returns.

Rao, Griffis and Goldsby (2011: 283-284) indicate that online purchasing results in a relatively high rate of returns (8 % to 11 %) and together with this, many online retailing businesses do not have the expertise to process returns and exchanges. Thus, retailers find it hard to retain customers. From the responses listed above, it is evident that returns are costly to administer and can be quite challenging to track and provide feedback to the customer.

#### **6.4.1.2.9 Over-booking and over-selling**

As a result of a supplier's inability to supply goods or services due to over-booking or over-selling, Section 47 of the CPA provides for a refund or the amount paid plus interest, as well as any consequential damages which directly resulted from the breach of contract. Retailers incur added administrative costs as a result. Respondents were informed of Section 47 of the CPA and asked to indicate whether this Section of the CPA had any impact on their businesses. Question 40 was an extension of this question, and respondents were asked to elaborate further if this had any impact on their business. Only two respondents responded as follows:

- We cannot advertise if the stock is not available. We now have to increase insurance cover to carry extra stock.
- (The) database is much smaller. We have to have competitions to get new leads every 4 months.

Although the two responses cannot represent the entire population, these responses are indeed valuable and reveal the challenges that some businesses experience. Chirwa (2013: 73) is also of the view that complying with Section 47 of the CPA (which provides for a refund or the amount paid plus interest, as well as any consequential damages) is challenging for businesses.

#### **6.4.1.2.10 The impact of negative option marketing**

In terms of Section 31 of the CPA, a supplier may not promote any goods or services on the basis that the goods or services are to be supplied unless the consumer

declines such an offer. The danger of negative option marketing is that a customer could forget to cancel or return the goods and may be unfairly prejudiced as a result. Returns are costly to administer. Respondents were informed of this provision as indicated above, and were asked to indicate which of the provisions had the greatest impact on their businesses.

Figure 6-13 below indicates the responses in respect of the impact of the provisions on businesses.

**Figure 6-13 The impact of the provisions on businesses**

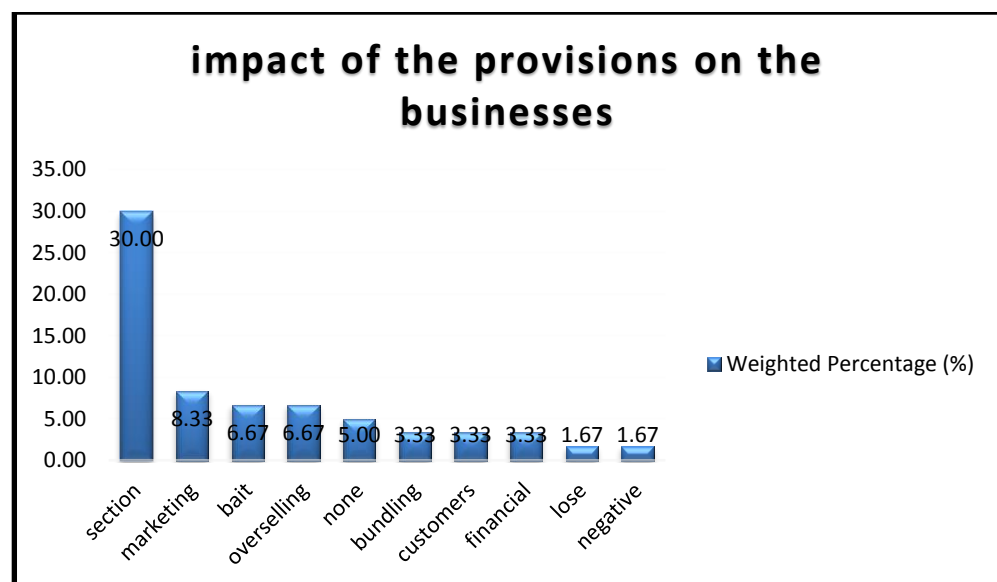


Figure 6-13 above shows that 30% of the respondents indicated cumulatively that their marketing endeavours were being affected by the various sections. The respondents indicated that the following specific provisions of the CPA had an impact on their businesses:

- Section 31 (which prohibits bait marketing) (6.67 %);
- Section 39 (which prohibits overselling) (6.67 %);
- Section 13 (which regulates bundling) (3.33 %);

- Section 11 (which gives the customer the right to restrict unwanted marketing by refusing to accept such marketing) (3.33 %);
- Section 31 (which prohibits negative option marketing) (1.67 %);
- Section 47 (which prohibits over-selling and over-booking) (1.67 %); and
- A small percentage (5 %) of the respondents stated that none of the provisions had impacted their businesses.

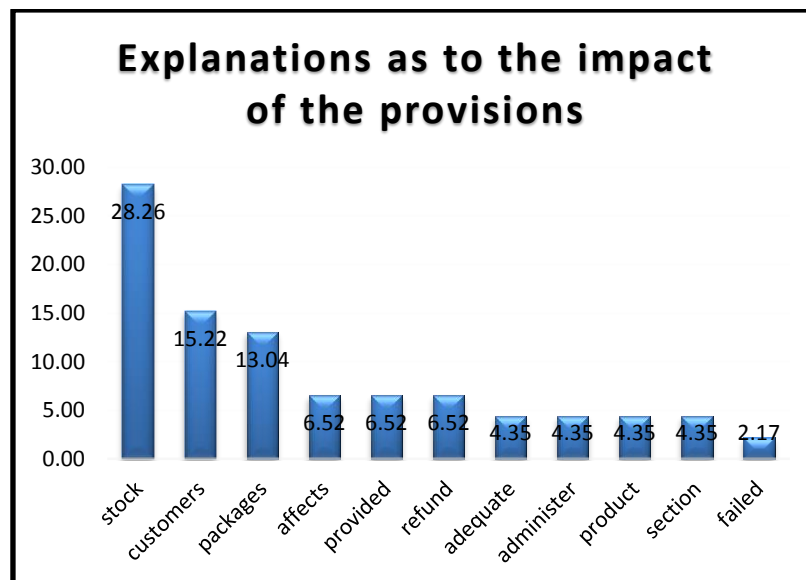
The results show that various provisions of the CPA had an impact on the respondents' businesses. Mugobo and Malunga (2015: 4) posit that businesses face a huge challenge in terms of complying with *all* aspects of the provisions of the CPA.

#### **6.4.1.2.11 The provisions of the CPA that had the greatest impact on the business**

Respondents were asked to state, in their view, why or how the provisions discussed had the greatest impact on their organisation.

Figure 6-14 below indicates the explanations as to why the provisions had an impact on businesses.

**Figure 6-14 Explanations as to why the provisions had an impact on the business**



The responses were as follows:

- They were restricted by the CPA in terms of advertising if they did not have **adequate stock** on hand. If they did not have the stock, they could not accept payments. They now carry more stock. This **affects** cashflows from the business (28.25 %);
- Customers **failed** to cancel and return goods (2.17 %);
- Customers are educated and know exactly what they (are) looking for (4.35 %);
- They used to sell **packages** and then book with their service providers according to the number of bookings they had. Now they have to pre-pay for packages and then sell only what packages are secured (13.04 %);
- They cannot accept payment if they have not **provided** the service (6.52 %);
- They have to ensure that work is done perfectly before they send to customers because customers can ask for a **refund**. This affects their business cashflow (6.52 %); and
- Returns are costly to **administer** (4.35 %).

The challenges being experienced, as highlighted in Figure 6-14 above, are mostly related to stock. Businesses are now forced to carry more stock. This means that more of their cashflows are tied up in stock which may take months to sell. This poses a major challenge for the business's procurement department in terms of how much stock to carry or whether to use the Just-in-Time method of purchasing so that minimal stock is kept at the company's warehouse to minimise risks (Reinartz *et al.* 2011: 61). Havenga (2010: 485) and Cornelius (2011: 88-89) agree that the business needs to protect themselves against the perception of bait marketing. The authors are also of the view that the consequences of this is that businesses need to change the way in which they approach customers for business. Mugobo and Malunga (2015: 228) concur that retailers now have to carry more stock as a result of the right to choose to return goods during the "cooling off period" of five days, as highlighted in the CPA. This requirement, according to the authors, causes uncertainty and affects their financial reporting because a sale is only a sale after 15 days, since customers have a right to return goods within 15 days, despite the fact that retailers would have recorded the transaction as a concluded deal.

#### **6.4.1.3 Objective 3: To determine the measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA**

This section deals with the measures adopted to address the restrictions of the CPA. Table 6-13 below shows the results of the analysis for the measures adopted to address the restrictions of the CPA.

To determine whether the scoring patterns per statement were significantly different per option, a chi-square test was done. The null hypothesis claims that similar numbers of respondents scored across each option for each statement (one statement at a time). The alternate states that there is a significant difference between the levels of agreement and disagreement. The results are shown in Table 6-24 below. The highlighted significant values (p-values) are less than 0.05 (the level of significance), which implies that the distributions were not similar. That is,

the differences between the way respondents scored (“rarely”, “sometimes” and “often”) were significant.

**Table 6-24 Measures adopted to address the restrictions of the CPA**

		Rarely		Sometimes		Often		Chi Square
		Co unt	Row N %	Co unt	Row N %	Co unt	Row N %	p-value
Special sales advertised in the newspapers	D46	206	62.4%	61	18.5%	63	19.1%	0.000
In-store promotions to promote certain items	D47	227	68.8%	49	14.8%	54	16.4%	0.000
More marketing representatives are employed to call on customers	D48	170	51.5%	97	29.4%	63	19.1%	0.000
Marketing via social media	D49	178	53.9%	90	27.3%	62	18.8%	0.000
Interactive website marketing	D50	114	34.5%	94	28.5%	122	37.0%	0.151
Opt-out registry for unwanted emails	D51	153	46.4%	37	11.2%	140	42.4%	0.000
Other	D52	216	88.2%	20	8.2%	9	3.7%	0.000

Table 6-24 above shows that the chi-squared value for interactive website marketing is 0.151. This means that there was no significant difference in the scoring pattern. The results also show that similar numbers of people said ‘rarely’, ‘sometimes’, and ‘often’. In other words, there are as many people who said ‘rarely’ as who said ‘often’. The others have significantly more in one direction than the other. A large group of respondents (88.15 %) indicated that they rarely used any other methods (other than those listed in Table 6-24) of promotions.

Figure 6-15 below indicates the responses to the measures adopted to address the restrictions of the CPA.



**Figure 6-15 Measures adopted to address the restrictions of the CPA**

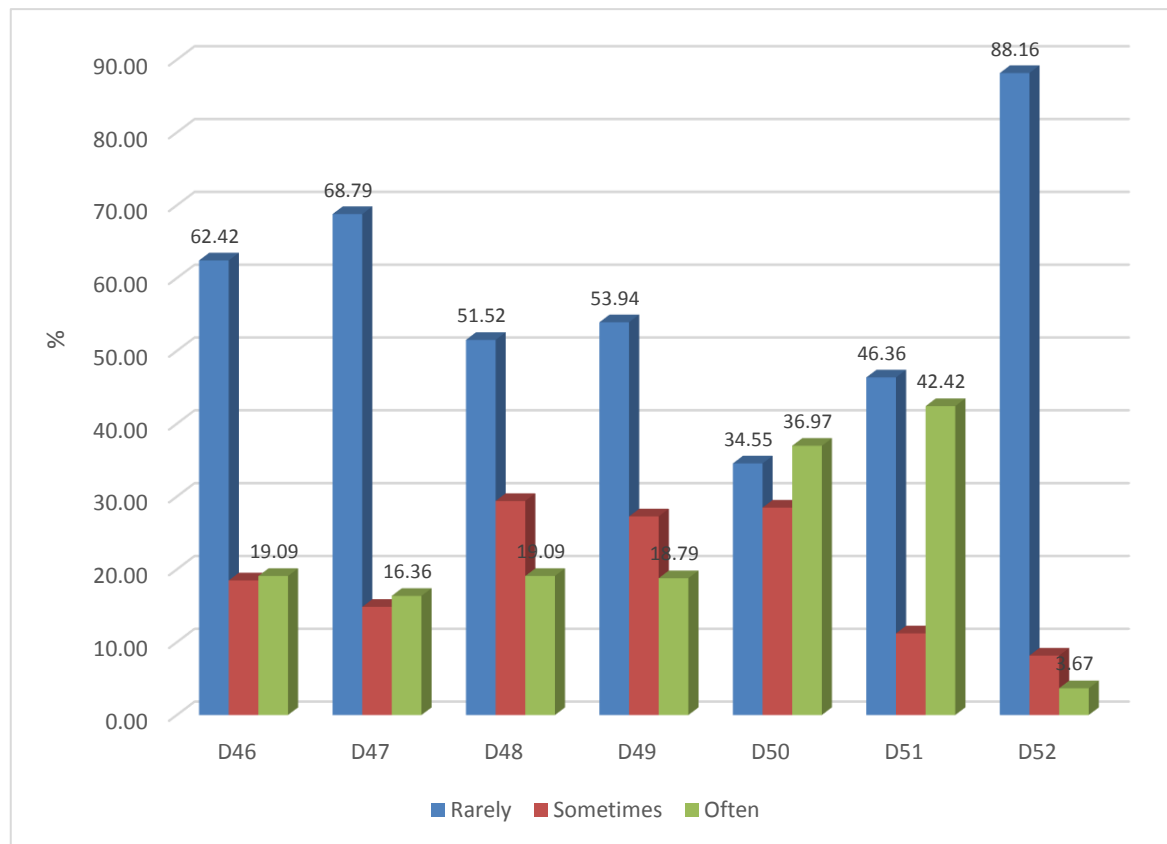


Figure 6.15 above shows that in terms of special sales (D46), 19.09 % of the respondents indicated that they used this method of promotions “Often”; while 16.36 % of the respondents indicated that they conducted in-store promotions to promote certain items “Often” (D47). Kim and Kim (2012: 823-824) agree that in-store promotions are very labour-intensive and that are not usually preferred because the store’s atmospherics needs to be constantly managed and retailers need to consider environmental cues that directly influence the consumer experience.

In terms of marketing via social media (D49), 18.79 % of the respondents that indicated that they used this means to promote their products “Often”. There were 42.42 % of the respondents using an opt-out registry for unwanted emails “Often”, while 19.09 % of the respondents indicated that they employed more marketing representatives (D48) to market their products “Often”. This is in accordance with Averwater (2012: 124-130) who also asserts that although companies employ more

marketing representatives, it may take many months to build up a relationship with a customer and generate sales.

The percentage of respondents that revealed that they were using interactive website marketing (D50) “Often” was 36.97 %. This corresponds with the views of Blythe (2014: 255), who states that an interactive website is frequently used by businesses and is an important promotional and communications tool. The author also adds that profiling customers onto a database and sending out personalised mailings, as well as using the website with capabilities to order goods or engage in dialogue, are powerful promotional tools for retailers.

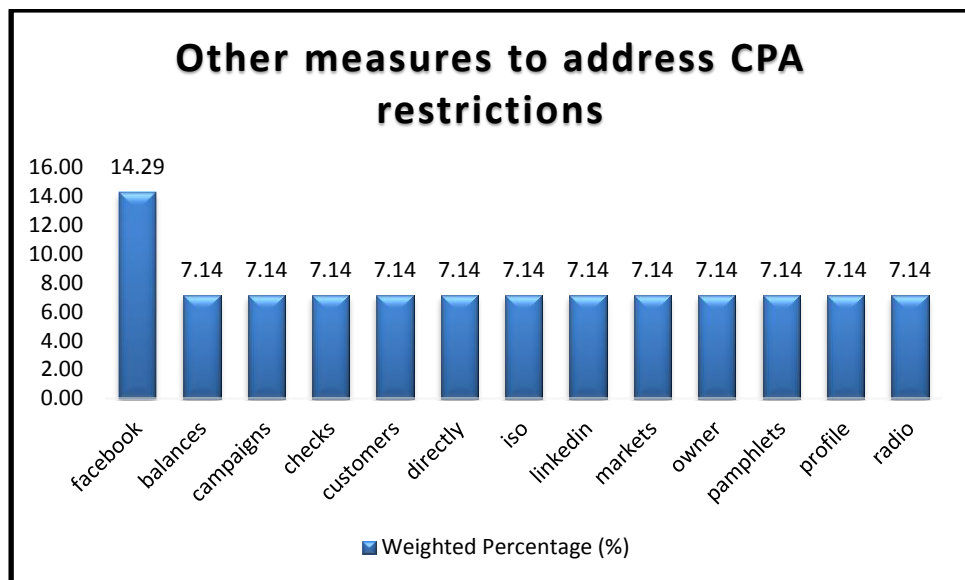
The results show that over 40% of businesses in the sample are cognisant of the requirements of the CPA and have an opt-out facility (D51) available for customers to unsubscribe. The results also reveal that businesses are trying other means to market their products. For example, employing more marketing representatives, website marketing, in-store promotions and special sales advertised in the newspapers.

#### **6.4.1.3.1 Other means used to address the measures imposed by the CPA**

If a respondent stated that they had used any “Other” method (to address the measures imposed by the CPA), they were asked to elaborate. The responses were as follows:

Figure 6-16 below indicates the other measures used to address the restrictions imposed by the CPA.

**Figure 6-16 Other measures use to address the restrictions imposed by the CPA**



- The use of Facebook (14.29 %);
- The owner markets directly to customers with a (company) profile and samples (7.14 %);
- The use of LinkedIn (an online business platform) (7.14 %);
- The distribution of flyers and pamphlets (7.14 %);
- The distribution of more company profiles (7.14 %); and
- The use of radio campaigns (7.14 %).

The above-mentioned methods of marketing involve a lot of planning, co-ordination and effort from a marketing team. Clearly, repetition and persistence is key to creating brand awareness. Parumasur and Roberts-Lombard (2012: 307) agree that brand awareness is a general communication aim of all promotional strategies. By creating brand awareness, marketers hope that whenever the need for the product arises, the consumer will remember the brand and include it among the choice alternatives during decision-making. Some respondents have indicated that they prefer to market to customers by themselves by means of samples and company profiles, while others prefer flyer distribution, radio campaigns and online advertising using Facebook.

#### **6.4.1.3.2 Suggestions by respondents**

In response to the following statement: “In lieu of the fact that there are several restrictions placed on retail businesses in terms of the way they now promote their product/s, what other promotional strategies can you recommend for retail businesses?” respondents were asked to offer their recommendations or suggestions. *The complete list of responses proposed by the respondents is listed in Annexure 5.*

Varied and valid suggestions were proposed by the respondents. The common element is forming the credibility of the product. Respondents proposed social upliftment projects, the use of social media and joint promotions with suppliers. The suggestion from respondents of bin advertising, vehicle branding and billboard advertising for periods up to six months at busy intersections is significant. This is in accordance with the views expressed by Blythe (2014: 510), who states that outdoor advertising on billboards, posters and public transport vehicles reaches consumers at a time when they are busy with other activities. This is also a good way of reaching a target market that does not read newspapers regularly or does not have access to television and the movies. Advertising in general can reach a larger audience. Grewal and Roggeveen (2013: 263), however, maintain that retailing evolves and changes with the times. The authors suggest that retailers proactively develop various applications to extend and improve customers’ shopping experiences. These popular apps include those which enable customers to source prices; purchase and pay directly from a mobile phone; and instantly share photos and recommendations of products with their social networks.

#### **6.4.1.3.3 Other suggestions to address the measures imposed by the CPA:**

Varied and valid suggestions were proposed as promotional strategies to circumvent the restrictions placed on businesses by the CPA. Respondents proposed social upliftment projects, the use of social media and joint trade promotions with suppliers. Respondents also suggested bin advertising, vehicle branding and billboard advertising for periods up to six months at busy intersections.

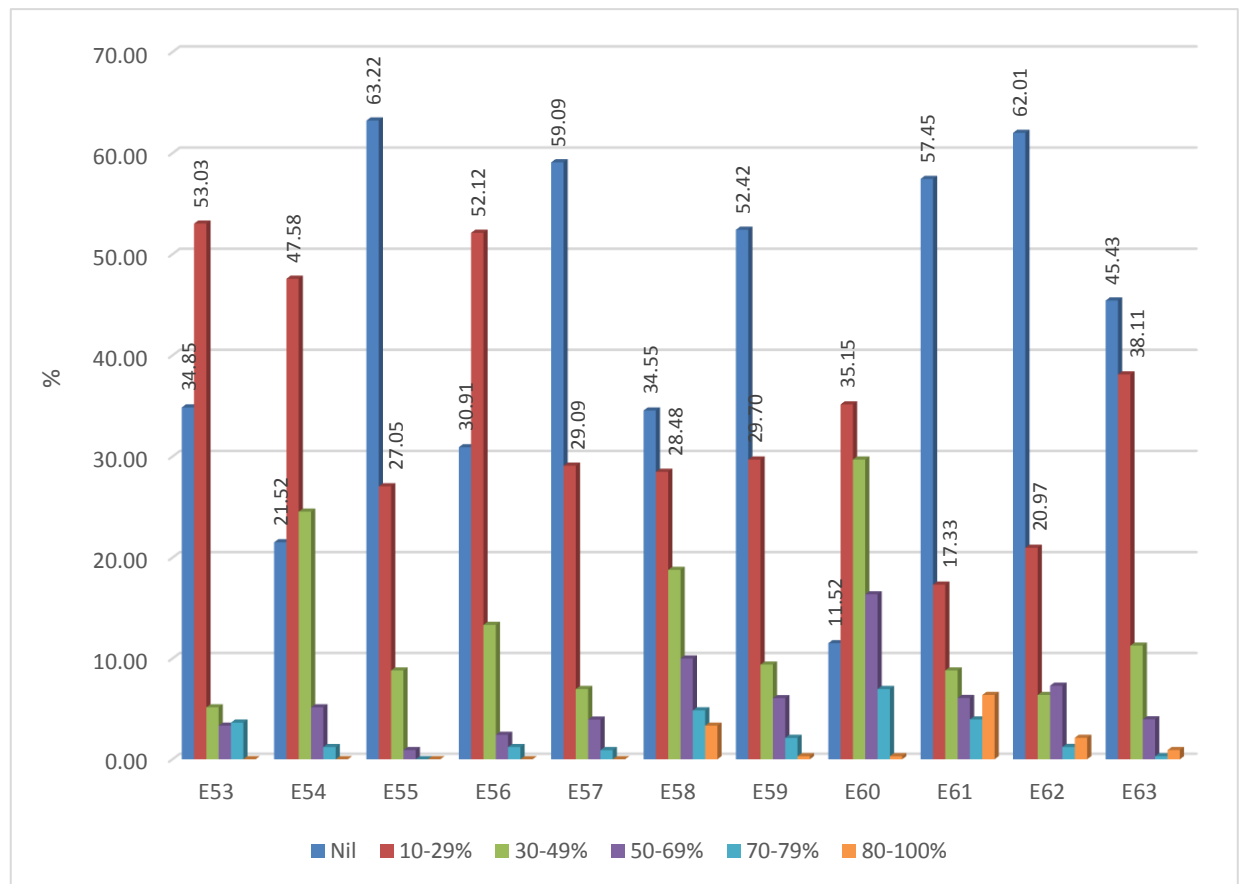
Other suggestions include retailers proactively developing various mobile applications to extend and improve customers' shopping experiences. These popular apps include those which enable customers to check market-related pricing, purchase and pay directly from a mobile phone

**6.4.1.4 Objective 4: To determine the implications of the implementation of the CPA on promotions expenditure for retail businesses in Durban.**

This section examines the implication of implementing the CPA. The respondents were asked to indicate, "in their view", the increase in marketing expenditure in their businesses in the areas listed below in Figure 6-17.

The results in Figure 6-17 below indicate that there are extremes in the responses of respondents who believed that their marketing expenditure had increased.

**Figure 6-17 The implications of implementing the CPA**



With regard to re-drafting agreements and contracts, the responses were noticeably spread. Over half (53.03 %) pointed out that they had a 10-29 % increase in marketing expenditure. This was counteracted by 34.8 % who revealed that they had no increase in expenditure for this aspect. In terms of “Telephonic communication expenses”, 47.58 % of the respondents showed that there was a 10-29 % increase in marketing expenditure and 21.52 % stated that there was a nil increase regarding this aspect. A majority ( 63.2 %) of respondents indicated that they had a nil increase in their expenditure for re-labelling products into plain and understandable language; 21.7 % indicated that they experienced a 10-29% increase in their expenditure for labelling products into plain and understandable language; 52.1 % indicated that there was a 10-29 % increase in expenditure for creating customer care lines to handle customer queries, and 30.9 % indicated that there was no increase in expenditure to create customer care lines.

Almost a third (29.7 %) of respondents stated that they had an increase in administrative costs of between 10 to 29 % due to returns and refunds within the cooling off period; 59.1 % stated that there was no increase in costs regarding the disclosure of contents on their packaging; and 29.1 % indicated that there was a 10-29 % increase to their expenditure for disclosure of contents on their packaging.

Furthermore, 35.2 % of respondents reported that they had increased their expenditure for printing marketing brochures by 10-29 %; 29.7 % of respondents stated that their printing costs for printing brochures increased by 30-49 % and 57.4 % indicated that they had no increase in costs for in-store promotions, while 17.3 % of the respondents stated that they had a 10-29 % increase in their expenditure for in-store promotions.

The results of the analysis show that there was some increase to the overall promotions expenditure. This is not in accordance with the views of Gök and Hacıoglu (2013: 296). The authors however state that increasing financial pressure in many industries has led to a focus on short-term marketing measures and this short-term focus has forced reductions in marketing expenses.

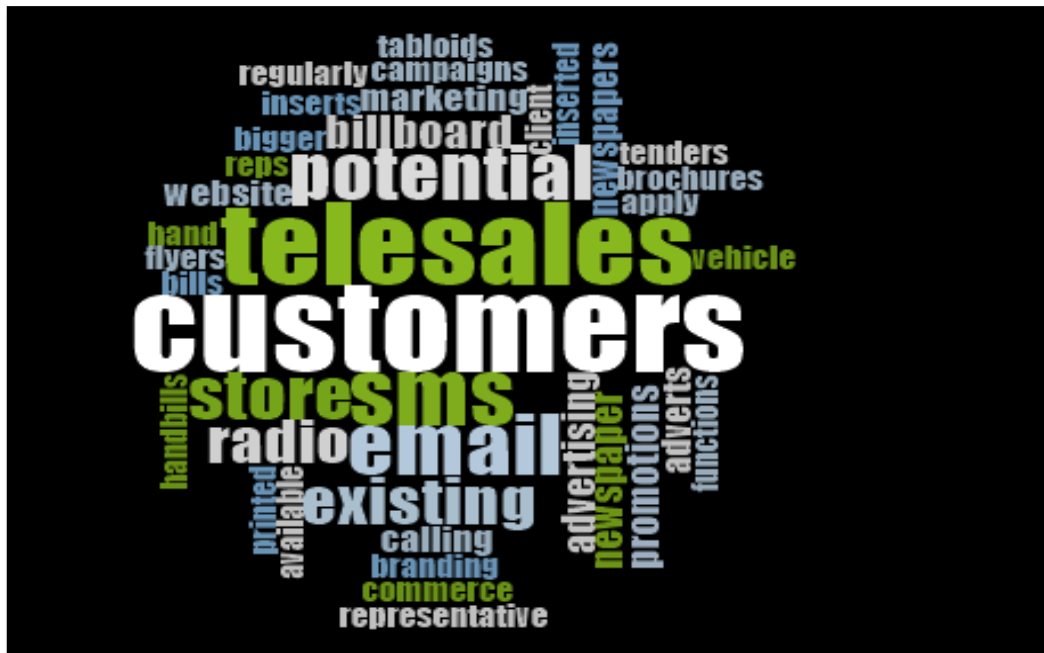
#### **6.4.2 Part B- Analysis of data from structured interviews with marketing managers**

The data from the interviews with marketing managers are analysed and discussed in relation to each of the objectives mentioned above.

##### **6.4.2.1 Objective 1: To explore the promotional strategies that retail business in Durban are presently using, as well as their preferred choice of such strategies and the reasons for such preferences**

Figure 6-18 below shows the promotions used currently in the respondents' businesses.

**Figure 6-18 Promotions strategies used currently**



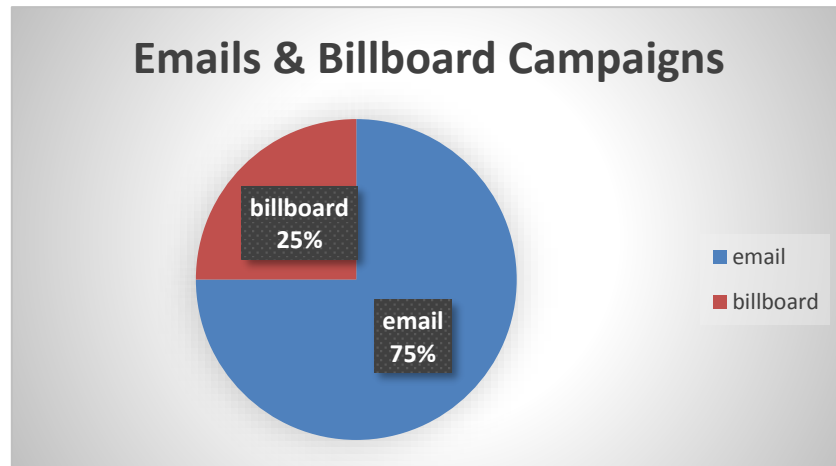
The word map above (Figure 6-18) shows that telesales to potential customers is one of the most frequently used promotions strategies. Radio, together with SMS, email and telesales are also used often. Further analyses were performed to easily break down the promotional strategies to obtain the results as follows:

#### 6.4.2.1.1 Email and billboard campaigns

Figure 6-19 below indicates the responses with regard to the use of email and billboard campaigns.



**Figure 6-19 Email and billboard campaigns**



#### **6.4.2.1.2 Email campaigns**

- Twelve participants stated that they had used Email campaigns; and
- Six participants indicated that they did not use Email campaigns.

The results show that more participants (12 of the 18 participants) used email campaigns and that this method of promotion is still preferred despite of the limitations imposed by the CPA. Conlon (2013: 1) emphasises that two hundred billion emails are sent daily, globally, and that email drives more searches than any other channel. Jacobsson, Granroth and Dumont (2014: 7) concur and state that the physical cost of emails are substantially less than other marketing tools, but can be as efficient as any other marketing tool.

#### **6.4.2.1.3 Billboard campaigns**

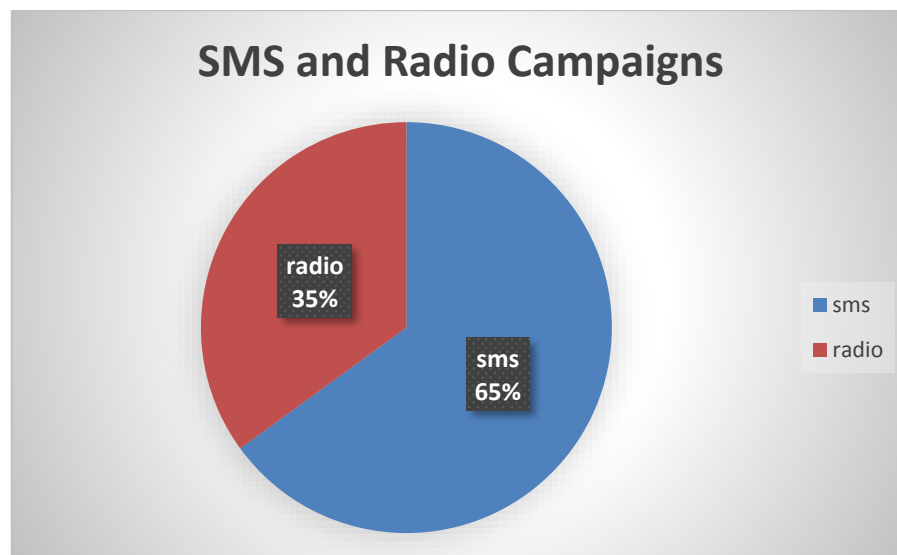
- Four participants who stated that they used billboard advertising; and
- Fourteen respondents indicated that they did not use billboard advertising.

From the responses, 14 participants indicated that they did not use billboard advertising. According to Shankar *et al.* (2011: 533) more people are moving away from traditional billboards and using *digital* billboards, and *digital* in-store display screens, which are cheaper forms of advertising. However, Alwan (2013: 1150) believes that billboard advertising is one of the most prominent forms of advertising in global markets. The author adds that globally, due to consumers' minimum amount of daily television viewing, global organisations recognise that outdoor advertising by means of billboards are the best format for reaching large market segments.

#### 6.4.2.1.4 SMS and radio campaigns

Figure 6-20 below indicates the responses with regard to SMS and radio campaigns used.

**Figure 6-20 SMS and radio campaigns**



#### **6.4.2.1.5 SMS campaigns**

- Fourteen participants (72 %) stated that they had used SMS campaigns; and
- Four participants (28 %) stated that they did not use SMS campaigns.

The results show that SMS campaigns are still preferred in retail businesses. A larger group of the participants indicated that they had used SMS campaigns.

#### **6.4.2.1.6 Radio campaigns**

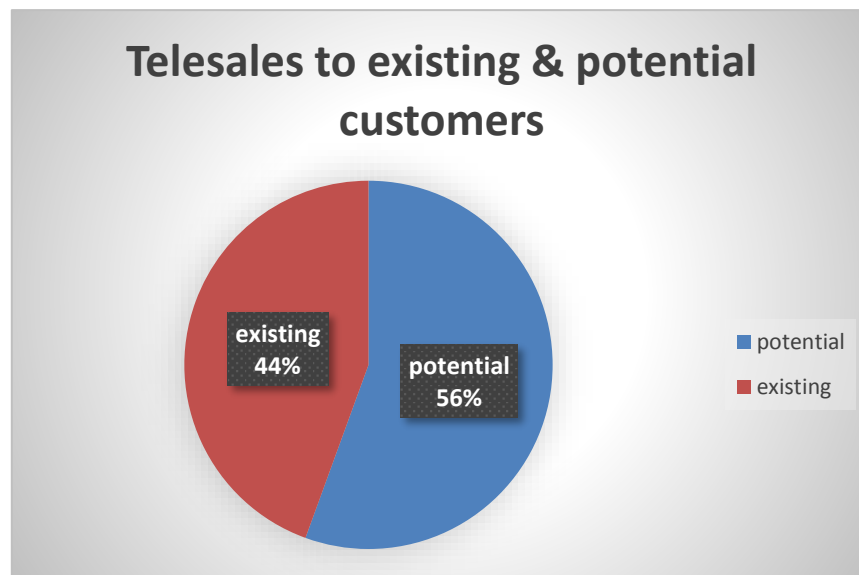
- Eight respondents indicated they had used radio advertising in their businesses; and
- Ten respondents stated that they did not use radio campaigns.

More participants indicated that they did not use radio advertising in their businesses.

#### **6.4.2.1.7 Telesales to existing and potential customers**

Figure 6-21 below indicates the analysis of telesales to existing and potential customers.

**Figure 6-21 Telesales to existing and potential customers**



#### **6.4.2.1.8 Telesales to existing customers**

- Nine participants indicated that they did not make use of telesales in their organisations with existing customers; and
- Nine participants stated that they made use of telesales to existing customers.

The results show that telesales to existing customers is still popular. Businesses use their existing staff to drive sales to their customers.

#### **6.4.2.1.9 Telesales to potential customers**

- Eleven of the participants who indicated that they had used telesales for potential customers; and
- Seven participants stated that they did not use telesales for potential customers

The results show that some businesses still target potential customers to derive sales and increase the customer base via regular telephonic contact.

#### 6.4.2.1.10 In-store promotions

Figure 6-22 below shows the word map of responses from the various participants with regard to in-store promotions.

**Figure 6-22 In-store promotions**



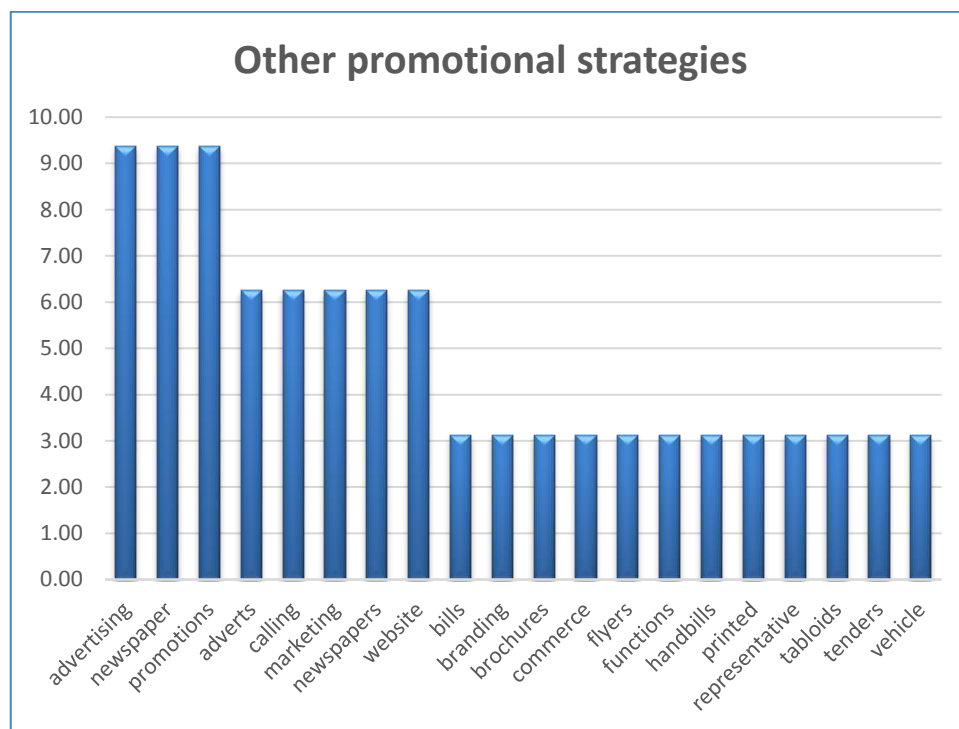
- Eleven participants (61 %) indicated that they had used in-store promotions; and
- Seven participants (31 %) stated that they had not used in-store promotions.

The word map in Figure 6-22 above shows a link between in-store promotions (represented by the word “promotions”) and various other advertising methods. All other words in the word map represent other promotional strategies used (i.e. vehicle branding, distribution of handbills, E-commerce, marketing representatives, calling on customers by marketing representatives, newspaper advertising, and website advertising). This is in agreement with the view expressed by Bellini, Cardinali and Ziliani (2011: 476) that in-store promotions are important loyalty tools for businesses and a marketing lever to differentiate products.

#### 6.4.2.1.11 Other promotional strategies

Figure 6-23 below indicates the responses with regard to “other” promotional strategies used by the participants.

**Figure 6-23 Other promotional strategies**



The participants indicated that they also made use of the following “other” promotions strategies to promote their products:

- Tenders (3.12 %);
- Marketing representatives (3.12 %);
- Handbill distribution (3.12 %);
- Flyer distribution (3.12 %);
- Distribution of brochures to bigger clients (3.12 %);
- Newspaper advertising (6.25 %);
- Calling on potential customers personally (6.25 %);

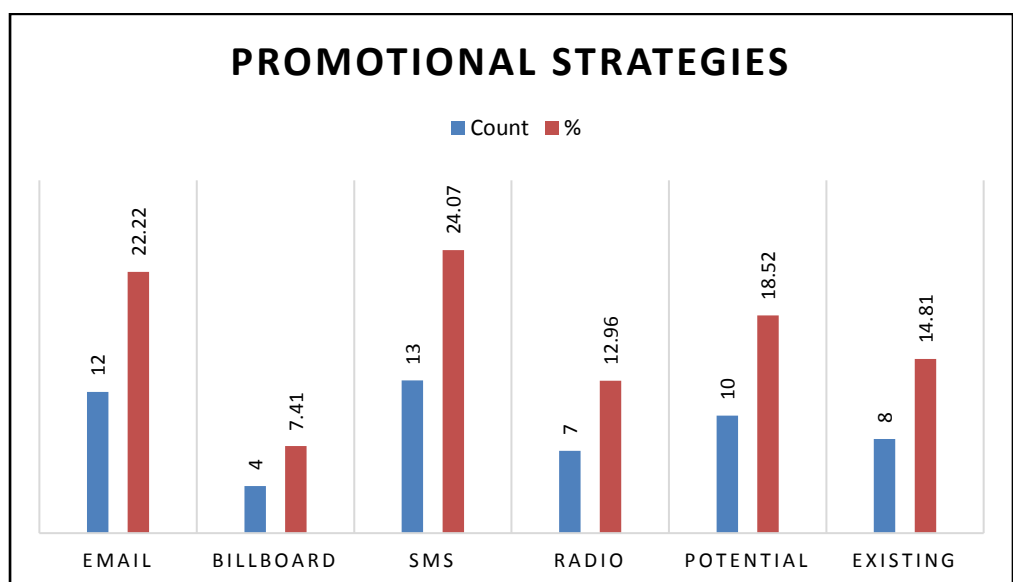
- Advertising via Facebook, Twitter, Web posters and leaflet distribution (9.25 %);
- The use of a trailer (9.25 %); and
- Newsprint Advertising (9.25 %).

The results show that newspaper advertising, calling on potential customers and advertising via Facebook, Twitter, Web posters, leaflet distribution and the use of a trailer and newsprint advertising has worked for these businesses over the years and they continue to use these methods to market their products. Goldman and Judin Incorporated (2011: 3) are of the view that social media is very popular and effective and grew by 17 % in 2010.

#### 6.4.2.1.12 Preferred promotional strategies

Figure 6-24 below shows the preferred promotional strategies.

**Figure 6-24 Preferred promotional strategies**



In Figure 6-24 above, one sees that the responses were as follows regarding the organisation's preferred promotional strategy:

Twelve participants (22 %) stated that they used emails. This is important to this study because it shows that despite of the limitations placed by the CPA, businesses are still using emails to connect with their customers to promote their products. There were also 4 participants (7.41 %) who used billboard advertising; and 13 participants (24.07 %) used SMS, while 7 participants (12.96 %) used radio advertising. Ten participants (18.52 %) used telesales to potential customers; 8 participants (14.81 %) used telesales regularly to existing customers and 2 participants (3.5 %) indicated that they employed marketing representatives to call on their customers. The results show that emails and SMS promotions are preferred by the businesses in the sample. This is in accordance with the views of Durant (2014: 1), who states that the users of emails grow exponentially each year. Tan, Chong and Lin (2013: 889-897) also agree that emails and SMS are invaluable as means of providing customer relationship services.

#### **6.4.2.1.13 Reason/ reasons why the promotional strategies are preferred**

The following themes were prominent in the responses of the respondents in terms of reasons why their preferred method of promotions were chosen:

- Creating more brand awareness and brand value;
- Targets a larger audience quickly;
- Ease of marketing reach and market segmentation, using an interactive platform;
- Cost-effectiveness;
- Better returns on investment;
- Taking samples to customers. Buyers are particular about the specifications that they order;
- Branding visibility in high traffic areas; and
- Personal contact with customers helps with customer retention.

The results show that these businesses' preferences for promotional tools are based on cost and reaching a larger target audience quickly. Jacobsson, Granroth and



Dumont (2014: 16) posit that email marketing delivers the highest return on investment. The authors advance that a number of businesses do not have the capital required in order to invest in large advertising campaigns or other cost intensive initiatives. However, emails' low cost makes it accessible to most companies.

#### **6.4.2.1.14 The promotional tool that stimulates the most purchases**

Figure 6-25 below indicates the promotional tool that stimulates the most purchases in the businesses in the sample.

**Figure 6-25 The promotional tool that stimulates the most purchases**



Figure 6-25 above shows the results of the analysis on the promotional tools that stimulate the most purchases.

- Three participants (16 %) indicated that email campaigns stimulated the most purchases;
- Six participants (33 %) indicated that newspaper advertising stimulated the most purchases; and
- The balance of the participants (50 %) did not respond to this question.

The results show that the businesses in the sample derived more sales from email campaigns and newspaper advertising. Clapham (2011: 32) agrees that email, done correctly, is the twenty-first century marketer's star turn. With regard to newspaper advertising, Battersby (2013: 2) is of the view that this form of traditional media outlet has opened up an almost unlimited number of possibilities in terms of disseminating information about one's product.

#### 6.4.2.1.15 The most cost-effective promotional strategy

Figure 6-26 below indicates the cost-effective promotion strategies.

**Figure 6-26 Cost-effective promotion strategies**



The majority (38 %) of participants indicated that email campaigns are the most cost-effective in their businesses; 16.67 % indicated that newspaper advertising was the most cost-effective in their businesses; 4.17 % stated that website advertising, tabloid advertising, SMS and newspaper, respectively, are the most cost effective; and 16.67 % indicated that radio advertising was the most cost-effective.

The results show that a higher percentage of participants indicated that email campaigns are the most cost-effective. This is in agreement with the views expressed by Jacobsson, Granroth and Dumont (2014: 46) that email marketing delivers the highest return on investment and that a great number of businesses do not have the capital required in order to invest in large advertising campaigns or other cost-intensive initiatives. However, the low cost of email makes it accessible to most companies. Email marketing is arguably the most powerful tool for building any business (Jacobsson, Granroth and Dumont 2014: 46-47). This is also in accordance with the views of Groves (2009: 8-15).

Figure 6-27 below indicates the Word map which shows the cost-effective promotional strategies.

**Figure 6-27 Word map – Cost-effective promotional strategies**



The Word map above in Figure 6-27 shows the responses from the participants and indicates that emails and newspaper advertising are deemed to be the most cost effective.

#### **6.4.2.1.16 Reasons for using the preferred promotional strategy**

The following themes emerged from the analysis on the reasons why the respondents use their preferred method of promotional strategy:

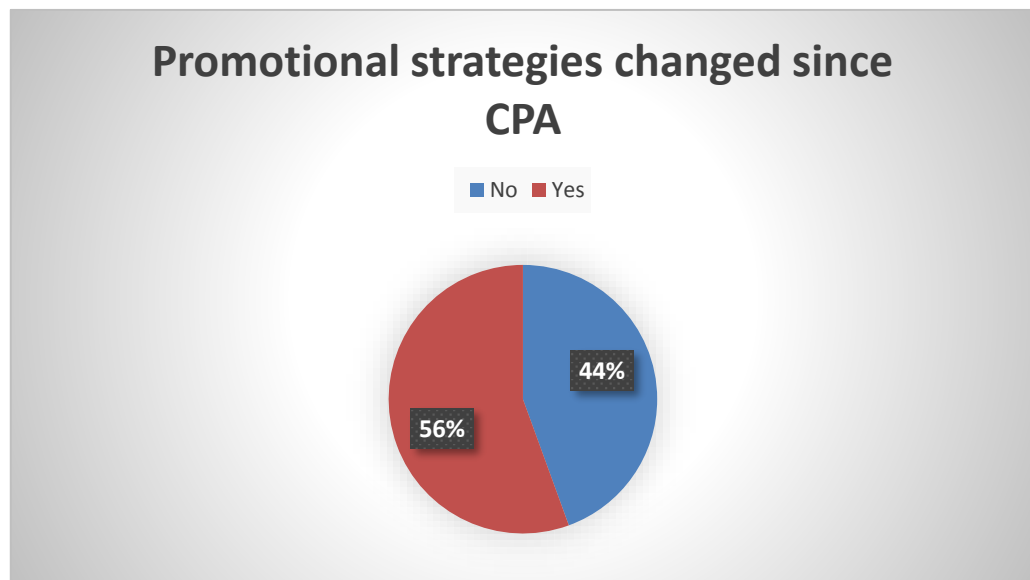
- Cost-effectiveness;
- Using minimal manpower;
- Obtaining bigger discounts from service providers; and
- Graphics/ images stimulate purchasing.

The results show that the cost-effectiveness is crucial for the participants. Some promotional methods are very labour-intensive. Therefore, businesses prefer a promotional method that uses minimal manpower. Some participants indicated that they benefited from discounts if they advertised or made use of bulk email campaigns for longer periods. Some participants found that the visual appeal was important to entice customers to purchase their product. They therefore deployed their own graphics design team. Shankar *et al.* (2011: S29-S42) also emphasise that retailers are now using cheaper forms of promotions.

#### **6.4.2.1.17 Changes to the promotional strategies since the CPA was implemented**

Figure 6-28 below indicates the changes to promotional strategies since the CPA was implemented.

**Figure 6-28 Changes to the promotional strategies since the CPA was implemented**



As illustrated in Figure 6-28 above, ten participants (56 %) stated that they had changed their promotional strategies and eight participants (44 %) stated that they had not changed their promotional strategies since the CPA had been implemented.

#### **6.4.2.1.18 Promotional strategies that were used in the past and reasons for changing their strategies**

In the past, retailers were not restricted in terms of communicating with customers. Subsequent to the CPA being implemented, several restrictions were imposed. This section discusses the responses to what promotional strategies were used in the past and it also discusses the reasons why retailers changed their promotional strategies.

The following themes emerged from the responses received from the interviewees as to what promotional strategies were used in the past:

- Customers were emailed with specials in the past;

- We used to visit clients personally at their convenience at their homes or their work premises;
- Newspaper inserts were used in the past;
- SMSs were sent out regularly to customers; and
- Cold calling was done by marketing representatives.

Al Muala and Al Qurneh (2012: 2) state that a suitable marketing mix assists business in terms of the savings of costs and time in developing and promoting the product. Prior to the CPA being implemented, businesses were able to contact clients at any time. Alhadid and Al-Zu'bi (2014: 11) state that all organisations now face challenges of strategic direction and long-term competitive advantages in a changing environment, whilst trying to analyse a target market and develop a marketing mix. Respondents used a combination of promotions to achieve their desired marketing goals. As highlighted above, in the past customers were emailed with specials, newspaper inserts were used, SMSs were sent out regularly to customers and cold calling was done by marketing representatives, without any restrictions.

Interviewees indicated that their marketing strategies have changed since the CPA has been implemented. The following reasons were volunteered as to why the participants had changed their promotional strategies:

- Marketing and sales teams are employed to call on customers on a weekly basis. Promotions companies are used to promote their products.
- Telesales are done to existing and potential customers.
- Client portfolios and estimates are prepared and emailed to customers for consideration.
- Personal visits to customers are minimised to save costs.
- Social media, in-store promotions, vehicle branding, promotional give-aways and trailer advertising are also preferred as promotional strategies in businesses.

- Trade promotions are negotiated with suppliers with the view to receiving rebates on stock ordered during promotions. Ailawadi *et al.* (2009: 45) posit that trade promotions are not really a value-add for retailers as retailers often fail to claim the trade promotion rebates that they were offered. Invoices from suppliers often do not reflect the true values of the deals and this could become a logistical nightmare as retailers try to recover “lost” money.

#### **6.4.2.2 Objective 2: To explore the provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban**

In the section that follows, the provisions of the CPA that affect the promotional efforts of retail businesses in Durban are discussed.

##### **6.4.2.2.1 Marketing strategies should not be discriminatory. Therefore suppliers may not supply goods/ services to certain groups of consumers (Section 8 of the CPA)**

In terms of discrimination and supplying certain products or services to certain groups of consumers, the following responses were received:

Twelve participants of the 18 stated that there was no significant impact of Section 8 on their businesses in terms of discrimination towards customers. These participants stated that they were already supplying good quality products at reduced rates to rural customers. They understood the needs of the customers and customised products according to the customers’ requirements if necessary. Only one participant stated that their marketing strategies were targeted differently for different groups. Different products are marketed in different areas and diverse promotional strategies are used in different areas. High-end products cannot be advertised in rural areas as this would be a wasted marketing spend. There were also five participants who stated that there was no impact to their business. The results show that Section 8 (which stipulates that suppliers may not supply goods/

services to certain groups of consumers) had **no significant impact** on the participants' businesses.

#### **6.4.2.2.2 The privacy of customers must be respected**

Section 11 of the CPA gives the consumer the right to restrict unwanted marketing by refusing to accept such marketing. Companies are not allowed to continue any unsolicited direct marketing of goods and services once a consumer has opted out. The participants offered the following responses with regard to how these impact on their promotional efforts:

- “Our reps call on the business owners directly to discuss their advertising requirements. This does not impact at all”;
- “Our customers consent to marketing during account opening (when they open their new accounts)”;
- “The optional-target market can opt out”;
- “Once the customers request that we unsubscribe them, then we have no choice but to respect this. We have “unsubscribers” on a daily basis. We have to find ways of acquiring a customer base continuously”;
- “We have changed our marketing methods and rely on leads and referrals”;
- “Every campaign has lots of people opting out. The E-Commerce site stimulates people subscribing and signing up for their newsletter. This assists in replacing old opt-out customers with new customers. We have to continually strive to grow the database to ensure customers receive their communication and promotions”;
- “It impacts significantly. We use the services of a marketing company that manages our database”;
- “Our SMS database is very small. This has no effect”;
- “It has enhanced the effectiveness of sales as we are only dealing with customers who want to deal with us”;
- “We don’t do telemarketing so that does not affect us, but we do SMS’ing to a certain degree, but not all the time (be)cause customer(s) get annoyed with SMSs ..with that said, our promotions still are successful because we are not reliant on direct marketing”;
- “We now only email to the balance of the subscriber list. SMS was the same. We have removed the names of those that have SMS’d “STOP” to opt out”;



- “We have customers regularly opting out. We cannot avoid that. Once they opt out, we lose the customer and there’s nothing we can do”;
- “We do not email without the customer’s consent”;
- “We have lost valuable customers because they have opted out and we cannot invite them to our promotions. We are quite confident that if the clients did not opt out, we would still have a good relationship with them and our regular emails would have enticed them to purchase because we use excellent graphics”;
- “No impact”;
- “This has affected us in the past, therefore we have changed our marketing strategies”; and
- “No impact. We don’t SMS and email our customers with marketing related information”.

Eight participants stated that they were being affected by the fact that customers opt out of their Email or SMS campaigns. Once the customers request to be unsubscribed, participants had no choice but to respect this and they had to continually strive to grow the database to ensure customers receive their communication and promotions. Two participants mentioned that their representatives call on the business owners directly to discuss their requirements and that this does not impact on their businesses at all. Eight participants mentioned that they only contacted opt-in customers. This has proved to be labour intensive initially. However, these opt-in customers remained on the database and genuinely wanted to receive their promotions and specials. The results show that Section 11 of the CPA (the privacy of customers must be respected) had **some impact** on the businesses in the sample.

#### **6.4.2.2.3 Section 12 of the CPA protects the privacy of the customer**

The participants responded as follows with regard to how Section 12 of the CPA has affected their communication, SMS campaigns or email campaigns after hours:

All 18 of the participants responded that Section 12 of the CPA had no impact on their marketing drives because they abided by this provision and did not contact their customers after hours or during weekends. The results show that this provision had **no impact** on the businesses in the sample.

#### **6.4.2.2.4 Section 11 gives customers the right to opt out of email campaigns and future emails**

This section of the qualitative analysis discusses the analysis of the various responses to the right to opt out of email campaigns.

##### **6.4.2.2.4.1 The right to opt out of email campaigns and future emails- (no impact on the business)**

Participants responded as follows regarding how Section 11 of the CPA has affected their promotional campaigns, and with regard to the maintenance of the organisation's databases. Eight participants indicated that there was no impact of Section 11 of the CPA on their businesses. Some of the reasons volunteered were as follows:

- “We don't have clients opting out. Our clients require our services and we send valuable advertorials to our clients, which they appreciate”;
- “Many people opt out of email campaigns daily. The website has to be used to attract new customers. Customers have to be invited to register for the newsletter. Once they register, then we have their email addresses and we grow our database in this way”;
- “We focus more on existing customers (cross- selling)”;
- “We have stopped email marketing because it proved not useful to our market”; and
- “We have regular competitions in our retail outlets to stimulate new leads and increase our database”.

##### **6.4.2.2.4.2 The right to opt out of email campaigns and future emails- (Some impact on the business)**

Seven participants indicated that Section 11 of the CPA had some impact on their business. Some of the responses were as follows:

- “It did affect marketing negatively, especially to new potential customers”;

- “We have decided not to email our customers and to advertise in newspapers instead. We are able to target customers that we have not emailed in the past. We use our database to merely inform customers about trading times and other miscellaneous information”.

#### **6.4.2.2.4.3 The right to opt out of email campaigns and future emails- (major impact on the business)**

Three participants indicated that Section 11 of the CPA had a major impact on their business. Some of the responses were as follows:

- “This has had a major impact. We have lost thousands of customers’ details as they have unsubscribed. We did not have the capacity to manage the opt-out facility, therefore we have outsourced this function”.
- “This has had a huge impact on our marketing. We get a lot of leads from our competitions, but customers also unsubscribe often and that puts an end to our communication with the customer. We have no control over this. We have therefore had to resort to cold canvassing door-to-door. Not only is this dangerous for our female staff, but to a certain extent it is very unprofessional. But we have no choice. Either that or face the risk of closing our business down. We service the community and depend on the individuals in this vicinity to support our business”.
- “We have lost several good customers”.

Eight participants indicated that there was no impact of Section 11 of the CPA on their businesses. Seven participants indicated that Section 11 of the CPA had some impact on their business and three participants indicated that Section 11 of the CPA had a major impact on their business. The results show that Section 11 of the CPA (which gives customers the right to opt out of email campaigns and future emails) had **some impact** on the businesses in the sample. From the responses above, clearly once the customer opts out the retailers lose contact with the customer and it is very difficult to acquire new leads to increase the emailing database. This is in agreement with the views of Waxer (2014: 1), who acknowledged that more and more marketers

are discovering that they need to connect email campaigns with complementary channels to create a powerful ecosystem for reaching more customers.

#### **6.4.2.2.5 Customers have the right to choose**

Bundling of goods is a common way of promoting items to move slow-selling items. According to Section 13 of CPA, the supplier should not bundle goods in such a way that the consumer is forced to buy additional goods or services from that supplier or enter into an additional agreement or transaction. The customer has the prerogative of buying items separately. Participants responded as follows with regard to whether Section 13 of the CPA had any impact on the organisation's promotions strategies:

##### **6.4.2.2.5.1 Bundling - (no impact on the business)**

With regard to "bundling" (Section 13 of the CPA), 8 Participants stated that this provision did not have any impact on their businesses and that the customer actually saw this as a cost-saving for them. One of these participants stated that they do not usually bundle goods together unless it is boxed (packaged) together by the supplier.

##### **6.4.2.2.5.2 Bundling - (impact on the business)**

Two of the participants who stated that "bundling" had an impact on their business and that they have discontinued "bundling". One participant stated that they do not string together packages like they used to. They now focus on customising packages according to customers' needs. The other participant stated that their suppliers used to frequently bundle items for promotions in the past. This has had to stop after the new legislation has been put into place. They now mostly sell individual items. If items are bundled, the customer could choose to purchase only one item from the pack.

#### 6.4.2.2.5.3 Bundling - benefits to the customer as well as the business

Eight participants experienced positive benefits of “bundling” for their businesses as well as customers. Some of the responses were as follows:

- “We have continued to bundle products and we have found this to be a huge drawcard. People look forward to an extra 20-30% of product as well as value packs that are bundled together. Customers have the option to purchase items separately if they wish”.
- “We do bundle related items. We bundle them together so that they are related, for example oil and an oil filter. These items go together and there is no doubt that through bundling these items, our customers will benefit from our trade discounts. We mostly market fast sellers”.

Clearly from the responses above, “bundling” can have mutual benefits for the customer as well as the business entity. A notable 44% of participants stated that this provision **did not have any impact** on their businesses; while 10% stated that “bundling” had **impacted** their business and that they have discontinued it; and 42% experienced the **positive benefits** of “bundling” for their business as well as customers. Slabbert *et al.* (2011: 178) agree that the bundling of goods is permitted. However, the convenience of bundling should not outweigh the limitation on the freedom of choice of the consumer; if it is to the economic benefit of the consumer and if the services or bundled goods are also offered separately at individual prices.

#### 6.4.2.2.6 The customer has the right to disclosure of information

Section 22 of the CPA demands that contracts and advertising material must be in plain and understandable language. Businesses are also required to inform and educate disadvantaged customers. Participants were asked to indicate if their organisation changed contracts, labelling or made any other changes to marketing material in an effort to be compliant with this section of the CPA.

A large group of participants (15) indicated that they used simple language and do not use fine print and clauses. Furthermore, they ensured that labels were always

clear and legible. The balance of the participants (3) indicated that they had changed the wording of their contracts to meet the CPA compliance requirements. The results show that Section 22 of the CPA has **had an impact** on the businesses in the sample and that they have changed their contracts and labelling to ensure that everything related to the sale is in clear, understandable language. Erasmus (2013: 2) states that Section 22 of the CPA does not insist that the information is in the official language. However, the information must be in plain language that is appropriate to the class of persons that the goods or services are aimed to.

#### **6.4.2.2.7 The customer has the right to fair and honest marketing**

Section 34 of the CPA focusses on promotional offers and gives the customer the right to fair and honest marketing. This entails clearly stating the details about the prize, reward, gift, free goods or service, price reduction or concession, enhancement of quantity or quality of goods or services or other discounted items being offered. Participants were asked to explain if this has had any effect on their organisation's marketing and logistics:

All 18 participants stated that Section 34 of the CPA has had **no impact** on the organisations' marketing and logistics. Although the participants indicated that Section 34 had no effect on companies' marketing and logistics, some participants stated that they indemnified themselves in the following ways:

- "We don't use ambiguous terms and ensure that discounts and specials are clearly explained. Validity periods have to be included in all our advertisements";
- "We have a compliance pack that each customer signs off following a successful financial planning transaction. Clients also sign a declaration document to confirm that they understand the process flow and this also indemnifies us. They also sign a record of advice to ensure they understand the advice given to them";

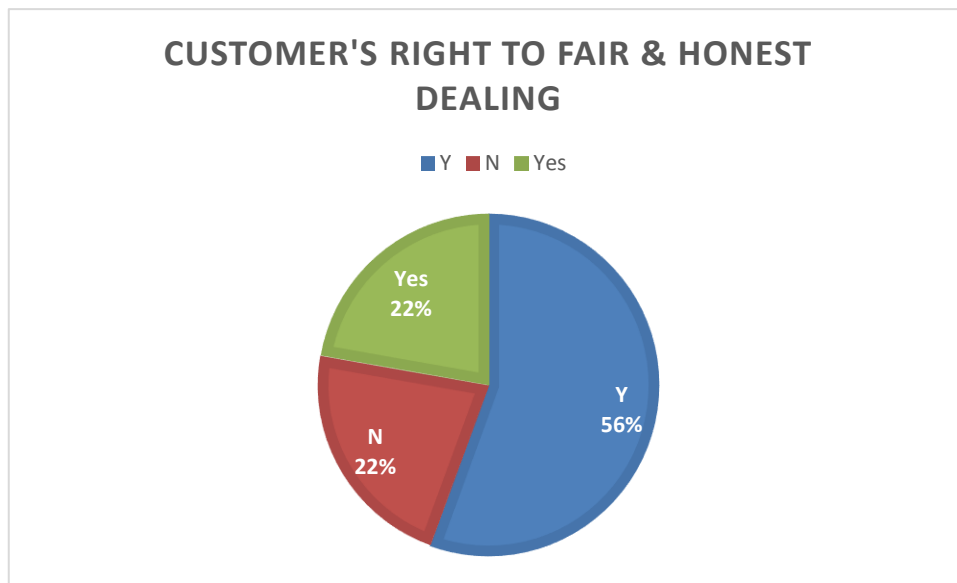
- “5 A3 Posters have been put up in our credit/ returns department –in large print so that customers are aware of their rights in terms of the CPA. The numbers for the Ombud for consumer protection are clearly displayed”;
- “We print Ts & Cs on our competition flyers. We have had to become more clear and specific with regard to a prize or giveaway”; and
- “We have invested in an updated website. Customers can get the specifications of the products, availability, etc. from the website.

From the responses highlighted above, it is clear that although businesses comply with fair and honest marketing, they also need to put measures in place so that they indemnify themselves against unintentional misleading marketing and the risk of customers reporting them for non-compliance. This finding is in agreement with the views of Reddy and Rampersad (2012: 7410). The results show that Section 34 of the CPA (which focusses on promotional offers and gives the customer the right to fair and honest marketing) had **no impact** on the businesses in the sample.

#### **6.4.2.2.8 The customer has the right to fair and honest dealing**

Figure 6-29 below shows the analysis with regard to the customer having the right to fair and honest dealing.

**Figure 6-29 The customer has the right to fair and honest dealing**



#### **6.4.2.2.9 Over-selling or over-booking**

As per Section 47 of the CPA, a supplier cannot over-sell or over-book and cannot accept payments for any goods or services if such goods and services are not available. Participants were asked to indicate if this has had any impact on promotions or joint trade promotions with their suppliers.

A large group of the participants (15) indicated that this provision had some impact on their business, while the balance of the (3) participants stated that Section 47 had no impact on their businesses. The results show that Section 47 had **some impact** on the businesses in the sample. Reddy, Mohamed and Naidoo (2017: 3) also express the view that Section 47 of the CPA has had some impact on businesses as they were forced to change their practices with regard to over-booking and over-selling.

#### **6.4.2.2.10 The impact of Section 47 on the business**

The following responses were received on how Section 47 of the CPA (which stipulates that a supplier cannot over-sell or over-book and cannot accept payments



for any goods or services if such goods and services are not available) has impacted on the participants' businesses:

- “We cannot over-book advertising space with the hope that someone cancels. We have to confirm the exact space booked”;
- “We have to ensure that our service providers overseas have guaranteed packages that we block-book in advance”;
- “Sometimes our promotional inserts get distributed before our stock arrives from suppliers. We are now unable to secure the sale unless our stock is available on the floor”;
- “We have to ensure that suppliers have all the items that we advertise before we launch any promotion”; and
- “We are manufacturers and we sometimes accept payments for products from new customers if it is a special order. If we have breakdowns in production and downtime, then this impacts on the turnaround time to supply. Because we have already accepted payment and cannot deliver, this becomes a major issue.

From the qualitative responses highlighted above, it is evident that Section 47 of the CPA has had **some impact** on the retail businesses in the sample. The retailers indicated that stock control was crucial and they had to ensure that they had the stock available before they advertised or had any type of promotion. Retailers were also not permitted to make promotional offers with the intention of not fulfilling them in a manner other than as offered. Reddy and Rampersad (2012: 7401-7405) concur with this and add that retailers will need to ensure that they have adequate stock or the service available to accommodate all reasonably anticipated demands resulting from the offer.

#### **6.4.2.2.11 Negative option marketing**

In terms of Section 31 of the CPA, negative option marketing is prohibited whereby a customer is supplied goods for a trial period and is entitled to return the items if they do not wish to keep them. Participants were asked to indicate if their businesses

offered this kind of facility. The majority of participants indicated that they did not offer the facility of negative option marketing, while some participants indicated that they offered this service, whereby the customer could try out a product and return it if it was not suitable.

#### **6.4.2.2.12 The impact of negative option marketing on administrative costs**

Participants were asked to indicate if Section 31 of CPA, which prohibits negative option marketing, had any impact on their businesses. The responses were as follows:

A large group of participants (15 of the 18 participants) indicated that negative option marketing was not applicable to their businesses. Some comments from the balance of the participants were as follows:

- “One of our Dishwasher suppliers allows a one-month free trial of the dishwasher without any obligations to purchase. If the customer is not satisfied with the product, then it involves a fair amount of administrative work”;
- “Our suppliers provide lots of samples regularly. These are offered on a trial basis to the customer- if they are happy, they re-purchase the same product”; and
- “We offer some products on a trial basis. However, the customer is not obliged to return the samples. These free giveaways entice the customer to purchase more products on a regular basis. The samples are trial size and are usually supplied by our service providers and are at no cost to us”.

Monty (2012: 55) expresses the view that negative option marketing can be regarded as engaging in conduct which in the ordinary course of business could be construed as inducing or attempting to induce a consumer into a transaction. From the responses highlighted above, it is evident that negative option marketing had **no impact** on the businesses in which the interviewees worked.

#### **6.4.2.1 Objective 3: To determine the measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA**

Participants were asked to state what measures their company had adopted to address the restrictions placed by the CPA. The following responses were received:

- “The use of mobile trailers (to advertise on busy intersections), employing more marketing representatives, purchasing of more vehicles for marketing purposes, paying a company to manage the database and unwanted emails and paying for an online customer management system”;
- “More printing of marketing material and newspaper advertising is being done. Free trial samples and free assessments and consultations to organisations and schools is done to try to establish trust and loyalty. These measures are costly to implement and sustain. Other measures include facilitating more staff training on how to treat customers fairly, and returns and complaints procedures; implementing complaints handling procedures; only acting on clients’ mandates; getting written permission from clients to correspond with them via email; and respecting the privacy of customers by not contacting them after hours or without their permission. These measures are, however, very labour-intensive”; and
- “Social media is also used to direct traffic to the websites and generate sales. This is a cost-efficient method of promoting one’s product”.

Bellini, Cardinali and Ziliani (2011: 480) agree that new mobile and social technologies are a turning point in retail because they redefine what is “mass” and what is “targeted” and personalised. The authors add that until now, it was possible to isolate a segment of customers for a promotion, but now these customers can widen the segment by instantly sharing the benefits with their network of friends.

**6.4.2.2 Objective 4: To determine the implications of the implementation of the CPA on promotions expenditure for retail businesses in Durban**

Participants were asked to indicate if their promotions expenditure had increased subsequent to the CPA being implemented. Some of the responses were as follows:

- “We have spent a lot on branded vehicles. Each marketing representative has their own company branded vehicle. Our reps used to spend 50% of their time in the office before. We now have assistants for them (internally) and prefer that they are out calling on new and existing customers for about 80% of their work time. This incurs added costs in terms of fuel”;
- “We are spending more on purchasing databases with qualified leads. We now have a marketing department that controls and implements all email campaigns and promotions. We also run more competitions and have to pay for the travel packages up-front. Our marketing spend has gone up by approximately 60%”;
- “Our promotions expenditure has gone up by approximately 40%”;
- “Our promotions expenditure has gone up over 60%. The cost of hi-gloss paper and printing has gone up drastically over the last 6 years”;
- “We spend a lot more on newspaper advertising. We operate in a specific region and service this target market”;
- “The cost to the company has since increased around 30%”;
- “We pay 2 marketing reps to cold canvass. This is costing us for 2 more personnel on our payroll”;
- “The expenditure has increased by approximately 50% as we are using other promotional tools besides SMS and emails. We also pay more salaries to staff to have these promotions during weekends. This is outside the ambit and scope of their work and we have to unfortunately incentivise our staff to conduct these promotions”;

- “Our promotions expenditure has increased by 70%. We only advertise in the newspapers and include discount vouchers. This really entices the customers to visit our showroom”; and
- “There has been a 15% increase in promotions expenditure”.

A small number (8) of participants stated that there was no real increase in their promotions expenditure, while the majority of participants (10) experienced a major increase to their promotions expenditure. The increase in marketing and promotions expenditure has arisen from costs for the purchase of branded vehicles for each marketing representative; purchasing databases with qualified leads; outsourcing all email campaigns and promotions; more competitions; increased newspaper advertising; and the employment of more marketing representatives.

The results show that there was **some impact** to the promotions expenditure in the organisation, subsequent to the CPA being implemented. This is contrary to the views of Gök and Hacıoglu (2013: 295-296).

#### **6.4.3 Advantages / benefits of the CPA to retailers and customers**

If customers perceive a business to be compliant with all the applicable legislation and are socially responsible, then the business is positioned better in the marketplace as customers want to deal with them. In terms of the CPA (Section 72), companies are obligated to elect a social and ethics committee to check on their activities and report on social and economic development, as well as how equality and the development of the communities in which they operate have been promoted. Participants were asked to indicate if their organisation experienced any similar benefits/ advantages after implementing the CPA.

#### **The following benefits have been highlighted:**

Businesses now have a customers complaints procedure and there is an attempt to minimise customer complaints. Since they timeously rectify issues, customers appreciate this and tend to be more loyal. They now receive excellent feedback regularly from customers via their websites. This helps them to improve their service

offerings. Eleven participants indicated that they had not received any major benefits or advantages in complying with the CPA. Chirwa (2013: 5-10) is of the view that there are significant consequences of not complying with the CPA. According to the author, if businesses do not comply, there can be a loss of trust from customers; a loss of market share if competitors comply and the business entity does not; fines; incarceration; and the loss of listings for larger companies.

#### **6.4.4 Other comments and suggestions regarding the CPA**

Participants were asked to share any additional comments or suggestions that they had regarding the CPA. The responses have been summarised as follows (*the complete list of responses is found in Annexure 5*):

Participants indicated that marketing is very expensive and business owners need to use cashflows from their businesses to market and promote their business. Unfortunately, marketing may only generate business many months later and they have to carry these costs with the hope that turnover increases. The returns from customers were costly to administer and the collection, administration and returns process is very labour-intensive.

Eight participants who indicated that the returns from customers were costly to administer and that the collection, administration and returns process was very labour-intensive. Two participants stated that the CPA has had a negative impact on their marketing and customer retention strategies and they stated that new potential customers get offended when they email them because they are aware of their rights. One participant stated that they had several incidents where the customer insisted that the products were damaged when they opened up the boxes, yet it was evident that there was rain damage (the stock had been stored outdoors).

Further, according to the participants, the CPA has had a negative impact on some marketing and customer retention strategies as potential customers get offended when they are emailed without permission. When products are damaged and customers insist that the products were damaged before they arrived, it was hard to

ascertain if the damage was as a result of customer negligence or because of damage in transit. However, the business is obligated to pick up the damaged goods and replace it with new goods. This incurs additional transportation and administrative costs. The customer may be in a worse-off situation as a result of suppliers absolving themselves if goods are damaged. The customer is now faced with the challenge of proving that the goods were in fact damaged or malfunctioned before they took delivery of the goods. This finding is in agreement with the views expressed by Naude (2011: 342).

Responses from the structured interviews revealed that compliance with the CPA had the advantage of contributing to the image of the business. Consumers are most likely to purchase from a retailer that engages in fair and responsible practices. The participants, however, merely focussed on how the CPA has impacted on their customer retention strategies and increased marketing expenditure. They did not indicate if the CPA had any positive benefits to their businesses. Mugobo and Malunga (2015: 230) are of the view that compliance with the CPA has several benefits, namely it protects brand reputation, brand equity and most importantly the relationship with the customer. The authors add that the CPA should be seen as a key market requirement and a business investment, and thereby sales will inevitably follow.

The results show that there was **some impact** in respect of the returns from customers, which were costly to administer and the collection, administration and returns process was very labour-intensive. The CPA has also had **some impact** on the marketing and customer retention strategies of the businesses in the sample. The process of getting a claim finalised is a very long and tedious one. This is currently not always in the customer's favour. It is a real challenge to get refunds and exchanges. Manufacturers have re-drawn clauses in their own favour. The retailer has to refund the customer, even if a customer purchased a year ago, as long as the goods are still in their original packaging. Adjustments have been made to other budgets to accommodate the increased marketing costs. The CPA has had **some impact** on the advertising strategies of businesses in the sample and some

of them have changed their strategies and are relying on passing traffic seeing their signage and stopping at their premises to do business.

The suggestions by the participants are valuable. Setting up a consortium for all retailers in a particular industry can benefit the members in terms of trade discounts, joint promotions and group advertising. Having regular focus groups with industry experts can assist with identifying gaps and assist in generating ideas regarding customer retention. Regular advertorials with customer success stories and testimonies give credibility to products and create more customer loyalty. Customers stay abreast with the latest technology. Therefore retailers need to also update themselves regularly and ensure that they have the latest formats and capabilities to communicate effectively with their customers. Industry-specific marketing agents are also being used. Keeping customers updated regularly with product information and enhancements to product specifications are also another valuable suggestion. Retailers can use their various communication methods to share this information. For example, monthly statements, letters, emails and newspaper advertorials.

The deployment of industry-specific marketing agents who market to a targeted customer base within that industry is an important suggestion. This can be much cheaper than employing their own marketing representatives and having dedicated vehicles for these representatives. It has also been recommended that Website advertising and the use of “AdWords” and “Google Search Optimisation” (SEO) should still be used to complement promotions.

## **6.5 Hypothesis testing**

A statement of statistical significance is required in a traditional approach to reporting. A p-value is generated from a test statistic. A significant result is indicated with “ $p < 0.05$ ”. All values without an \* (or p-values more than 0.05) do not have a significant relationship.

A second Chi-square test is performed to determine whether there is a statistical significant relationship between the variables (rows vs columns). The rule is: the null



hypothesis states that there is no association between the two variables. The alternate hypothesis indicates that there is an association between the two variables.

### 6.5.1 Gender versus SMS campaigns

This section examines the relationship between gender and the SMS campaigns co-ordinated by retailers in businesses in Durban. The p-value between “Gender” and “SMS campaigns” is 0.038. This means that there is a significant relationship between the two variables, that is the gender of the retailer plays an important role in terms of whether SMS campaigns are used for promotions in Durban.

**Table 6-25 Chi-square test: Gender versus SMS campaigns**

		<b>SMS campaigns</b>
<b>Gender</b>	Chi-square	10,171
	df	4
	Sig.	.038*

### 6.5.2 Age versus email campaigns

This section examines the relationship between age and email campaigns co-ordinated by retailers in businesses in Durban. The p-value between “Age” and “Email campaigns” is 0.038. This means that there is a significant relationship between the two variables, that is the age of the retailer plays an important role in terms of whether email campaigns are used for promotions in Durban.

**Table 6-26 Chi-square test: Age versus email campaigns**

		Email campaigns
<b>Age</b>	Chi-square	27,337
	df	16
	Sig.	.038*

### **6.5.3 Educational qualifications versus email campaigns**

This section examines the relationship between educational qualifications and the email campaigns co-ordinated by retailers in businesses in Durban. The p-value between “Educational qualifications” and “Email campaigns” is 0.000. This means that there is a significant relationship between the two variables, that is the educational qualifications of the retailer plays an important role in terms of whether email campaigns will be used for promotions in Durban.

**Table 6-27 Chi-square test: Educational qualifications versus email campaigns**

		Email campaigns
<b>Educational qualifications</b>	Chi-square	51,163
	Df	16
	Sig.	.000*

#### 6.5.4 Gender versus email campaigns

This section examines the relationship between gender and the email campaigns co-ordinated by retailers in businesses in Durban. The p-value between “Gender” and “Email campaigns” is 0.381. This means that there is no significant relationship between the two variables, that is the gender of the retailer does not play an important role in terms of whether email campaigns are used for promotions in Durban.

**Table 6-28 Chi-square test: Gender versus email campaigns**

		Email campaigns
Gender	Chi-square	4,187
	df	4
	Sig.	0,381

#### 6.5.5 The consumer’s right to cancel advance reservations and bookings (in terms of Section 17 of the CPA) versus email campaigns

This section examines the relationship between the consumer’s right to cancel advance reservations and bookings (in terms of Section 17 of the CPA) and the email campaigns co-ordinated by retailers in businesses in Durban. The p-value between “The consumer’s right to cancel advance reservations and bookings (in terms of Section 17 of the CPA)” and “Email campaigns” is 0.000. This means that there is a significant relationship between the two variables, that is the consumer’s right to cancel advance reservations and bookings (in terms of Section 17 of the CPA) plays an important role in the planning and co-ordination of email campaigns.

**Table 6-29 Chi-square test: The consumer's right to cancel advance reservations and bookings (in terms of Section 17 of the CPA) versus email campaigns**

		<b>Email campaigns</b>
<b>The consumer's right to cancel advance reservations and bookings (in terms of Section 17 of the CPA)</b>	Chi-square	118,665
	Df	16
	Sig.	0.000

#### **6.5.6 The consumer's right to opt out of email campaigns (in terms of Section 11 of the CPA) versus email campaigns**

This section examines the relationship between the consumer's right to opt out of email campaigns (in terms of Section 11 of the CPA) and the email campaigns coordinated by retailers in businesses in Durban. The p-value between "The consumer's right to opt out of email campaigns (in terms of Section 11 of the CPA)" and "Email campaigns" is 0.000. This means that there is a significant relationship between the two variables, that is the consumer's right to opt out of email campaigns (in terms of Section 11 of the CPA) plays an important role in terms of the retailers' future email campaigns in Durban.

**Table 6-30 Chi-square test: The consumer's right to opt out of email campaigns (in terms of Section 11 of the CPA) versus email campaigns**

		Email campaigns
The consumer's right to opt out of email campaigns (in terms of Section 11 of the CPA)	Chi-square	177,964
	df	16
	Sig.	0.000

**6.5.7 The provision which protects the privacy of the customer and prohibits marketing during certain days and at certain times (in terms of Section 12 of the CPA) versus SMS campaigns**

This section examines the relationship between the provision which protects the privacy of the customer and prohibits marketing during certain days and at certain times (in terms of Section 12 of the CPA) and the SMS campaigns co-ordinated by retailers in Durban. The p-value between "The provision which protects the privacy of the customer and prohibits marketing during certain days and at certain times (in terms of Section 12 of the CPA)" and "SMS campaigns" is 0.000. This means that there is a significant relationship between the two variables, that is the provision which protects the privacy of the customer and prohibits marketing during certain days and at certain times (in terms of Section 12 of the CPA) plays an important role in terms of the way SMS campaigns are co-ordinated in retail businesses in Durban.

**Table 6-31 Chi-square test: The provision which protects the privacy of the customer and prohibits marketing during certain days and at certain times (in terms of Section 12 of the CPA) versus SMS campaigns**

		<b>SMS campaigns</b>
<b>The provision which protects the privacy of the customer and prohibits marketing during certain days and at certain times (in terms of Section 12 of the CPA)</b>	Chi-square	165,294
	Df	16
	Sig.	0.000

## **6.6 Summary of the findings of the qualitative study**

Eighteen structured interviews were conducted with marketing managers or business owners. The purpose of conducting the structured interviews was to gather rich data via more open-ended questions. From the sample of participants 83% had more than 5 years of work experience in a marketing role. All eighteen participants were senior managers and directly involved with all the decision-making of the marketing activities of the business.

Businesses were using Email campaigns; SMS campaigns; telesales to existing customers; telesales to potential customers; in-store promotions; billboard campaigns and radio campaigns. The results show that more respondents used Email and SMS campaigns. Together with this, a personalised service to customers and relationship marketing are preferred.

The results show that radio advertising, together with SMS, email and telesales are used often by the participants. Email campaigns are still preferred in spite of the limitations imposed by the CPA. Not many businesses are using billboards and radio campaigns to promote their products. In-store promotions are conducted by 61% of

the participants. Other promotional strategies used by the participants include vehicle branding, distribution of handbills, E-commerce, marketing representatives, calling on customers by marketing representatives, newspaper advertising, and website advertising.

The results of the analysis also shows that newspaper advertising, calling on potential customers and advertising via Facebook, Twitter, Web posters, leaflet distribution, and the use of a trailer and newsprint advertising has worked for these businesses over the years and they continue to use these methods to market their products. Emails and SMS's campaigns are the preferred promotional strategies in the businesses in the sample. Businesses' preferences for promotional tools are based on cost, and reaching a larger target audience quickly. When trade discounts and promotions are secured, retail businesses need to get their advertisements out as quickly as possible. The success of the product life cycle depends on more customers being reached quickly in order for them to have a competitive edge. The businesses in the sample derived more sales from email campaigns and newspaper advertising.

A higher percentage of respondents indicated that email campaigns were the most cost effective. The respondents have indicated that their marketing strategies have changed since the CPA has been implemented. The results of the qualitative analysis shows that marketing and sales teams are employed to call on customers on a weekly basis. Telesales is done to existing and potential customers. Client portfolios and estimates are prepared and emailed to the customers for consideration. Personal visits to customers are minimised to save costs. Social media, in-store promotions, vehicle branding and trailer advertising are also preferred as promotional strategies in businesses. Trade promotions are negotiated with suppliers with the view to receiving rebates on the stock ordered during the promotions.

## **6.7 Triangulation**

Triangulation assists the researcher with the convergence of data collected by various methods in a study to enhance the credibility of the research findings. Triangulation ultimately fortifies and enriches a study's conclusions (Sonja, Matjaž and Mazurek 2014: 577). Four hundred questionnaires were administered to retail businesses in Durban that were on the Durban Chamber of Commerce listing. Eighteen structured interviews were also conducted with marketing managers or business owners. This combination of methods involves the collection, analysis and integration of quantitative and qualitative data in a single study.

The following themes were used in this study, and are triangulated accordingly:

1. Types of Promotional Strategies used in the business.
2. Provisions that affect promotional strategies.
3. Measures adopted to address the restrictions of the CPA.
4. Implications of implementing the CPA.

### **6.7.1 Types of Promotional Strategies used in the business**

Businesses were using Email campaigns; SMS campaigns; telesales to existing customers; telesales to potential customers; in-store promotions; billboard campaigns and radio campaigns. The results show that more respondents used Email and SMS campaigns. Together with this, a personalised service to customers and relationship marketing are preferred.

The results show that radio advertising, together with SMS, email and telesales are used often by the participants. Email campaigns are still preferred despite the limitations imposed by the CPA. Not many businesses are using billboards and radio campaigns to promote their products. In-store promotions are conducted by 61% of the participants. Other promotional strategies used by the participants include vehicle branding, distribution of handbills, E-commerce, marketing representatives,



calling on customers by marketing representatives, newspaper advertising and website advertising.

### **6.7.2 Provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban**

With respect to the provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban, the following results are evident from the analysis:

#### **6.7.2.1 Marketing strategies should not be discriminatory**

The results show of the structured interviews show that Section 8 (which stipulates that suppliers may not supply goods/ services to certain groups of consumers) had **some impact** to the participants' businesses and that the businesses are adhering to Section 8 of the CPA by ensuring that there is no discrimination when marketing to different groups of consumers. The findings from the questionnaires were in agreement with those of the structured interviews on this particular aspect.

#### **6.7.2.2 The privacy of customers must be respected**

The results of the structured interviews show that Section 1 of the CPA (which stipulates that the privacy of customers must be respected) had **some impact** on the businesses in the sample. The findings from the questionnaires were in agreement with those of the interviews on this particular aspect.

Section 12 of the CPA protects the privacy of the customer and prohibits marketing during certain days and at certain times. The results show that Section 12 **had no impact** on the businesses in the sample. The findings from the questionnaires were in agreement with those of the interviews regarding this.

#### **6.7.2.3 The customer's right to restrict unwanted marketing**

The results of the structured interviews show that Section 11 of the CPA (which gives customers the right to opt out of email campaigns and future emails) had **some impact** on the businesses in the sample. The findings from the questionnaires were in agreement with the findings from the structured interviews and also show that businesses in the sample have been taking cognisance of Section 11 of the CPA and have been respecting customers' privacy.

#### **6.7.2.4 Customers have the right to choose their products and suppliers**

The results of the structured interviews show that Section 13 of the CPA (which stipulates that the supplier should not bundle goods) has had some impact and some positive **benefits** on the businesses in the sample. The findings from the questionnaires were in agreement with the findings of the structured interviews regarding this aspect.

#### **6.7.2.5 The right to disclosure of information**

The results of the structured interviews show that Section 22 of the CPA, (which demands that contracts and advertising material must be in plain and understandable language) has **had an impact** on the businesses in the sample and that they have changed their contracts and labelling to ensure that everything related to the sale is in clear, understandable language. The findings from the questionnaires were in agreement with the findings of the structured interviews on this particular aspect.

#### **6.7.2.6 The customer has the right to fair and responsible marketing**

The results of the structured interviews show that Section 34 of the CPA (which focusses on promotional offers and gives the customer the right to fair and honest marketing) had **no impact** on the businesses in the sample. The findings

from the questionnaires showed that there was some impact and **differed** with those of the findings from the structured interviews on this particular aspect.

#### **6.7.2.7 The customer has the right to fair and honest dealing**

The results of the structured interviews show that Section 47 of the CPA (which stipulates that a supplier cannot over-sell or over-book and cannot accept payments for any goods or services if such goods and services are not available) had **some impact** on the businesses in the sample. The findings from the questionnaires were in agreement with those for the structured interviews on this particular aspect.

The results of the structured interviews also show that Section 31 of the CPA (which stipulates that negative option marketing is prohibited) had **no impact** on the businesses that the participants worked in. The findings from the questionnaires differed from those for the interviews with regard to this section.

#### **6.7.2.8 The measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA**

The responses from the structured interviews reveal that some of the measures being adopted to address the restrictions of the CPA are the use of mobile trailers; employing more marketing representatives; purchasing more vehicles for marketing purposes; paying a company to manage the database and unwanted emails; and paying for an online customer management system. More printing of marketing material and newspaper advertising is being done. Free trial samples and free assessment and consultations to organisations and schools is done to try to establish trust and loyalty. These measures are costly to implement and sustain. Other measures included facilitating more staff training on how to treat customers fairly; returns and complaints procedures; implementing complaints handling procedures; only acting on clients' mandates; getting written permission from clients to correspond with them via email; and respecting the privacy of customers by not contacting them after hours or without their permission. These measures are,

however, very labour-intensive. Social media is also used to direct traffic to the websites and generate sales. This is a cost-efficient method of promoting one's product. The findings from the questionnaires were in agreement with those for the interviews on this particular aspect.

#### **6.7.2.9 “Other” means used to address the measures imposed by the CPA**

The participants in the structured interview sample proposed very valuable suggestions to circumvent the limitations imposed by the CPA. It was suggested that setting up a consortium for all retailers in a particular industry will benefit the members in terms of trade discounts, joint promotions and group advertising. Having regular focus groups with industry experts can assist with identifying gaps and assist in generating ideas regarding customer retention. Regular advertorials with customer success stories and testimonies give credibility to products and creates more customer loyalty. Customers stay abreast with the latest technology. Therefore, retailers need to also update themselves regularly and ensure that they have the latest formats and capabilities to communicate effectively with their customers. Industry-specific marketing agents are also being used. Keeping customers updated regularly with product information and enhancements to product specifications is also another valuable suggestion. Retailers can use various communication methods to share this information. For example, monthly statements, letters, emails and newspaper advertorials. The deployment of industry-specific marketing agents who market to a targeted customer base within that industry is an important suggestion. Website advertising and the use of “Adwords” and “Google Search Optimisation” (SEO) are still very popular.

On the other hand, the findings from the questionnaires for this particular aspect showed that some respondents indicated that they preferred to market to customers by themselves by means of samples and company profiles, while others prefer flyer distribution, radio campaigns and online advertising using Facebook.

#### **6.7.2.10 The implications of the implementation of the CPA on promotions expenditure for retail businesses in Durban**

The majority of participants of the structured interviews indicated that they experienced a major increase to their promotions expenditure. The increase in marketing and promotions expenditure had arisen as a result of costs for the purchase of branded vehicles for each marketing representative; purchasing databases with qualified leads; outsourcing all email campaigns and promotions; more competitions; increased newspaper advertising; and the employment of more marketing representatives. The results show that there was **some impact** to the promotions expenditure in organisations, subsequent to the CPA being implemented. The findings from the questionnaires were in agreement with the qualitative responses provided by the interviewees.

### **6.8 Summary of the trends that arose from the study**

The responses show that there is a strong link between education and email campaigns. The more educated individuals preferred to use email campaigns.

Future email campaigns are affected. Once the customer opts out from email campaigns, there can be no further communication with that particular customer. People that choose email campaigns also chose to use SMS campaigns. Both email and SMS campaigns are cost-effective promotional methods. Respondents used telesales campaigns to existing as well as potential customers to try to service their existing customers, as well as increase their market share. Respondents who believed that marketing strategies should not be discriminatory were also constrained by the fact that customers could not be coerced into purchasing a product.

Respondents who believed that marketing strategies should not be discriminatory were also affected by Section 11 of the CPA, which gives customers the right to restrict and refuse unwanted marketing. Section 12 of the CPA, which protects the privacy of the customer, has impacted directly on those respondents who use email

campaigns. Section 12 of the CPA, which protects the privacy of the customer, has also impacted directly on those respondents who use SMS campaigns. Those respondents who have experienced the impact of Section 12 of the CPA, which prohibits marketing during certain days and at certain times, have also experienced the impact of Section 1 of the CPA, which prohibits businesses from coercing and harassing customers. Respondents who were affected in some way by Section 11 of the CPA, which allows for paper “junk mail” to be blocked, were also affected in some way by Section 1, which stipulates that customers cannot be coerced or harassed into purchasing products. Those respondents who indicated that Section 13 had an impact on their business, particularly “bundling”, also felt the impact of Section 11, whereby customers place a “no junk mail” in their post boxes and businesses are expected to comply. Respondents who were affected by Section 12 of the CPA, which prohibits marketing during certain times or days, were also affected by Section 17 of the CPA, which stipulates that customers are allowed to cancel their advanced orders or bookings subject to a reasonable cancellation fee.

Respondents who indicated that they employed more marketing representatives to call on their customers after the CPA was implemented, also mentioned that they used more SMS campaigns. The marketing strategies of these respondents are two-pronged, whereby the marketing representative takes samples or does demonstrations of products and follows up with an SMS to ensure that their products stay “top of mind”. Respondents who used social media to circumvent the limitations of the CPA also conducted in-store promotions to effectively market their products. Respondents who used social media also conducted in-store promotions to effectively market their products. Respondents who were being impeded by the fact that they now have to get written permission to email customers, were also affected by Section 1 of the CPA that stipulates that businesses are not allowed to use coerciveness or harassment to market their products.

*“Electronic Marketing Methods”*, together with *“Visual Marketing Methods”*, are used often in businesses. Respondents who used *“Electronic Marketing Methods”* also advertised sales in newspapers; conducted more in-store promotions; employed

more marketing representatives to call on customers; made use of social media marketing; made use of interactive website marketing; and had an opt-out registry for unwanted emails.

## **6.9 Conclusion**

Telesales to potential customers is one of the most commonly used promotions strategies. Radio, together with SMS, email and telesales (to existing and potential customers) are also used often. The results show that email and SMS campaigns are the most cost-effective and are still preferred in spite of the limitations imposed by the CPA. Billboard and radio advertising have been found to be very expensive. A large group still preferred to use in-store promotions to promote their products. Newspaper advertising, calling on potential customers and advertising via Facebook, Twitter, Web posters, leaflet distribution and the use of a trailer and newsprint advertising has worked for these businesses over the years and they continue to use these promotional methods to market their products.

The following factors are crucial for businesses when choosing which promotional tool to use: creating more brand awareness and brand value; targeting a larger audience quickly; ease of marketing reach and market segmentation, using an interactive platform; cost-effectiveness; better return on investment; and personal contact with customers, which helps with customer retention. In the past, customers were emailed with specials, newspaper inserts were used, SMS's were sent out regularly to customers and cold calling was done by marketing representatives, without any restrictions. The businesses in the sample have indicated that their marketing strategies have changed since the CPA has been implemented. The qualitative analysis shows that marketing and sales teams are employed to call on customers on a weekly basis. Telesales is done for existing and potential customers. Client portfolios and estimates are prepared and emailed to customers for consideration. Personal visits to customers are minimised in order to save costs. Social media, in-store promotions, vehicle branding and trailer advertising are also preferred as promotional strategies in businesses. Trade promotions are negotiated

with suppliers with the view to receiving rebates on the stock ordered during promotions.

Eighteen structured interviews were conducted with marketing managers or business owners. The purpose of conducting the structured interviews was to gather rich data via more open-ended questions. These responses were triangulated with the responses from the questionnaires. The next section discusses the findings, recommendations and conclusions of the study.



# **CHAPTER 7 – CONCLUSIONS AND RECOMMENDATIONS**

## **7.1 Introduction**

In this chapter, the summary of findings are highlighted, problems experienced in carrying out this study will be examined, conclusions will be presented, recommendations will be suggested and further research will be proposed. It is crucial to ascertain whether the research aims and objectives of the study have been met. The research aims and objectives of the study are discussed in the following sections.

### **7.1.1 Objectives**

The objectives of the study were as follows:

- Objective 1: To explore the promotional strategies that retail businesses in Durban are presently using, as well as their preferred choice of such strategies and the reasons for such preferences;
- Objective 2: To explore the provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban;
- Objective 3: To determine the measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA; and
- Objective 4: To determine the implications of the implementation of the CPA on promotions expenditure for retail businesses in Durban.

With regard to the first objective, it was firstly imperative to explore the promotional strategies that retail business in Durban are presently using. It was important to ascertain whether businesses are still using their old methods of promotions, whilst still complying with the CPA or whether they have changed their promotional strategies completely to align themselves with the new legislation. Therefore, it was important to ascertain the reasons for the respondents' preferred choices of such strategies.

The second objective of the study was to explore the provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban. It was also important to understand the provisions of the CPA (whether there was some impact or a major impact), and which provisions in particular were having an impact on these promotional strategies. Coertse (2014: 28) describes the CPA as being difficult to ascertain and understand. Therefore it was important to find out which sections were amended, restricted or extended and whether the provisions are clearly beyond the average consumer.

The third objective was to determine the measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA, through an empirical study. There are different dimensions to marketing strategies in South Africa as a result of the large number of citizens being unemployed and living in poverty-stricken conditions (Bauling and Nagtegaal 2015: 168).

The fourth objective was to determine the implications of the implementation of the CPA on promotions expenditure for retail businesses in Durban. The CPA has placed a financial burden on retailers as they changed promotional strategies, increased their stockholding and increased insurance cover (Mugobo and Malunga 2015: 229). In the next section, the overall attainment of the study objectives is discussed.

#### **7.1.2 Attainment of study objectives**

For an exploratory study, a reliability score (using the Cronbach's alpha coefficient) of 0.6 is acceptable. The overall reliability score (Cronbach's alpha) for the variables that constitute the study is over 0.65 and is therefore acceptable. The objectives for the study are identified in the first chapter. The relevant information was analysed through a literature study in Chapters Two, Three and Four. The analysis of the data was presented in Chapter Six. The findings of the empirical study are reported in this chapter. This section explains how the objectives of the study were achieved.

The first objective was to explore the promotional strategies that retail businesses in Durban are presently using. The findings of the research questionnaires, as well as the structured interviews, are adequately reflected in Chapter Six. Many respondents indicated “other” promotional strategies that are being used in their businesses. This is valuable in gauging what the preferences are currently. It was also important to obtain the reasons for the respondents’ preferred choices of such strategies in order to ascertain whether their preferences are based on cost or reaching a larger target market. This aspect was adequately covered in Chapter Six. A complete list of responses from the structured interviews can be found in the appendix.

The second objective of the study was to explore the provisions of the CPA that affect the promotional efforts of retail businesses (small to medium) in Durban. The empirical study also contributed valuable, quantifiable information in terms of which provisions were posing challenges to their promotional campaigns. The analyses of the empirical study were presented in chapter six and the results of the structured interviews were triangulated with the responses from the retailer questionnaire. The provisions of the CPA that affect promotional strategies of retail businesses in Durban are discussed further in this chapter (Chapter Seven).

The third objective was to determine the measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA. Chapter Two reviewed the available literature and outlined the challenges that marketers experience because of restrained budgets. The literature reviewed throws a spotlight on how technology has been changing rapidly over the last decade and how the fast-paced global electronic business environment started to evolve after the inception of the internet. Chapter Two attained an important objective of describing the difficult role of a marketer. This chapter further explains how elements of the promotional mix have taken on different dimensions within the marketing ambit over the years. This chapter also creates a backdrop for further research on the way the CPA is having an impact on certain promotional strategies. The results of the analysis of the responses from respondents are presented and analysed in

Chapter Six. Adequate information has been supplied by the respondents in order to determine the promotional measures that they are currently using. Other measures being used by retailers to circumvent the limitations of the CPA are also highlighted and are included as valuable recommendations.

The fourth objective was to determine the implications of the implementation of the CPA on promotions expenditure for retail businesses in Durban. It was important to establish the percentage by which promotional expenditure had increased after the CPA was implemented. This study objective was attained in Chapter Six and Chapter Seven as the findings show that the increase in promotional expenditure was between ten and twenty percent.

In addition to these main objectives, it was important to ascertain whether email marketing is still being used and whether the CPA has had an impact on this promotional strategy. This study objective was achieved in Chapter Six, as the findings show that email marketing still provides a cost-effective mechanism for staying connected with existing and potential customers. The qualitative study assists in terms of understanding the in-depth motivations and sentiments of retailers in the sample have towards the CPA. The structured interviews add a rich source of information because they allow for open-ended responses which complements the responses from the quantitative research study.

The final objective of proposing a framework to assist all South African retail businesses with the CPA at a glance is attained in Chapter Seven. Drawing from the literature review and the results of the data analysis, the framework shows how the CPA meets legal requirements, offers a pro-consumer approach to retailers, enhances business reputation and increases the bottom line.

## **7.2 Conclusions based on the major findings**

Conclusions based on the findings of the study are presented in this section:

### **7.2.1 Conclusions based on the literature review**

Restrictions are now placed on businesses in terms of the way they market themselves and approach customers. The CPA has resulted in increased standards in all spheres of marketing and business practices to ensure that all parties that transact (suppliers, importers, exporters, wholesalers, manufacturers and customers) are not compromised in any way. Businesses cannot target potential customers as they used to in the past, without their permission. The same applies to SMS marketing. The CPA enforces tighter standards on the way a business acquires leads for marketing campaigns. Marketers will now be required to properly inform customers in plain language regarding their contact information in the event of defective items. Customers are entitled to return defective items within the “cooling off” period. Companies that specialise in collecting consumer data are now required to be completely transparent about the companies that the data will be provided to and the type of communications that the consumer can expect to receive from those companies when they grant opt-in permission.

The CPA has had a huge impact on retail businesses and there are several restrictions that businesses need to comply with or face the imposition of hefty fines.

### **7.2.2 Conclusions based on the findings from the empirical study**

The following are the conclusions which are based on the findings from the empirical study.

#### **7.2.2.1 Conclusions based on the structured interviews**

The following are the conclusions based on the structured interviews with marketing managers:

##### **7.2.2.1.1 Preferred promotional strategies**

Cost-effectiveness and a better return on investment are crucial aspects for the retailer to consider when choosing a promotional tool. Creating more brand

awareness and brand value; targeting a larger audience quickly; ease of marketing reach and market segmentation, using an interactive platform; and personal contact with customers which helps with customer retention, are other important factors considered by retailers during a promotional campaign.

The deployment of industry-specific marketing agents who market to a targeted customer base are preferred. This is a cheaper option when compared to employing their own marketing representatives and having dedicated vehicles for these representatives. The use of “AdWords” and “Google Search Optimisation” (SEO) are still preferred to complement promotions.

#### **7.2.2.1.2 The impact of the provisions of the CPA**

Returns from customers are costly to administer and the collection, administration and returns process is very labour-intensive. Businesses are obligated to uplift damaged goods and replace them with new goods, whether the goods were damaged due to negligence or damaged in transit. This incurs additional transportation and administrative costs. Manufacturers have re-drawn clauses in their own favour. The customer may be in a worse-off situation as a result of suppliers absolving themselves if goods are damaged. The customer is now faced with a challenge of proving that the goods were in fact damaged or malfunctioned before they took delivery of them. The process of getting a claim (for damaged or malfunctioning goods) finalised is very long and tedious. This is currently not always in the customer’s favour. It is a real challenge to get refunds and exchanges finalised. The retailer, however, is compelled to refund the customer, even if a customer had purchased months before, as long as the goods are still in their original packaging.

Businesses now have a customer complaints procedure and there is an attempt to minimise customer complaints. Since they timeously rectify issues, customers appreciate this and tend to be more loyal. The CPA has had some impact on the advertising strategies of businesses in the sample and some of them have changed their strategies and are relying on passing traffic seeing their signage and stopping

at their premises to conduct business. The CPA has also had a negative impact on some marketing and customer retention strategies as customers opt out when they are emailed without permission.

#### **7.2.2.1.3 The impact of the CPA on promotions expenditure**

Adjustments are made to other budgets to accommodate the increased marketing and promotional costs. Conducting promotions is very expensive and retailers tend to use cashflows from their businesses to market and promote their businesses. Unfortunately, promotional strategies may only generate business many months later and retailers have to carry these costs with the hope that the turnover increases.

#### **7.2.2.2 Conclusions based on findings from the retailer questionnaire**

The following are the conclusions which are based on the findings from the survey conducted amongst retailers using questionnaires. The research findings have indicated that the majority of retail businesses are complying with the provisions of the CPA.

In terms of the research hypotheses presented in Chapter One, this study found that:

- There is a significant correlation between the gender of the retailer and whether such retailers viewed SMS campaigns as a promotional strategy in Durban.
- There is a significant correlation between the age of the retailer and whether or not emails are used as a promotional strategy in Durban. Email strategies are more popular amongst ages younger than 50 years.
- There is a significant correlation between educational qualifications and email campaigns. The more educated retailers preferred to use email campaigns.
- The gender of the retailer does not play a significant role in terms of how retailers viewed email campaigns as a promotional strategy in Durban.

- The consumer's right to cancel advance reservations and bookings (in terms of Section 17 of the CPA) has a strong influence on a retailer's email campaigns in Durban.
- The consumer's right to opt out of email campaigns (in terms of Section 11 of the CPA) does affect future email campaigns as a promotional strategy in Durban.
- The provision which protects the privacy of the customer and prohibits marketing during certain days and at certain times (in terms of Section 12 of the CPA) does impact directly on the use of SMS campaigns as a promotional strategy by retailers in Durban.

#### **7.2.2.2.1 Preferred promotional strategies of retail entities in the sample**

- Cost savings is a deciding factor when the retailers in the sample choose a promotions strategy. Cheaper promotional mixes such as email and SMS campaigns are still preferred, in spite of the limitations of the CPA. There is also a preference by businesses to promote their products by themselves or to use their own staff to promote their products, clearly to reduce marketing expenditure.
- Success in terms of the product life-cycle depends on more customers being reached quickly in order for them to have a competitive edge. Social media is very cost-effective and customers are able to share specials and recommend products instantly. Therefore, social media platforms have become favoured because one satisfied customer quickly leads to several more customers.
- Newspaper advertising, SMS and email campaigns are favoured because customers can always save a copy of the special deals and refer to them later. For these reasons, businesses derived more sales from email campaigns and newspaper advertising. Emails, newspaper advertising and



marketing representatives taking samples to customers have a very good visual appeal, hence the reason these methods are preferred.

- Trade promotions are tactical and strategically negotiated with suppliers, with the view to receiving rebates on the stock ordered. This allows the retailer to discount their products significantly.
- The use of email campaigns followed up with SMS campaigns are the most cost-effective and assists in terms of the product staying “top-of-mind”. These strategies assisted their businesses in terms of building trust between the company and their customers and leads to customer loyalty, thereby leading to customer retention. Many retailers seek to provide information about their products in an appealing way, using designers, external promotions companies or their staff. They also prioritise getting the information out as quickly as possible, staying in constant touch with customers and maintaining long-term communication. For these reasons, emails and SMSs are still preferred.

#### **7.2.2.2.2 Provisions of the CPA that had some impact on the promotions strategies of the retail businesses in the sample**

- The CPA has had an impact on email and SMS campaigns as a result of the customer’s right to opt out of receiving unsolicited direct marketing (Section 11 of the CPA). Businesses were forced to complement their promotions campaigns with telesales to existing customers; telesales to potential customers; in-store promotions; billboard campaigns and radio campaigns. Retailers that indicated that they employed more marketing representatives to call on their customers do not rely solely on such means of promoting their products. Marketing representatives also followed up their visits to customers with email and SMS campaigns. This two-pronged promotion strategy ensured that their products were positioned above competitors’ products. Although emails are cost-effective, this provision prevents retailers from

emailing to addresses on large databases if they do not have recipients' consent. Promotions expenditure had increased as a result of retailers using other promotions strategies to circumvent the provision on using emails without the recipient's consent.

- Section 12 of the CPA protects the privacy of the customer and prohibits marketing during certain days and at certain times. Retailers are now unable to email specials during weekends to promote weekend special deals. Retailers are unable to capitalise on the fact that customers receive their emails on their mobile telephones and can view their emails instantaneously.
- Section 16 of the CPA focusses on the “cooling off” period. The consumer is entitled to cancel a transaction originating from such direct marketing without incurring any penalty, within five days. The impact of this provision can be very far-reaching, especially for marketing products where a refund after the product has been used is not possible. The cost implications of the returns are difficult to quantify since the returns process can take several months to resolve.
- Consumers are allowed, subject to a reasonable cancellation fee, to cancel advance reservations, bookings or orders (Section 17 of the CPA). A consumer no longer needs to demonstrate liability on the part of an importer, producer, distributor or retailer of goods in order to be successful in a law suit caused by defective goods supplied (Neville 2010: 1). Additional administrative costs have been incurred by respondents as a result of the impact of this provision. Under the new CPA, consumers enjoy an array of protection. For example, a producer, importer, distributor or retailer of goods is liable to a consumer on a no-fault basis for harm. This is not in the retailers favour generally and retailers are directly targeted by disgruntled customers (Marshall and Keith 2010: 1).

- Contracts and advertising material must be in plain and understandable language (Section 22 of the CPA). Businesses in the sample are currently complying with regard to informing and educating the disadvantaged consumer and are also ensuring that they comply with plain language requirements. Added costs have been incurred as a result of the compliance process, to re-draft contracts and re-print marketing material.
- The customer has the right to fair and honest marketing (Section 34 of the CPA). The retail businesses in the sample are ensuring that any document setting out a promotional offer to which the offer relates states what the goods or services are. Businesses currently ensure that there are no ambiguities regarding the steps required by a consumer to accept a promotional offer or prize.
- Section 13 of the CPA prevents retailers from “bundling”. The businesses in the sample are compliant and ensure that additional or “bundled” products are beneficial to the customer and that the customer has the option to purchase the product separately as well, should they so desire. The retailers in the sample are aware that they cannot allow the customer to enter into an additional contract or agreement because of such bundling.
- Section 47 of the CPA prevents over-selling and over-booking. Retailers are prevented from promoting goods or services if the product or service is not available. In terms of this provision, a supplier may not accept payment for goods or services where it has no reasonable intention to supply goods or services for which the consumer has paid. The CPA provides for a refund or the amount paid plus interest, as well as any consequential damages which directly resulted from the breach of contract. The retailers in this study are complying with this provision of the CPA.
- Section 29 of the CPA stipulates that promotions cannot be conducted in a fraudulent or misleading way. Retailers in the sample acknowledged that they

are now forced to comply with the required standards for product labels and general marketing of goods and services and have made the necessary changes.

- Bait marketing is prohibited (Section 30 of the CPA). Suppliers are not permitted to mislead consumers in respect of pricing, the nature, properties, advantages or uses of goods or services advertised, if such goods or services are not actually available for purchase or procurement in accordance with these standards (Department of Trade and Industry 2014: 11). Retailers in the sample have put the necessary measures in place to comply with this provision of the CPA and to carry extra stock in order to be able to supply the products that are promoted. However, this has resulted in added costs for insurance cover for additional stock on hand for some businesses.
- A supplier may not promote any goods or services on the basis that the goods or services are to be supplied unless the consumer declines such an offer (Negative option marketing-Section 31 of the CPA). Retailers in the sample have indicated that they are mindful of the fact that a customer could forget to cancel or return the goods and may be unfairly prejudiced as a result. Some retailers do offer free trials of products during tactical trade promotions. These trade promotions have the support and back-up of suppliers in terms of processing returns. However, customers are not obligated to keep the products if they are not satisfied with them. Returns are, however, costly to administer.

#### **7.2.2.2.3 Measures that retail businesses in Durban are adopting to address the restrictions placed in terms of the CPA**

The measures being adopted to address the restrictions of the CPA are carefully selected in terms of optimising the target market and building trust and loyalty.

In trying to be compliant to the CPA, the measures that the businesses in the sample are using are also very costly and labour-intensive. For example, the use of mobile trailers for advertising and the use of an outsourced company to manage the

database and unwanted emails. These measures are difficult to sustain and may still require the entire staff complement to be involved. Clearly, email campaigns are cost-effective. However, because of the limitations that are imposed by the CPA, businesses in the sample use other promotional methods to constantly acquire fresh databases so that they can communicate with their customers. The use of social media is gaining popularity to direct traffic to websites and generate sales. Although this is a cost-effective promotional strategy, it lacks the personal contact that emails have. Staff training is also lacking in this area.

#### **7.2.2.2.4 The implications of the implementation of the CPA on promotions expenditure for retail businesses in Durban**

The results of the research show that whilst the businesses in the sample were complying with the provisions of the CPA, there was some impact on the promotions expenditure in the organisation, subsequent to the implementation of the CPA. The majority of the respondents in the sample experienced an increase in their promotion's expenditure by ten to twenty percent because they had to implement new methods of promotions.

Retailers also incurred added administrative costs because they had to carry more stock, even before they commenced with the promotion (due to the restrictions placed by Section 47 of the CPA). The businesses also incurred added insurance cover (in case of loss or theft of stock). They also need to continually find new methods of increasing their databases so that customers constantly view their promotions. This involves added promotional costs as well. Returns are costly to administer and it can be quite challenging to track and provide feedback to the customer, since the entire returns process could take several months to be finalised. The implied warranty allows consumers to return faulty goods and get the seller to repair it, replace it or get a full refund within the first two weeks.

### **7.3 Recommendations**

This study was conducted in a particular time-period. Attitudes and perceptions of business owners change rapidly as innovation and technology advances. Arising from the empirical analysis of the data and the responses generated by the interviewees in the qualitative component of the study, the following recommendations are proposed with regard to promotions in order for the business entities to meet their short-term goals:

#### **7.3.1 Promotional strategies that are compliant with the CPA**

- In order to maintain the privacy of the customer (Section 12 of the CPA), regular competitions can be a businesses' greatest asset. Annual competitions can be registered with the Competitions Board. Prizes can be sponsored by suppliers. Competitions give suppliers, as well as retailers, adequate coverage and the database increases as entrants supply their email addresses in the competition entries.
- Section 13 of the CPA prohibits "bundling", unless the supplier can show that the bundling is in the customers favour. Battersby (2013: 5) suggests the use of "Premiums", whereby a customer is entitled to an enhanced purchase experience. For example, if they purchase product A, they are entitled to purchase product B at a reduced price, without any obligation to purchase product B.
- Arising from Section 47 of the CPA which prevents overselling and overbooking, retailers should consider moving away from "brick-and-mortar" retailing to online retailing. Online retailing has the advantage of having unlimited trading areas and also respects customers' right to privacy as set out by the CPA. Having an unlimited trading area is a blessing to retailers. Products can be delivered to customers in urban areas or to the closest post office in rural areas. Most online retailers have a returns policy whereby the customer can return the product immediately with the same courier service if the product is not entirely to their satisfaction. Online retailing will also assist

customers that want to cancel advance reservations, bookings or orders (Section 17 of the CPA).

- Due to the fact that promotions cannot be conducted in a fraudulent or misleading way (Section 29 of the CPA), businesses should only choose to do business with suppliers that have the same views on CPA compliance, so that defective products can be returned quickly and refunds can be processed without any delays. The fact that they use suppliers that have their customers' interests at heart should be publicised in their editorials to give businesses more credibility. According to Doane (2005: 22), good practices and ethical behaviour in business will increase the bottom line of the business.
- In terms of minimising promotional costs, the use of industry-specific marketing agents is cost-effective. These marketing agents approach a target market according to the industry selected. They are professional and use good quality marketing catalogues, which they print. They make use of their own infrastructure. This reduces expenses in terms of employing more marketing representatives, purchasing and maintaining more vehicles for marketing, insurance, fuel and branding of vehicles. Contracts concluded on behalf of customers and advertising material must be in plain, unambiguous and understandable language (Section 22 of the CPA).
- Due to the restrictions placed by Section 47 of the CPA, tactical trade promotions can be negotiated annually with suppliers to incorporate rebates as well as "forward buying", i.e. paying for a bulk order and drawing the stock as required. In this way, the retailer can benefit from discounts for a longer period without having to keep too much stock on the premises.
- Due to the "cooling off" period (Section 16 of the CPA), returns and claims for defective or damaged products require a dedicated staff member to manage this returns process and ensure that the customer is adequately

compensated. If the suppliers absolve themselves from the returns process until the matter is investigated, then the business itself must bear the cost of returns, whether it is returns of cash or products. This will ensure that the customer remains loyal to the business.

- The setting up a consortium for all retailers in a particular industry can benefit the members of the consortium in terms of trade discounts, joint promotions with suppliers and group advertising. As the members of the consortium comply with Section 34 of the CPA (the right to fair and honest marketing), they will also benefit from being transparent and having standardised pricing for all members. Having regular focus groups with industry experts can assist members with identifying gaps and assist in generating ideas regarding customer retention. Regular advertorials with customer success stories and testimonies give credibility to products and create more customer loyalty. Customers stay abreast with the latest technology. Therefore, retailers need to also update themselves regularly and ensure that they have the latest formats and capabilities to communicate effectively with their customers.

### **7.3.2 Other compliant measures to assist retailers**

The following compliance measures will help retail companies while complying with the CPA. These proposed compliance measures include consumer education, employee training, emergency funds, purchasing of insurance, customer consultants, quality assurance, refunds, replacement and compensation. These are valid suggestions that businesses can implement to ensure CPA compliance.

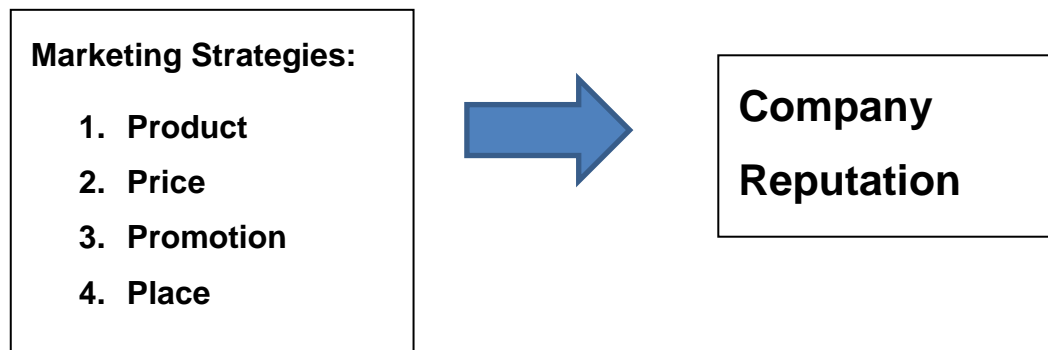
### **7.3.3 Framework for CPA-compliant promotional strategies**

Alhadid and Al-Zu'bi (2014: 3) state that company reputation is an intangible asset which differentiates the company from others. Thus, companies with a good reputation have a competitive advantage over their competitors. The authors suggest that the 4 Ps (product, price, promotion and place) have an impact on



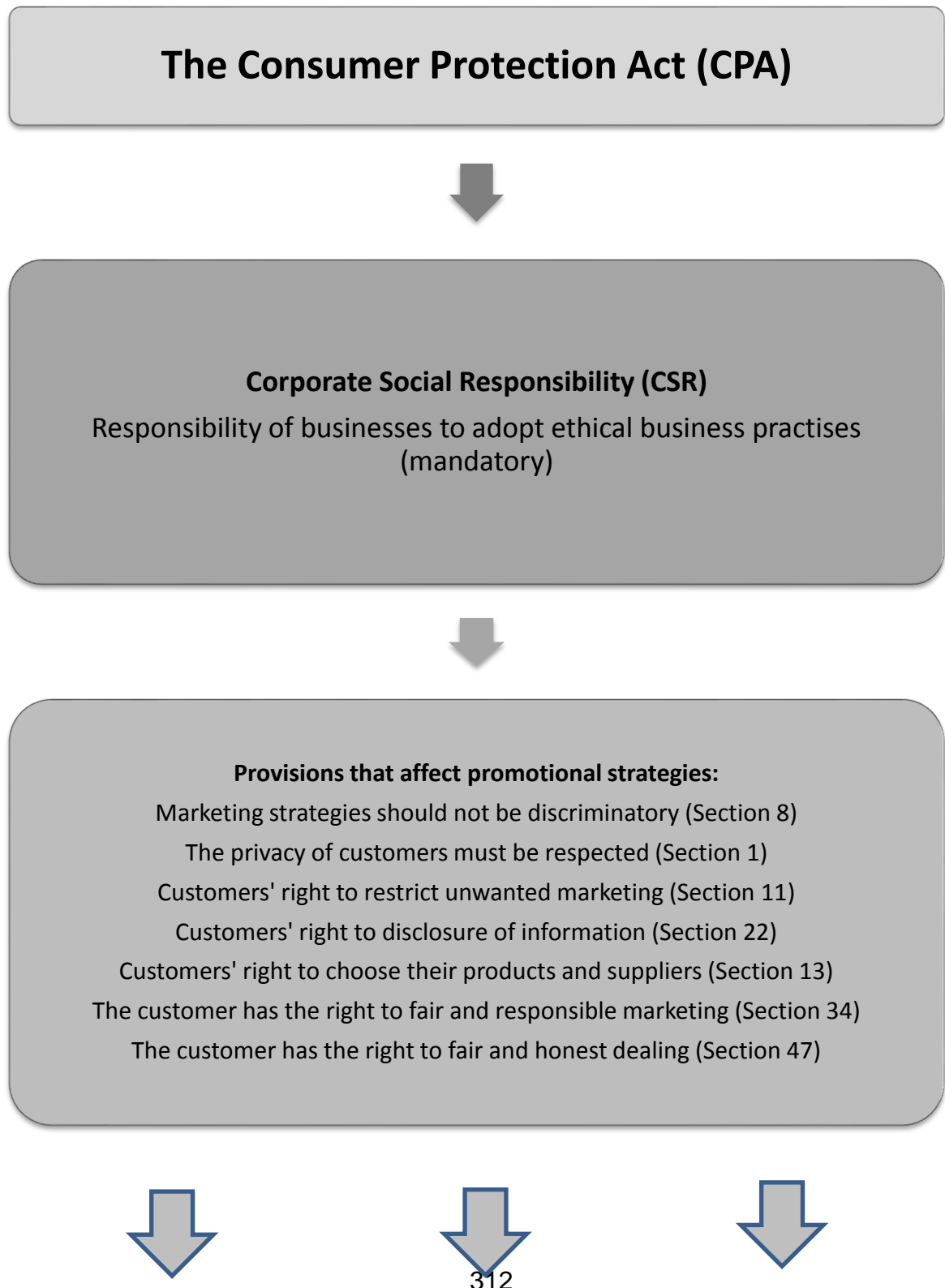
company reputation and proposed the following model as reflected below in Figure 7-1:

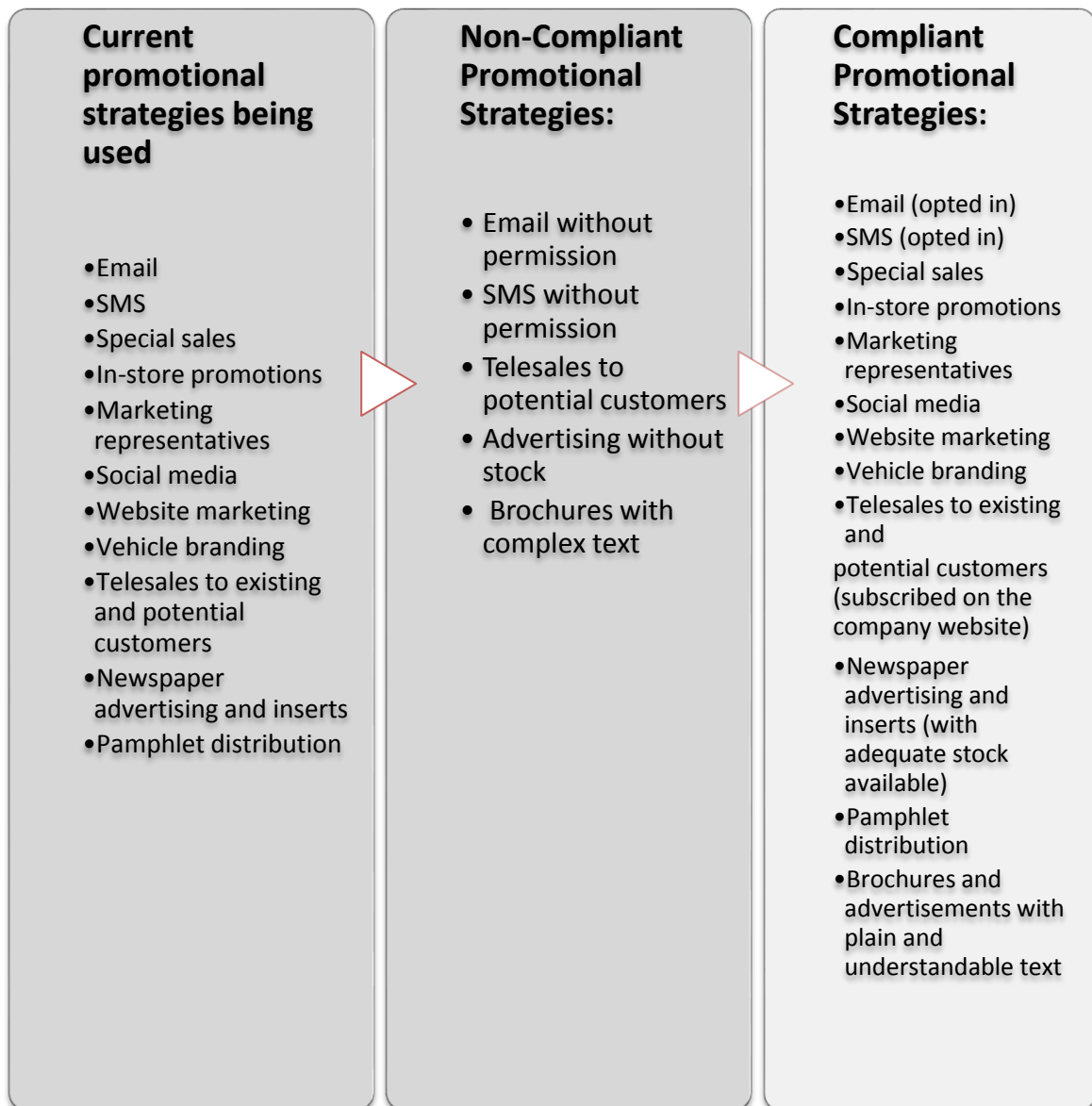
**Figure 7-1 Marketing strategies affect company reputation**



The model above is very basic and lacks several important factors that impact on promotional strategies. Therefore, in light of the findings of this study, the following framework is proposed:

**Figure 7-2 Proposed framework for CPA-compliant promotional strategies for retail businesses**





### **Recommendations**

- Annual competitions
- Online retailing
- Ethical behaviour and good practices
- Industry-specific marketing agents
- Tactical trade promotions, including 'forward buying'
- Employee training
- Dedicated staff to manage returns
- Forming an association or consortium (for members to benefit from joint promotions, group deals and group advertising)
- Emergency funds for more stock
- Purchasing of insurance
- Refunds, replacements and compensation by the retailer to ensure customer loyalty



### **A pro-consumer approach - transformation in a historically disadvantaged society:**

- That meets legal requirements,
- Is acceptable to consumers,
- Enhances business reputation, and
- Increases the bottom line.

The additions to the framework in terms of the CPA have added value to consumers. The law plays a major role in placing pressure on businesses to act in a socially responsible manner. Their rights as customers are now respected and they no longer need to accept sub-standard services or products. The CPA has indeed improved the level of service delivery to consumers and has forced retailers to supply good quality products that are free of defects. The CPA protects the consumer by prohibiting unfair marketing and promoting ethical behaviour.

Whilst the CPA is designed to protect the poor and vulnerable and promotes a fair and accessible marketplace for consumer products and services, it also places a heavier burden on businesses that do not comply with best practice; and good ethics. For businesses, aligning their promotional strategies to the CPA has been mandatory and challenging. The CPA provides continuous assessment measures, as well as exposes compliance risks to business owners. Retailers are now aware that they need to be more cautious and transparent when dealing with consumers. Every business that engages with consumers needs to scrutinise their products, services, business methods and terms of trade before they transact.

#### **7.4 Contribution of the study to knowledge**

There are very few studies that are currently available that focus on the impact of the CPA on promotional strategies in South Africa. One similar study conducted in Cape Town focussed on the impact of the CPA on promotional strategies of furniture retailers. Many of the studies published in journal articles focus on the consumer or the impact of the CPA in their respective countries. This study contributes significantly in terms of establishing that the CPA currently has some impact on the way retailers in Durban promote their products. The investigation is beneficial to business owners in South Africa because it provides a framework to understand the way specific provisions of the CPA impact on certain promotional strategies. The framework also provides valuable information for retailers to recognise their rights as providers of a service or product, as well as ensuring that consumer rights are respected. It is evident from the findings of this study that retailers want to be compliant with the law and want to contribute towards good ethical standards.

However, in order to do so, they are now using more expensive means to promote their products.

Valuable suggestions on cost-effective promotions strategies from respondents to the questionnaires and structured interview participants have emerged and will be shared with the DCC and the other business chambers in South Africa. The results of this study will be presented to government funding entities such as the Department of Small Business Development and the Department of Trade and Industry, with a view to creating awareness regarding the limitations and cost implications of the CPA, particularly with regard to promotional strategies for retailers.

The CPA fills the gap in terms of the competing interests of business and the customer. The study contributes significantly because it reveals the over-compensation of the customer, particularly in terms of promotional strategies. The CPA has imposed restrictions on the way goods and services are marketed but as a result of this, all retailers are restricted and they have lost the benefit of technology. Legislation has to be created for its use and not abuse. Justifiable retailers' challenges have been exposed as a result of this study. The CPA is part of social justice and the study highlights that this legislation sways in favour of the customer.

## **7.5 Challenges and limitations of the study**

Several specific problems were experienced in the research process that future researchers should be aware of. The first issue was the sampling. The Durban Chamber of Commerce (DCC) had provided a written approval from the CEO for their marketing department to email the questionnaires to their entire database. Subsequently, the CEO resigned and the marketing department had a new directive from the new CEO and the marketing department could only send out a "link" to the questionnaire in their monthly newsletter. The marketing department was not allowed to email individual companies as they could in the past. This newsletter was emailed to the entire database. This in itself posed a major challenge as the

recipients of the email had to scroll down the entire newsletter to find the link to the questionnaire. The recipients had to thereafter click onto the link which re-directed them to the questionnaire for completion. As a result, the overall response rate was very poor as this may have been regarded as very tedious. Thus, the researcher had to email the questionnaires individually to the four hundred retailers selected by DCC. This had to be followed up with telephone calls and further emails.

The questions in the questionnaire were too long and tedious to read and assimilate before answering, even though they were amended after the pilot study. The researcher attempted to create awareness regarding the various sections of the CPA in the event that the respondent was not familiar with the various provisions and how they were impacting on the businesses' marketing efforts. The questions posed in the structured interviews were also very long to digest. The respondents' rights and the way the provisions were impacting on some businesses had to be explained before the participants provided their responses. The questions had to be repeated a few times in order for participants to fully understand them, without pre-empting them to answer in a certain way. Interviewing business owners and marketing managers is very challenging because they have the prerogative to take telephone calls and handle queries while the interview is being conducted. This affects the quality of their responses.

The researcher was unable to secure appointments with large retailers. There were several businesses that had their marketing component based in Gauteng and as a result, these marketing managers could not be interviewed. Financial constraints and time constraints meant that many retail entities could not be interviewed.

## **7.6 Direction for future research**

Responsible retailers and marketers want to understand and respond to society's expectations of what it means to be a responsible retailer or marketer (Kloppers 2013: 179). It is important to consider *sociological jurisprudence* and to ascertain how the law impacts on businesses and the consumer. According to scholars of

sociological jurisprudence, the law cannot function by itself. Similarly, the CPA cannot function in isolation and without anyone transacting (Singh 2016: 2). For the CPA to work, there has to be someone that complains (Kruger 2011: 27). The teleological and deontological theories are also relevant to the CPA. It is still to be established whether being CPA-compliant is right or wrong / good or bad for the customer and bad for businesses. Is it good for the greatest number of people? Does the CPA actively promote and propagate the ideal of Corporate Social Responsibility? From the deontological perspective, have businesses become CPA compliant out of duty or obligation? This can be the basis for future research on the subject.

## **7.7 Summary**

The scope of the CPA is very broad and covers more than the areas discussed in this study. The CPA is like a “bill of rights” for the consumer. The CPA is also designed to protect the poor and vulnerable. It not only gives South African consumers a far bigger stick to wield over unscrupulous retailers or suppliers, but places a heavier burden on businesses that do not comply with best practices.

Apart from the fact that businesses have to comply with the CPA to avoid penalties, a competitive advantage can be gained. The competitive advantage is a by-product of trust and satisfaction from fair purchases, which in turn results in consumer loyalty. Consumer loyalty results in more positive word-of-mouth referrals. This leads to more consumer spending. Therefore, businesses that emphasise that they are CPA compliant will benefit from the CPA. Sadly, and inevitably, errors by producers and manufacturers distil down to the retailer who has to take responsibility for defects.

A common theme that has been identified in this study is that email marketing is still far more effective and outperforms social media marketing in every way. Customer acquisition via email marketing has quadrupled over the past four years. Email marketing now accounts for seven percent of all new customer acquisitions. Email



provides a cost-effective mechanism for staying connected with leads and prospects on a mass scale, encouraging ongoing positive brand interaction and converting leads into paying customers.

The critical elements of promotions positively affect customer satisfaction. Feelings and perceptions have a pervasive influence on attracting new customers and retaining existing customers. For customers, perceived benefits that are weighed against the cost of participating in a promotion can be separated into three types: utilitarian benefits (for example perceptions of monetary savings [the greatest good for the greatest number of people]); hedonic benefits (for example, perceptions of exploration benefits); and symbolic benefits (for example, perceptions of social value). Utilitarian benefits are characterised by perceptions of monetary savings, which are compared to the immediate sacrifice associated with purchasing the deal and the deal's price, which form consumer perceptions of "Offer Value". Businesses are becoming more socially responsible and it is envisaged that consumers' perceptions and expectations of businesses' ethical behaviour will be vital determinants of market share and sustainable growth.

# BIBLIOGRAPHY

Aaker, D. A., Kumar, V., Leone, R. P. and Day, G. S. 2013. *Marketing research*. 11 ed. Hoboken: Wiley.

Aaronson, S. A. 2003. Corporate responsibility in the global village: the British role model and the American laggard. *Business and Society Review*, 108 (3): 309-338.

Ailawadi, K. L., Beauchamp, J. P., Donthu, N. G., Dinesh, K. and Shankar, V. 2009. Communication and promotion decisions in retailing: a review and directions for future research. *Journal of Retailing*, 85 (1): 42-55.

Ailawadi, K. L. and Farris, P. W. 2017. Managing multi- and omni-channel distribution: metrics and research directions. *Journal of Retailing*, 93 (1): 120-135.

Al Mualala, A. and Al Qurneh, M. 2012. Assessing the relationship between marketing mix and loyalty through tourists satisfaction in Jordan curative tourism. *American Academic & Scholarly Research Journal*, 4 (2): 1-14.

Alhadid, A. Y. and Al-Zu'bi, H. A. 2014. The impact of marketing strategy on organization reputation: analytical study on Jordanian vegetable oils companies listed on the Amman stock exchange. *American Academic & Scholarly Research Journal*, 6 (5): 11-16.

Allender, W. J. and Richards, T. J. 2012. Brand loyalty and price promotion strategies: an empirical analysis. *Journal of Retailing*, 88 (3): 323-342.

Alwan, S. J. 2013. Alignment of global marketing strategies through self-concept in consumer behavior. *China - USA Business Review*, 12 (12): 1145-1156.

American Marketing Association. 2015. *The dictionary of marketing terms*. Houston: P.D. Bennett.

Andres, L. 2012. *Designing and doing survey research*. London: Sage.

Antal, E. and Tillé, Y. 2011. Simple random sampling with over-replacement. *Journal of Statistical Planning and Inference*, 141 (1): 597-601.

Ardic, O. P., Ibrahim, J. and Mylenko, N. 2011. *Consumer protection laws and regulations in deposit and loan services: a cross-country analysis with a new data set*. Geneva: The World Bank.

Arjoon, S. and Rambocas, M. 2011. Ethics and customer loyalty: some insights into online retailing services. *International Journal of Business and Social Science*, 2 (14): 136-142.

Armstrong, G., Adam, S., Denize, S. and Kotler, P. 2014. *Principles of marketing*. Australia: Pearson.

Armstrong, G., Kotler, P., Harker, M. and Brennan, R. 2015. *Marketing: an introduction*. 3<sup>rd</sup> adapted ed. Harlow: Pearson Education.

Armstrong, M. 1991. Retail response to trade promotion: an incremental analysis of forward buying and retail promotion. Phd, University of Texas.

Averwater, C. 2012. *Retail truths: The unconventional wisdom of retailing*. Memphis, Tenn: ABB Press.

Avlonitis, G. J. and Karayanni, D. A. 2000. The impact of Internet use on business-to-business marketing: examples from American and European companies. *Industrial Marketing Management*, 29 (5): 441-459.

Awe, S. 2010. *Retailing secrets*. Singapore: Cengage Learning.

Bagdare, S. and Jain, R. 2013. Measuring retail customer experience. *International Journal of Retail & Distribution Management*, 41 (10): 790-804.

Baran, P. A. and Sweezy, P. M. 2013. Theses on advertising. *Monthly Review*, 65 (3): 34-42.

Barnard, J. 2012. The influence of the Consumer Protection Act 68 of 2008 on the warranty against latent defects, voetstoets clauses and liability for damages. *University of Pretoria*, 1 (46): 1-19.

Barnard, J. 2015. Consumer rights of the elderly as vulnerable consumers in South Africa: some comparative aspects of the Consumer Protection Act 68 of 2008. *International Journal of Consumer Studies*, 39 (3): 223-229.

Battersby, G. J. 2013. Marketing, advertising and promoting licensed products. *The Licensing Journal*, 33 (4): 1-7.

Bauling, A. and Nagtegaal, A. 2015. Bread as dignity: the Constitution and the Consumer Protection Act 68 of 2008. *De Jure* 48 (1): 149-171.

Bell, D. R., Choi, J. and Lodish, L. 2012. What matters most in internet retailing. *MIT Sloan Management Review*, 54 (1): 27-33.

Bellini, S., Cardinali, M. G. and Ziliani, C. 2011. Building customer loyalty in retailing: not all levers are created equal. *The International Review of Retail, Distribution and Consumer Research*, 21 (5): 461-481.

Berman, B. 2013. *Retail management: a strategic approach*. 12<sup>th</sup> ed. Boston: Pearson.

Bernard, H. 2011. *Research methods in anthropology: qualitative and quantitative approaches*. 1st ed. Altimira: Rowman.

Bernard, H. R. 2013. *Social research methods*. California: Sage.

Bernard, T. J. and Engel, R. S. 2001. Conceptualizing criminal justice theory. *Justice Quarterly: JQ*, 18 (1): 1-30.

- Bernariusz, A. 2013. *Digital advertising reaches critical mass in S.A.* Available: <http://www.bizcommunity.digitalmarketing.com> (Accessed 12 December 2014).
- BizCommunity.Com. 2013. *SA Internet users grow by over 2 million.* Available: <http://www.bizcommunity.com/Print.aspx> (Accessed 12 February 2014).
- Blythe, J. 2009. *Key concepts in marketing.* Los Angeles: Sage.
- Blythe, J. 2014. *Principles and practice of marketing.* London: Sage.
- Boone, L. E. and Kurtz, D. L. 2012. *Contemporary marketing, 2013 update.* Boston: Cengage Learning.
- Borges Tiago, M. T., Pedro, J., Manuela, C. M. and Braga, N. A. 2007. International reality of internet use as marketing tool. *Journal of American Academy of Business, Cambridge*, 11 (1): 138-144.
- Bothma, C. H., Brink, A., Du Toit, M., Gerber-Nel, C., Machado, R., Erdis, C., Theron, D., Tshivhase, T. and Cant, M. 2012. *Retail Marketing Management (Study Guide).* Pretoria: UNISA.
- Bothma, C. H., Brink, A., du Toit, M., Machado, R., Erdis, C., Theron, D. and Tshivhase, T. 2013. *Customer Behaviour (Study Guide).* Pretoria: UNISA.
- Brennan, R., Canning, L. and McDowell, R. 2014. *Business-to-business marketing.* Los Angeles: Sage.
- Bresciani, S. and Eppler, M. J. 2010. Brand new ventures? Insights on start ups' branding practices. *Journal of Product & Brand Management*, 19 (5): 256-366.
- Brewer, C. 2011. Impact of the Consumer Protection Act on your email marketing. *TouchBase Pro.* Available: <http://www.touchbasepro.com/Consumer-Protection-Act-Email-Marketing-2011> (Accessed 02 February 2014).
- Brooks, P. and Lyndon, S. 2012. Judging marketing mix effectiveness. *Marketing Intelligence & Planning*, 30 (5): 494 - 514.
- Burns, A. C. and Bush, R. F. 2013. *Marketing research.* Essex: Pearson Higher Ed.
- Cant, M. 2010. *Essentials of marketing.* 3<sup>rd</sup> ed. Cape Town: Juta & Co. Ltd.
- Cant, M. and Machado, R. 2011. *Marketing success stories-South African case studies.* Cape Town: Oxford University Press South Africa.
- Casey, D. and Murphy, K. 2009. Issues in using methodological triangulation in research. *Nurse Researcher*, 16 (4): 40-55.
- Chaffey, D. 2013. *Emarketing excellence – planning and optimizing your digital marketing.* 4<sup>th</sup> ed. London: Routledge.

- Chapman, R. J. 2013. *Simple tools and techniques for enterprise risk management*. West Sussex: John Wiley and Sons Ltd.
- Chen, Y. and Mo, H. 2014. A survey of push and pull motivations of green event tourists. *International Journal of Information and Education Technology*, 4 (3): 260-263.
- Chiou, J., Wu, L. and Chuang, M. 2010. Antecedents of retailer loyalty: simultaneously investigating channel push and consumer pull effects. *Journal of Business Research*, 63 (4): 431-438.
- Chirwa, N. B. 2013. Compliance with the consumer protection act in South Africa: a case study of retail companies in KwaZulu-Natal. University of Zululand.
- Clapham, P. 2011. Email marketing. *The Optician*, 241 (6295): 32.
- Cleeren, K., van Heerde, H. and Dekimpe, M. 2013. Rising from the ashes: how brands and categories can overcome product-harm crises. *Journal of Marketing*, 77 (2): 58-77.
- Clow, K. E. and James, K. E. 2014. *Essentials of marketing research: putting research into practice*. California: Sage.
- Coertse, N. 2014. Navigating the Consumer Protection Act 68 of 2008 : feature. (548): 27-28. Available: [http://reference.sabinet.co.za/webx/access/electronic\\_journals/derebus/derebus](http://reference.sabinet.co.za/webx/access/electronic_journals/derebus/derebus) (Accessed 03 March 2015).
- Coldwell, D. and Herbst, F. 2004. *Business research*. Lansdowne: Juta & Co. Ltd.
- Conchar, M. P., Crask, M. R. and Zinkhan, G. M. 2005. Market valuation of advertising and promotional spending: a review & meta analysis. *Academy of Marketing Science*, 33 (4): 445-448.
- Conlon, G. 2013. Rethinking email marketing metrics. *DM News*, 35 (10): 9.
- Cooper, D. R. and Emory, C. W. 1995. *Business research methods*. 5<sup>th</sup> ed. Boston: Irwin.
- Cornelius, S. 2011. Consumer rights and producer responsibilities: legally speaking. *The Dairy Mail*, 18 (3): 88-89.
- Creswell, J. W. 2012. *Educational research: planning, conducting, and evaluating quantitative and qualitative research*. 4<sup>th</sup> ed. Boston, MA: Pearson.
- Creswell, J. W. 2013. *Qualitative inquiry and research design: choosing among five approaches*. 3<sup>rd</sup> ed. Thousand Oaks, CA: Sage.
- Creswell, J. W. 2015. *A concise introduction to mixed methods research*. California: Sage
- Creswell, J. W., Plano Clark, V. and Garrett, A. L. 2008. *Methodological issues in conducting mixed methods research designs*. *Advances in mixed methods research*. California: Sage.

- Cuellar, S. S. and Brunamonti, M. 2014. Retail channel price discrimination. *Journal of Retailing and Consumer Services*, 21 (3): 339-346.
- Datta, H., Ailawadi, K. L. and van Heerde, H. J. 2017. How well does consumer-based brand equity align with sales-based brand equity and marketing-mix response? *Journal of Marketing*, 81 (3): 1-20.
- Datta, P. R. and Bairagee, A. 2012. Relationship marketing: towards a definition. *The Business and Management Review*, 2 (2): 174-181.
- Daum, K. *Network better without business cards* (online). 2014. Available: <http://www.inc.com/kevin-daum/network-without-business-cards.net.html> (Accessed 12 February 2014).
- Davis, A. 2013. *Promotional cultures: the rise and spread of advertising, public relations, marketing and branding*. London: Polity.
- de Bruyn, P. and Freathy, P. 2011. Retailing in post-apartheid South Africa: the strategic positioning of Boardmans. *International Journal of Retail & Distribution Management*, 39 (7): 538-554.
- De Pelsmacker, P., Geuens, M. and Van den Bergh, J. 2010. *Marketing communications: a European perspective*. 4<sup>th</sup> ed. Harlow: Pearson education.
- De Ryhove, S. 2011. *DTI to raise awareness on the new CPA*. Available: <http://www.policy.org.za/article/dti-to-raise-awareness-on-the-new-cpa> (Accessed 22 July 2015).
- Deepa, S. and Chitramani, P. 2013. Brand building of retail stores. *Journal of Contemporary Research in Management*, 8 (2): 9-24.
- Dehghan, F. and Haghighi, A. 2015. E-money regulation for consumer protection. *International Journal of Law and Management*, 57 (6): 610-620.
- Deloitte. 2010. *The Companies Act 2008: An overview of key elements*. Available: <http://www.deloitte.com/assets/DcomSouthAfrica/Local%20of%20the%20Companies Act.pdf> (Accessed 05 January 2014).
- Denicolo, P. 2013. *Achieving impact in research*. Los Angeles: Sage.
- Department of Trade and Industry. 2014. *Consumer protection pocketguide*. Pretoria: The DTI. Available: <http://www.thedti.gov.za/consumerprotectionpocketguide> (Accessed 15 December 2014).
- Department of Trade and Industry. DSBD. 2016. *BBSDP funding guidelines*. Pretoria: Government Press. Available: <http://www.thedti.gov.za/bbsdip> (Accessed 13 April 2016).
- Dinu, V. 2014. The protection of the consumers rights in an era of technological changes and globalization. *Amfiteatru Economic*, 16 (36): 449-450.

- Doane, D. 2005. *The myth of CSR*. Stanford, CA: Stanford Graduate School of Business.
- Doherty, N. F. and Ellis-Chadwick, F. 2010. Internet retailing: the past, the present and the future. *International Journal of Retail & Distribution Management*, 38 (12): 943 - 965.
- Dominie, G. and Julia, C. G. 2013. Qualitative research methods in international organizational change research. *Journal of Organizational Change Management*, 26 (2): 423-444.
- Du Plessis, P. J., Van Heerden, N. and Cook, G. 2010. *Integrated Marketing Communication*. 3<sup>rd</sup> ed. Pretoria: Van Schaik.
- Du Toit, G. S., Erasmus, B. J. and Strydom, J. W. 2011. *Business Management*. Cape Town: Oxford University Press.
- Dunne, P., Lusch, R. and Carver, J. 2013. *Retailing*. Mason: Cengage Learning.
- Durant, N. 2014. Is email marketing still relevant in 2014. Available: <http://www.bizcommunity.com/Print.aspx> (Accessed 30 March 2015).
- Durbach, I. 2014. Applied multivariate data analysis: part II - predictive techniques. University of Cape Town. Cape Town.
- Egan, J. 2000. Drivers to relational strategies in retailing. *International Journal of Retail & Distribution Management*, 28 (8): 379-386.
- Enache, L. 2011. Marketing higher education using the 7 p's framework. *Bulletin of the Transilvania University of Brasov. Economic Sciences. Series V*, 4 (1): 23-30.
- Erasmus, J. 2010. *Consumer Protection Act*. Available: <http://search.proquest.com/docview/215224032?accountid=10612> (Accessed 15 July 2016).
- Erasmus, J. 2013. The CPA, helping you do business better Available: <http://www.accountancysa.org.za> (Accessed 1 April 2013).
- Erevelles, S. and Fukawa, N. 2013. The role of affect in personal selling and sales management. *Journal of Personal Selling & Sales Management*, 33 (1): 7-24.
- Eriksson, P. and Kovalainen, A. 2008. Research design and process. In: *Qualitative methods in business research*. London: Sage, 25-37. Available: <http://dx.doi.org/10.4135/9780857028044> (Accessed 13 June 2014).
- Fassnacht, M. and Königsfeld, J. A. 2015. Sales promotion management in retailing: tasks, benchmarks, and future trends. *Marketing Review St. Gallen*, 32 (3): 67-77.
- Fernie, J., Fernie, S. and Moore, C. 2015. *Principles of retailing*. London: Routledge.
- Fidler, R. 1997. *Mediamorphosis: understanding the new media* Thousand Oaks, CA.: Pine Forge Press.

- Fin24. 2013. *The CPA and small businesses*. Available: <http://Fin24-3485314304/The%20CPA%20and%20small%20businesses%20%20%20Fin24.htm> (Accessed 18 December 2016).
- Financial Services Board. 2014. *Retail distribution review 2014*. Available: <http://www.fsb.co.za> (Accessed 03/04/2016).
- Fowler, F. J. J. 2009a. Ethical issues in survey research. In: *Survey Research Methods*. 4<sup>th</sup> edn. Thousand Oaks: Sage. Available: <http://dx.doi.org/10.4135/9781452230184.n11> (Accessed 13 June 2014).
- Fowler, F. J. J. 2009b. *Survey research methods-3 sampling* Thousand Oaks: Sage. Available: <http://dx.doi.org/10.4135/9781452230184> (Accessed 13 June 2013).
- Frick, T. 2013. *Return on engagement: content, strategy, and design techniques for digital marketing*. Burlington: Focal Press, Elsevier Inc.
- Gangur, M. and Plevný, M. 2014. Tools for consumer rights protection in the prediction of electronic virtual market and technological changes. *Amfiteatru Economic*, 16 (36): 578-592.
- Gauri, D. K. 2013. Benchmarking retail productivity considering retail pricing and format strategy. *Journal of Retailing*, 89 (1): 1-14.
- George, S. 2012. Occasion based promotional strategies of consumer durable segment in Kerala. *International Journal of Academic Research in Business and Social Sciences*, 2 (6): 431-442.
- George, S. L. and Jakki, J. M. 2000. Advertising vs sales promotion: a brand management perspective. *Journal of Product & Brand Management*, 9 (6): 389-414.
- Gladwin, C. and Civin, A. 2014. The consumer protection act: Direct marketing. *De Rebus*, 547 (1): 13.
- Goforth, C. 2015. *Using and interpreting cronbach alpha*. Available: <https://data.library.virginia.edu/using-and-interpreting-cronbach-alpha/> (Accessed 25 July 2018).
- Gök, O. and Hacıoglu, G. 2013. The organizational roles of marketing and marketing managers. *Marketing Intelligence & Planning*, 28 (3): 24-180.
- Goldman and Judin Incorporated. 2011. *The impact of the consumer protection act on social media marketing*. Available: <http://www.phatic.co.za/preliminaryreportontheimpactoftheCPAonsocialmediamarketing> (Accessed 25 May 2013).
- Gordon, F. and Burt, C. 2010. Plain language *The law without Prejudice*, 10 (3): 59-60.
- Gouws, M. 2010. A consumer's right to disclosure and information: comments on the plain language provisions of the Consumer Protection Act. *South African Mercantile Law Journal*, 22 (1): 79-94.



- Gow, G. 2012. Beware the consumer protection act - the CPA has massive impact on waste management *Legal ReSource*, 14 (2): 69-71.
- Grewal, D., Bart, Y., Spann, M. and Zubcsek, P. P. 2016. Mobile advertising: a framework and research agenda. *Journal of Interactive Marketing*, 34 (Supplement C): 3-14.
- Grewal, D., Janakiraman, R., Kalyanam, K., Kannan, P., Ratchford, B., Song, R. and Tolerico, S. 2010. Strategic online and offline retail pricing: a review and research agenda. *Journal of Interactive Marketing*, 24 (2): 138-154.
- Grewal, D. and Roggeveen, A. 2013. Retailing in a connected world. *Journal of marketing management*, 29 (3): 263-270.
- Grewal, D., Roggeveen, A. L., Sisodia, R. and Nordfält, J. 2017. Enhancing customer engagement through consciousness. *Journal of Retailing*, 93 (1): 55-64.
- Griffis, S. E., Rao, S., Goldsby, T. J. and Niranjan, T. T. 2012. The customer consequences of returns in online retailing: an empirical analysis. *Journal of Operations Management*, 30 (4): 282-294.
- Grimes, G. A., Hough, M. G. and Signorella, M. L. 2007. Email end users and spam: relations of gender and age group to attitudes and actions. *Computers in Human Behavior*, 23 (1): 318-332.
- Grossoehme, D. H. 2011. Research as a chaplaincy intervention. *Journal of Health Care Chaplaincy*, 17 (3-4): 97-99.
- Grossoehme, D. H. 2014. Overview of qualitative research. *Journal of Health Care Chaplaincy*, 20 (3): 109-122.
- Groves, E. 2009. *The constant contact guide to email marketing*. New Jersey: Wiley and Sons Publishing.
- Guillet, B. D., Lui, W. and Law, R. 2014. Can setting hotel rate restrictions help balance the interest of hotels and customers? *International Journal of Contemporary Hospitality Management*, 26 (6): 948-973.
- Gupta, P. and Shukla, S. 2017. Marketing, advertising or promotions: a strategic planning. *Journal of Accounting, Finance & Marketing Technology*, 1 (1): 8-13.
- Gwin, C. R., Seow-Eng, O. and Gwin, C. F. 2002. Seller versus broker: timing of promotion. *The Journal of Real Estate Research*, 24 (1): 27-45.
- Hamann, B. and Papadopoulos, S. 2014. Direct marketing and spam via electronic communications. *An Analysis of the Regulatory Framework of South Africa*, 47 (1): 42-62.
- Hardesty, D. M. and Bearden, W. O. 2009. Consumer behavior and retailing. *Journal of Retailing*, 85 (3): 239-244.
- Haroun, S. 2011. The Consumer Protection Act and your property rights: property. *Personal Finance Newsletter*, (364): 3.

- Havenga, P. 2010. *General principles of commercial law*. 7<sup>th</sup> ed. Claremont: Juta & Co. Ltd.
- Henson, B., Reyns, B. W. and Fisher, B. S. 2013. Does gender matter in the virtual world? Examining the effect of gender on the link between online social network activity, security and interpersonal victimization. *Security Journal*, 26 (4): 315-330.
- Holweg, C. and Lienbacher, E. 2011. Social marketing innovation: new thinking in retailing. *Journal of Nonprofit & Public Sector Marketing*, 23 (4): 307-326.
- Hoxmeier, J. A., Winter, N. and Purvis, G. T. 2000. The impact of gender and experience on user confidence in electronic mail. *Journal of End User Computing*, 12 (4): 11-20.
- Hubspot Inc. 2013. *All the marketing statistics you need*. Available: <http://www.hubspotincMarketingStatisticsandData> (Accessed 24 January 2014).
- Hurst, N. E. 2004. Corporate ethics, governance and social responsibility. *Santa Clara University Markkula Centre for Applied Ethics*: 1-68.
- Iyamabo, J. and Otubanjo, O. 2013. A three-component definition of strategic marketing. *International Journal of Marketing Studies*, 5 (1): 16-33.
- Jacobs, W., Stoop, P. and van Niekerk, R. 2010. Fundamental consumer rights under the Consumer Protection Act 68 of 2008: a critical overview and analysis. *Potchefstroomse Elektroniese Regsblad*, 13: 302-405.
- Jacobsson, E., Granroth, J. and Dumont, R. 2014. E-mail marketing and its Implementation in SMEs in a B2B Context. PhD, Jonkopin International Business School.
- Jazbhay, S. A. 2009. *Corporate social responsibility and the Consumer Protection Act*. Available: [http://www.24.com/index.php?option=com\\_myblog&blogger+Saber+Jazbhay&show](http://www.24.com/index.php?option=com_myblog&blogger+Saber+Jazbhay&show) (Accessed 1 August 2014).
- Johnston, J. 2010. Qualitative research methods. *Radiologic Technology*, 82 (2): 188-189.
- Joseph, J. and Sivakumaran, B. 2011. Consumer promotions in Indian markets. *Journal of International Consumer Marketing*, 23 (2): 151-165.
- Kaltcheva, V. D., Windsor, R. D., Patino, A. and Shapiro, S. 2013. Impact of promotions on shopper price comparisons. *Journal of Business Research*, 66 (7): 809-815.
- Karray, S. 2011. Effectiveness of retail joint promotions under different channel structures. *European Journal of Operational Research*, 210 (3): 745-751.
- Keller, K. L. 2010. Brand equity management in a multichannel, multimedia retail environment. *Journal of Interactive Marketing*, 24 (2): 58-70.
- Kim, J. E. and Kim, J. 2012. Human factors in retail environments: a review. *International Journal of Retail & Distribution Management*, 40 (11): 818 - 841

Kloppers, H. J. 2013. Driving Corporate Social Responsibility (CSR) through the Companies Act: an overview of the role of the social and ethics committee. *Potchefstroom Electronic Law Journal*, 16 (1): 166-199.

Knowler, W. 2011. *Consumer Protection Act explained*. Available: <http://www.iol.co.za/news/south-africa/consumer-protection-explained> (Accessed 9 September 2014).

Knowler, W. 2013. *Consumers must know their rights*. Available: <http://www.iol.co.za/news/south-africa/consumers-must-know-their-rights-1.1447017#.VPbn2nyUdbE> (Accessed 01 October 2016).

Kopalle, P., Biswas, D., Chintagunta, P. K., Fan, J., Pauwels, K., Ratchford, B. T. and Sills, J. A. 2009. Retailer pricing and competitive effects. *Journal of Retailing*, 85 (1): 56-70.

Kotler, P. and Keller, K. L. 2012. *Marketing management*. 14<sup>th</sup> ed. Boston: Pearson.

KPMG. 2010. The Consumer Protection Act. Available: <http://www.kpmg/consumer%20Prot%20Act%20Booklet%20Sept%202010> (Accessed 21/03/2013).

Krishnamurthy, S. 2006. Introducing E-MARKPLAN: a practical methodology to plan Emarketing activities. *Business Horizons*, 49 (1): 41-60.

Krishnaswami, O. R. and Satyaprasad, B. G. 2010. Business research methods. In. Global Media, 48-54. Available: <http://site.ebrary.com/id/10415560?ppg=39> (Accessed 15 February 2015).

Kruger, L. M. 2011. The Consumer Protection Act and your rights: opinions and information. *Word and Action*, 51 (415): 25-28.

Kruger, P. 2012. *The Consumer Protection Act-Crossing the great divide*. Available: <http://www.rsmбетty&dickson/article> (Accessed 08/08/2013).

Kucuk, S. U. 2009. Consumer empowerment model: from unspeakable to undeniable. *Direct Marketing: An International Journal*, 3 (4): 327-342.

Kumar, R. 2014. *Research methodology*. London: Sage.

Laran, J., Juliano, L. and Michael, T. 2013. An investigation of the effectiveness of uncertainty in marketing promotions involving free gifts. *Journal of Marketing*, 77 (2): 112-113.

Lauterborn, R. 2003. It is time to blow away IMC? *B to B Chicago*, 88 (11): 14-15.

Lederer, P. J. 2011. Competitive delivered pricing by mail-order and internet retailers. *Networks and Spatial Economics*, 11 (2): 315-342.

- Lee, M. L. and Pace, R. K. 2005. Spatial distribution of retail sales. *Journal of Real Estate Finance and Economics*, 31 (1): 53-69.
- Leggat, H. L. 2011a. The Consumer Protection Act: know your rights part one. *South African Pharmaceutical and Cosmetic Review*, 38 (11): 32-33.
- Leggat, H. L. 2011b. The Consumer Protection Act: know your rights part two. *South African Pharmaceutical and Cosmetic Review*, 38 (8): 14.
- Levy, M., Grewal, D., Kopalle, P. K. and Hess, J. D. 2004. Emerging trends in retail pricing practice: implications for research. *Journal of Retailing*, 80 (3): 8-21.
- Levy, M. and Weitz, B. A. 1996. *Essentials of retailing*. Chicago: Irwin.
- Levy, M. and Weitz, B. A. 2012. *Retailing management*. 8 ed. Chicago: Irwin.
- Looney, B. A. and Reyerson, A. 2011. So you're a millennial-create us a facebook presence. *The Business Review*, 17 (1): 157-163.
- Lu, J. C., Tsao, Y. and Charoensiriwath, C. 2011. Competition under manufacturer service and retail price. *Economic Modelling*, 28 (3): 1256-1264.
- Lubik, S., Lim, S., Platts, K. and Minshall, T. 2012. Market-pull and technology-push in manufacturing start-ups in emerging industries. *Journal of Manufacturing Technology Management*, 24 (1): 10-27.
- Lukic, R. 2013. Sustainable cost management in retail. *Revista de Management Comparat International*, 14 (2): 268-280.
- Lusch, R. F., Dunne, M. P. and Carver, J. R. 2011. *Introduction to retailing*. 7<sup>th</sup> ed. South Western: Cengage Learning.
- Manganari, E. E., Siomkos, G. J. and Vrechopoulos, A. 2009. Store atmosphere in web retailing. *European Journal of Marketing*, 43 (9/10): 1140-1153.
- Manning, G. L., Ahearne, M., Reece, B. and MacKenzie, H. H. 2015. *Selling today: creating customer value*. Canada: Pearson
- Marshall and Keith. 2010. *Consumer Protection Act to hit retailers*. Available: <http://www.timeslive.co.za/business/article389882.ece/Consumer-> (Accessed 01/04/2017).
- Martin, D. 2009. The entrepreneurial marketing mix. *Qualitative Market Research: An International Journal*, 12 (4): 391-403.
- Martin, D. and Isozaki, M. 2013. Hotel marketing strategies in turbulent times: path analysis of strategy decisions. *Journal of Business Research*, 66 (2013): 1544-1549.
- Marus, L. 2011. CPA and plain language: a not-so-unlikely threesome: SHEQ. *Inside Mining*, 4 (3): 36-37.

- May, P. 2016. Age divide in communication styles. *Contra Costa Times*, 26 Mar 2016: 1-18.  
Available: <https://search.proquest.com/docview/1776364976?accountid=10612> (Accessed 01 January 2017).
- McDaniel, C. and Gates, R. 2010. *Marketing research*. 7<sup>th</sup> ed. New Jersey: John Wiley & Sons, Inc.
- McIver, J. and Carmines, E. G. 1981. *Unidimensional scaling*. California: Sage.
- Mdluli, B. 2011. The CPA will professionalise the marketing industry. *Journal of Marketing*: 35-36.
- Mejri, A. and Dhruv, B. 2014. CSR: consumer responses to the social quality of private labels. *Journal of Retailing and Consumer Services*, 21 (3): 357-363.
- Mela, C. F., Jedidi, K. and Bowman, D. 1998. The long term impact of promotions and consumer stockpiling. *Journal of Market Research*, 35 (2): 250-262.
- Mimouni-Chaabane, A. and Volle, P. 2010. Perceived benefits of loyalty programmes: scale development and implications for relational strategies. *Journal of Business Research*, 63 (1): 32-37.
- Mishra, A. and Ansari, J. 2013. A conceptual model for retail productivity. *International Journal of Retail & Distribution Management*, 41 (5): 348-379.
- Mohamed, Q. 2011. *Consumer protection act-winds of change*. Available:  
<http://www.jlesliesmithandco/cpa/legalarticles/windsofchange> (Accessed 07 February 2015).
- Mokhtar, M. Z. and Wan-Ismael, W. N. S. 2012. Marketing strategies and the difference level of sales and profits performance of the batik SME's in Malaysia. *International Journal of Business and Management*, 7 (23): 96-111.
- Monty, S. 2012. Food law know-how: part 7: marketing practices and the CPA: consumer savvy. *Farmlink*, 2 (2): 53, 55.
- Moutinho, L., Kotler, P. and Ries, L. 2014. Winning at innovation through marketing futurecast-from a thought renaissance, biologically inspired intelligence (BII) and the nomadic mobile to ethnomics and brand playgrounds. *Journal of Retailing*, 1 (1): 1-8.
- Mugari, A. 2015. Supply chain integration with corporate strategy for selected companies in the fast moving consumer goods industry in KwaZulu-Natal, South Africa. Durban University of Technology.
- Mugobo, V. V. and Malunga, P. 2015. Consumer protection in South Africa: challenges and opportunities for furniture retailers in Cape Town, South Africa. *Mediterranean Journal of Social Sciences*, 6 (1): 224-232.
- Mupangavanhu, Y. 2012. An analysis of the dispute settlement mechanism under the Consumer Protection Act 68 of 2008. *Potchefstroom Electronic Law Journal*, 15 (5): 319-346.

- Mupangavanhu, Y. 2015. Fairness a slippery concept: the common law of contract and the Consumer Protection Act 68 of 2008. *De Jure*, 48 (1): 116-135.
- Murphy, D. 2013. *6 Small Business Marketing Trends for 2014*. Available: <http://www.business2community.com/small-business-marketing-trends-2014> (Accessed 13 December 2013).
- Murphy, P. E. and Pridgen, D. 1990. Ethical and legal issues in marketing. *Advances in marketing and public policy*, 1 (1): 84-85.
- Myers, M. D. 2013. *Qualitative research in business & management*. 2<sup>nd</sup> ed. London: Sage.
- Naik, P. A., Raman, K. and Winer, R. S. 2005. Planning marketing-mix strategies in the presence of interaction effects. *Marketing Science*, 24 (1): 25-34.
- Nair, M. 2007. The Erosion of the skills force in South Africa as a result of HIV/AIDS (Dissertation in partial fulfillment of the MBA degree). MBA, MANCOSA.
- Nardal, S. and Sahin, A. 2011. Ethical issues in e-commerce on the basis of online retailing. *Journal of Social Sciences*, 7 (2): 190-198.
- Naude, T. 2011. The consumer's right to safe, good quality goods and the implied warranty of quality under Sections 55 and 56 of the Consumer Protection Act 68 of 2008. *SA Mercantile Law Journal*, 23 (3): 336-351.
- Neville, M. 2010. *The Consumer's Protection Act*. Available: <http://www.bizcommunity.com/Article/196/307/45701> (Accessed 30 March 2017).
- Newman, S. 2010. The influence of plain language and structure on the readability of contracts. *Obiter*, 31 (3): 735-745.
- Nieuwenhuizen, C. 2012. *Business and Marketing Cases*. Cape Town: Juta & Co. Ltd.
- Noked, N. 2011. Investing in corporate social responsibility to enhance customer value. *The Harvard Law School Forum on Corporate Governance and Finance Regulation*: 1-10.
- O'Rourke, M., Crowley, S. J., Eigenbrode, S. D. and Wulfhorst, J. 2014. *Enhancing communication & collaboration in interdisciplinary research*. Los Angeles: Sage.
- Paddison, A. and Calderwood, E. 2007. Rural retailing: a sector in decline? *International Journal of Retail & Distribution Management*, 35 (2): 136-155.
- Panda, T. K. 2003. *Marketing management*. New Delhi: Excel Books.
- Pantano, E. 2010. New technologies and retailing: trends and directions. *Journal of Retailing and Consumer Services*, 17 (3): 171-172.
- Papatla, P. and Krishnamurthi, L. 1996. Measuring the dynamic effects of promotions on brand choice. *Journal of Market Research*, 33 (2): 20-35.

Parasuraman, A., Grewal, D. and Krishnan, R. 2006. *Marketing research*. Boston: Cengage Learning.

Park, M. N., Shin, J. K. and Ju, Y. 2014. Social networking atmosphere and online retailing. *Journal of Global Scholars of Marketing Science*, 24 (1): 89-107.

Parumasur, S. B. and Roberts-Lombard, M. 2012. *Consumer Behaviour*. 2<sup>nd</sup> ed. Cape Town: Juta & Co. Ltd.

Pather-Elias, S. 2012. Consumerism: sustainability corner. *Veld & Flora*, 98 (1): 1-3.

Paul, A. 2013. *Email marketing vs social marketing-and the winner is?* Available: <http://www.business2community.com/email-marketing-vs-social-media-marketing> (Accessed 14/12/2014).

Pelsmacker, P. D., Geuens, M. and Bergh, J. v. d. 2013. *Marketing communications: a European perspective*. Harlow: Pearson.

Percy, L. and Elliott, R. H. 2016. *Strategic advertising management*. Oxford: Oxford University Press.

Pesonen, J., Komppula, R., Kronenberg, C. and Peters, M. 2011. Understanding the relationship between push and pull motivations in rural tourism. *Tourism Review*, 66 (3): 32-49.

Phillips, M., Parsons, A. G., Wilkinson, H. J. and Ballantine, P. W. 2015. Competing for attention with in-store promotions. *Journal of Retailing and Consumer Services*, 26: 141-146.

Piacentini, M., MacFadyen, L. and Eadie, D. 2000. Corporate social responsibility in food retailing. *International Journal of Retail & Distribution Management*, 28 (11): 459-469.

Plowman, L. 2017. Revisiting ethnography by proxy. *International Journal of Social Research Methodology*, 20 (5): 443-454.

Popescu, G. H. 2015. The competitive nature and effectiveness of online retailing. *Psychosociological Issues in Human Resource Management*, 3 (1): 101-106.

Powell, G., Groves, S. and Dimos, J. 2011. *ROI of social media: how to improve the return on your social marketing investment*. Singapore: John Wiley & Sons.

Pratihari, S. 2014. Marketing mix strategies and business models: innovating for rural India. *Productivity*, 55 (2): 162-169.

Qu, S. 2011. The qualitative research interview. *Qualitative Research in Accounting & Management*, 8 (3): 238-264.

Ramsay, J. and Renaud, K. 2012. Using insights from email users to inform organisational email management policy. *Behaviour & Information Technology*, 31 (6): 587-603.

- Rao, S., Griffis, S. E. and Goldsby, T. J. 2011. Failure to deliver? Linking order fulfillment glitches with future purchase behavior. *Journal of Operations Management*, 29 (8): 692-703.
- Rayburn, S. W. and Voss, K. E. 2013. A model of consumer's retail atmosphere perceptions. *Journal of Retailing and Consumer Services*, 20 (4): 400-407.
- Reddy, K. 2005. Discrimination against customers by retail chain stores and the impact of the law: management. *South African Journal of Economic and Management Sciences*, 8 (2): 129-139.
- Reddy, K. 2006. The horizontal application of the equality guarantees and race discrimination. *Tydskrif vir die Suid-Afrikaanse Reg*, 2006 (4): 783-802.
- Reddy, K. 2012. Students as consumers : the implications of the Consumer Protection Act for higher education institutions in South Africa. *South African Journal of Higher Education*, 26 (3): 586-605.
- Reddy, K., Mohamed, R. and Naidoo, P. M. 2017. The implications of consumer protection legislation for hotels and guests in South Africa. *Journal of Economics and Behavioral Studies*, 9 (2): 34-43.
- Reddy, K. and Rampersad, R. 2012. Ethical business practices: the consumer protection act and socio-economic transformation in South Africa. *African Journal of Business Management* 6 (25): 7403-7413.
- Reeves, S., Kuper, A. and Hodges, B. D. 2013. Qualitative research methods: ethnography. *British Medical Journal*, 337 (7668): 512-514.
- Reijonen, H. 2010. Do all SMEs practise same kind of marketing? *Journal of Small Business and Enterprise Development*, 17 (2): 279-293.
- Reinartz, W., Dellaert, B., Krafft, M., Kumar, V. and Varadarajan, R. 2011. Retailing innovations in a globalizing retail market environment. *Journal of Retailing*, 87, Supplement 1: S53-S66.
- Republic of South Africa. 2002. *Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002)*. Pretoria: Government Press.
- Republic of South Africa. DTI. 2009. *Consumer Protection Act, No. 68 of 2008* Pretoria: Government Press. Available: <http://www.info.gov.za/view/DownloadFileAct> (Accessed 15/01/2013).
- Richardson, D. W. and Rao, R. C. 2014. Managing competition: promotions that reduce pricing pressure *Stuart School of Business, IIT*: 1-37.
- Rowley, J. 2016. Information marketing. *International Journal of Retail & Distribution Management*, 23 (5): 32-40.
- Rubin, H. J. and Rubin, I. S. 2013. *Qualitative interviewing: the art of hearing data*. California: Sage.



- Rudick, J. M. A. S. 2008. The 8 P's of marketing. *The Camping Magazine* vol. 81, no. 5, Sep/Oct: 6-8. Available: <http://search.proquest.com/docview/235259538?accountid=10612> (Accessed 16/08/2016).
- Ruediger, K. H., Priporas, C., Vassiliadis, C. A. and Stylos, N. D. 2012. Qualitative findings on marketing management practices from Greek ski centers. *Qualitative Market Research: An International Journal*, 15 (4): 385-403.
- Ruiz, G. M. 2014. Understanding the pro-plaintiff bias in consumer protection legal processes. *Journal of Consumer Policy*, 37 (1): 113-141.
- Salem, J., Mohammad, J. and Lahcen Ait, F. 2011. Promotion objectives, strategies and tools. *Interdisciplinary Journal of Contemporary Research In Business*, 3 (2): 1682-1694.
- Sands, M. 2003. Integrating the Web and e-mail into a push-pull strategy. *Qualitative Market Research: An International Journal*, 6 (1): 27-37.
- Sathish, D. and Venkatrama Raju, D. 2012. Forecasting the retail future trends for 2012. *Journal of Contemporary Research in Management*, 7 (1): 27-34.
- Schiff, A. 2013. Shoe retailer puts its best foot forward with targeted email marketing. *DM News*, 35 (2): 34-35.
- Schmidt, S. M. P. and Ralph, D. L. 2013. Marketing using your website. *The Business Review, Cambridge*, 21 (1): 52-58.
- Sciglimpaglia, D. and Toole, H. 2008. Estimated demand potential and marketing small business workshops. *Small Business Institute Journal*, 1 (1): 91-108.
- Scott, T. 2013. The influence of the CPA on promotional activities in South Africa. LLM, University of Pretoria.
- Sekaran, U. and Bougie, R. 2010. *Research methods for business -a skill building approach*. West Sussex: John Wiley & Sons Ltd.
- Sekaran, U. and Bougie, R. 2013. *Research Methods for Business*. 6<sup>th</sup> ed. West Sussex: John Wiley & Sons Ltd.
- Shahhosseini, A. and Ardahaey, F. T. 2011. Marketing mix practices in the cultural industry. *International Journal of Business and Management*, 6 (8): 230-234.
- Shahram, G., Mohammad, T. and Azizi, N. 2013. Marketing mix and consumer behavior. *Kuwait Chapter of the Arabian Journal of Business and Management Review*, 2 (12): 53-58.
- Shakeel, R. and Ibrahim, M. S. 2011. Integrated marketing communication and promotion. *Researchers World*, 2 (4): 187-191.
- Shankar, V., Inman, J. J., Mantrala, M., Kelley, E. and Rizley, R. 2011. Innovations in shopper marketing: current insights and future research issues. *Journal of Retailing*, 87 (2011): 29-42.

Shankar, V. and Yadav, M. S. 2010. Emerging perspectives on marketing in a multichannel and multimedia retailing environment. *Journal of Interactive Marketing*, 24 (2): 55-57.

Sharma, A. 2011. Take-off of online marketing: casting the next generation strategies. *Business Strategy Series*, 12 (4): 202-208.

Sharrock, R. D. 2010. Judicial control of unfair contract terms: the implications of Consumer Protection Act. *South African Mercantile Law Journal*, 22 (3): 295-325.

Shaw, E. H. 2012. Marketing strategy. *Journal of Historical Research in Marketing*, 4 (1): 30-55.

Sheehan, B. 2010. *Basic marketing 02*. Lausanne: AVA Publishing.

*Wiley international encyclopedia of marketing*. 2011.

Shirmardi, E., Andervazh, L. and Shanaki, M. 2016. The role of advertising and sales promotions in brand equity creation (case study: Iranian customers of household appliances). *European Online Journal of Natural and Social Sciences: Proceedings*, 4 (1): 1761-1775.

Singh, H. P. and Solanki, R. S. 2013. A new procedure for variance estimation in simple random sampling using auxiliary information. *Statistical Papers*, 54 (2): 479-497.

Singh, M. 2016. Sociological Jurisprudence. *University of Himachal Pradesh Law Journal*, 2016 (1): 1-6.

Slabbert, M. N., Maister, B., Botes, M. and Pepper, M. S. 2011. The application of the Consumer Protection Act in the South African health care context: concerns and recommendations. *The Comparative and International Law Journal of Southern Africa*, 44 (2 ): 168-203.

Smith, P. R. and Zook, Z. 2011. *Marketing communications: integrating offline and online with social media*. London: Kogan Page Ltd.

Sonja, S. L., Matjaž, M. and Mazurek, M. 2014. Branding paradigms and the shift of methodological approaches to branding. *Kybernetes*, 43 (3/4): 565-586.

Sorensen, H. 2016. *Inside the mind of the shopper: the science of retailing*. FT Press.

Stahlberg, M. and Maila, V. 2010. *Shopper marketing: how to increase purchase decisions at the point of sale*. London: Kogan Page Publishers.

Strachan, D. 2010. *Returns Policies and the CPA*. Available: <http://www.bizcommunity.com> (Accessed 6/07/2012).

Tait, M. and Newman, S. 2014. Exemption provisions and the Consumer Protection Act, 2008: some preliminary comments: notes. *Obiter*, 35 (3): 629-643.

- Tait, M. and Tait, M. 2010. Equality, The Consumer Protection Act and customer segment pricing strategies: is there relief for the poor rich tourist. *Nelson Mandela Metropolitan University* 434-445.
- Tan, K. S., Chong, S. and Lin, B. 2013. Intention to use Internet marketing: a comparative study between Malaysians and South Koreans. *Kybernetes*, 42 (6): 888 - 905
- Tavakol, M. and Dennick, R. 2011. Making sense of Cronbach's alpha. *International Journal of Medical Education*, 2: 53.
- Terblanché, N. S. 2013. *Retail management: a South African perspective*. Cape Town: Oxford University Press Southern Africa.
- The Consumer Protector. Office, W. C. 2012. *The National Consumer Protection Act (online)*. Western Cape: Government Printer. Available: [http://www.westerncape.gov.za/eng/pubs/public\\_info/N/215132/](http://www.westerncape.gov.za/eng/pubs/public_info/N/215132/) (Accessed 22 January 2014).
- The Professional Accountant. 2008. Consumer rights are human rights! *Professional Accountant*, 1 (May): 1-19.
- The United Nations. 2012. *United Nations Conference on Trade and Development*. Geneva: United Nations. Available: [http://www.un.org/esa/sustdev/publications/consumption\\_en.pdf](http://www.un.org/esa/sustdev/publications/consumption_en.pdf) (Accessed 19/04/2012).
- Traynor, T. K. 2003. If traditional marketing doesn't work, try 'The Six Ps'. *National Underwriter*, 107 (23): 12.
- Tulip, S. 2010. Multi-channel retailing. *Supply Chain Europe*, 19 (2): 20-22.
- Tuna, G. and Yildiz, S. 2016. The impact of operating expenditures on firm performance in Turkey: evidence from technology sector. *Ekonomika*, 62 (4): 1.
- Tustin, D. H. and De Jongh, D. 2008. Ethical consumerism as a key consideration for future brand strategy development in South Africa. *South African Business Review*, 12 (3): 24-49.
- Tuten, T. L. 2010. Social Commerce: E-retailers and today's social consumers *Enterprise 2.0: How Technology, E-Commerce, and the Web are changing business virtually*, 2 (2010): 234-255.
- Tuten, T. L. and Ashley, C. 2011. Promotional strategies for small businesses: group buying deals. *Small Business Institute Journal*, 7 (2): 15-29.
- Vacanti, V. 2011. *Is Groupon bad for small businesses*. Available: <http://techcrunch.com/groupon> (Accessed 17 December 2016).
- Van Heerden, R. 2013. A critical discussion of the impact of the right to fair value, good quality and safety in terms of the Consumer Protection Act 68 of 2008 on the Agricultural Industry in South Africa. University of Pretoria.

- Van Staveren, I. 2007. Beyond utilitarianism and deontology: ethics in economics. *Radboud University Nijmegen*, 19 (1): 21-35.
- Velayudhan, S. K. 2014. Outshopping in rural periodic markets: a retailing opportunity. *International Journal of Retail & Distribution Management*, 42 (2): 151-167.
- Venkatesh, R. 2015. Mobile marketing. *International Journal of Research*, 2 (2): 1175-1187.
- Verhoef, P. C., Kannan, P. and Inman, J. J. 2016. From multi-channel retailing to omni-channel retailing: introduction to the special issue on multi-channel retailing. *Journal of retailing*, 91 (2): 174-181.
- Volpe, R. J. 2013. Promotional competition between supermarket chains. *Review of Industrial Organization*, 42 (1): 45-61.
- Von Ulmenstein, C. 2011. *Consumer Protection Act no joke, affects every business from 1 April*. Available: <http://www.whalecottage.com/blog/accomodation/consumer-protection-act-no-joke> (Accessed 3 August 2014).
- Waxer, C. 2014. Email marketing jockeys for relevance. *DM News*, 36 (1): 30-33.
- Webster, F. E. and Lusch, R. F. 2013. Elevating marketing: marketing is dead! Long live marketing! *Academy of Marketing Science Journal*, 41 (4): 389-399.
- Wei, H. and Yongjian, L. 2012. Retail service for mixed retail and E-tail channels. *Annals of Operations Research*, 192 (1): 151-171.
- Weisstein, E. W. 2015. *Hypothesis testing*. Available: <http://mathworld.wolfram.com/hypothesisTesting.html> (Accessed 04 August 2018).
- Whysall, P. 2000. Retailing and the internet: a review of ethical issues. *International Journal of Retail & Distribution Management*, 28 (11): 481-489.
- Williams, A. 2011. *2bbusiness*. Available: <http://www.2bbusiness.co.za> (Accessed 1 April 2016).
- Williams, O. F. and Murphy, P. E. 1990. The ethics of virtue, a moral theory for marketing. *The Journal of Macromarketing*, 20 (2): 1-11.
- Woker, T. 2010. Why the need for consumer protection legislation? A look at some of the reasons behind the promulgation of the National Credit Act and the Consumer Protection Act. *Obiter*, 31 (2): 217-231.
- Wolf, C., Joye, D., Smith, T. and Fu, Y. C. 2016. *Non-probability Sampling*. City Road: Sage.
- Woodside, A. G. and Walser, M. G. 2007. Building strong brands in retailing. *Journal of Business Research*, 60 (1): 1-10.
- Young, L. 2011. *The Marketer's Handbook: Reassessing Marketing Techniques for Modern Business*. Wiltshire: John Wiley & Sons.

Zikmund, W. and Babin, B. 2012. *Essentials of marketing research*. London: Cengage Learning.

Zingsheim, M. 2011. Marketing Practices for Businesses. *Ground Support Worldwide*, 19 (3): 1-3.

Zvomuya, F. 2011. *CPA to shake up S.A. Business* (Industry Report). Available:  
<http://www.thedti.gov.za/milk&jiuce> (Accessed 01/08/2012).

# ANNEXURES

## Annexure 1- Letter of information and consent

### Letter of information and consent

#### **Dear Participant**

I am currently registered for a D.Tech degree at the Durban University of Technology. As part of this study, I am conducting research on the Consumer Protection Act (CPA) and promotional strategies of Retail Businesses in Durban. The purpose of this study is to investigate promotional strategies for retail businesses, given the limitations imposed by the CPA, in order to generate new ideas and suggestions. The study focuses on :

- the provisions of the CPA that impact on promotional efforts of retail businesses (small to medium) in KZN;
- determining the influence of the CPA on the promotional efforts of retail businesses in KZN;
- determining the measures that retail businesses in KZN are adopting to address the restrictions placed in terms of the CPA; and
- determining the implications of the implementation of the CPA on promotions expenditure for retail businesses in KZN.

Would you agree to participate by answering the questions within the questionnaire?

Participation is voluntary and you are free to withdraw from the study at any time. To ensure that strict confidentiality is maintained all questionnaire scripts will be shredded. The information you give will only be used for research purposes, and your identity and individual answers will be kept totally confidential. Your assistance will be much appreciated,

Yours faithfully,

Marlini Nair

**Statement of Agreement to Participate in the Research Study:**

I,....., have read this document in its entirety and understand its contents.

Where I have had any questions or queries, these have been explained to me by Marlini Nair to my satisfaction. Furthermore, I fully understand that I may withdraw from this study at any stage without any adverse consequences and my future health care will not be compromised. I, therefore, voluntarily agree to participate in this study.

**Respondents Name (in full):** \_\_\_\_\_

**Respondents Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Researchers Signature:** \_\_\_\_\_

**Persons to Contact in the Event of Any Problems or Queries:**

**Researcher DUT**

Ms Marlini Nair

Tel: 0833011988

Email: [nairmarlini@gmail.com](mailto:nairmarlini@gmail.com)

**Research Ethics Administrator (IREC Administrator)**

Ms Lavisha Deonarian

Tel: 031 3735367

Email: [LavishaD@dut.ac.za](mailto:LavishaD@dut.ac.za)

**Supervisors**

Prof K Reddy

Tel: 031 3735367

Email: [reddyk@dut.ac.za](mailto:reddyk@dut.ac.za)

Prof. S. Penceliah

Tel: 031 373 5391

Email: [pencelid@dut.ac.za](mailto:pencelid@dut.ac.za)

**INSTITUTIONAL RESEARCH ETHICS COMMITTEE (IREC)**  
**LETTER OF INFORMATION**

**Title of the Research Study:** Consumer Protection Act (CPA) and promotional strategies of Retail Businesses in Durban.

**Researcher :** Marlini Nair

**Co-Investigator/s/supervisor/s :** Prof K Reddy/Prof. D. Penceliah

- **Brief Introduction and Purpose of the Study:** To investigate promotional strategies for retail businesses given the limitations imposed by the CPA in order to generate new ideas and suggestions.

**Outline of the Procedures:**

**I. Questionnaires to Senior Managers and Directors of retail businesses.**

Questionnaires will be emailed to general managers, marketing managers, CEO's, directors or senior executives.

**II. Structured interviews**

The questionnaires will be administered first and thereafter- respondents with personal involvement with the area of study will be interviewed using the structured interview questions. Fifteen structured interviews will be carried out to obtain a rich source of qualitative and descriptive data. A purposive sampling method will be used.

**Sample Size:** Four hundred questionnaires would be sent out in Durban.

**Risks or Discomforts to the Participant:** there are no risks to participants

**Benefits:** N/A

**Reason/s why the Participant May Be Withdrawn from the Study:** participation is voluntary and the participants may withdraw at any time.

**Remuneration:** Research participants will not be paid.

**Costs of the Study:** No costs.

**Confidentiality:** The identity will not be required on the questionnaire.

**Research-related Injury:** N/A

**Persons to Contact in the Event of Any Problems or Queries:**

For further queries kindly contact the Researcher, Ms Marlini Nair on 0833011988 or my supervisor, Prof K. Reddy on 031-3735367 or the Institutional Research Ethics administrator on 031 373 2900. Complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or [dvctip@dut.ac.za](mailto:dvctip@dut.ac.za).



## **INSTITUTIONAL RESEARCH ETHICS COMMITTEE (IREC) - CONSENT**

### **Statement of Agreement to Participate in the Research Study:**

- I hereby confirm that I have been informed by the researcher, Ms M Nair (name of researcher), about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: \_\_\_\_\_,
- I have also received, read and understood the above written information (Participant Letter of Information) regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher.
- I may, at any stage, without prejudice, withdraw my consent and participation in the study.
- I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.
- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

_____	_____	_____	_____
<b>Full Name of Participant</b>	<b>Date</b>	<b>Time</b>	<b>Signature/ Right Thumbprint</b>

I, \_\_\_\_\_ (name of researcher) herewith confirm that the above participant has been fully informed about the nature, conduct and risks of the above study.

_____	_____	_____
<b>Full Name of Researcher</b>	<b>Date</b>	<b>Signature</b>

_____	_____	_____
<b>Full Name of Witness</b>	<b>Date</b>	<b>Signature</b>

---

**Full Name of Legal Guardian**  
**(If applicable)**

---

**Date**

---

**Signature**

***Please note the following:***

Research details must be provided in a clear, simple and culturally appropriate manner and prospective participants should be helped to arrive at an informed decision by use of appropriate language (grade 10 level - use Flesch Reading Ease Scores on Microsoft Word), selecting of a non-threatening environment for interaction and the availability of peer counseling (Department of Health, 2004).

If the potential participant is unable to read/illiterate, then a right thumb print is required and an impartial witness, who is literate and knows the participant e.g. parent, sibling, friend, pastor, etc. should verify in writing, duly signed that informed verbal consent was obtained (Department of Health, 2004).

If anyone makes a mistake completing this document e.g. wrong date or spelling mistake a new document has to be completed. The incomplete original document has to be kept in the participant file and not thrown away and copies thereof must be issued to the participant.

**References:**

Department of Health: 2004. *Ethics in Health Research: Principles, Structures and Processes* <http://www.doh.gov.za/docs/factsheets/guidelines/ethnics/>

Department of Health. 2006. *South African Good Clinical Practice Guidelines*. 2nd Ed.  
Available at: [http://www.nhrec.org.za/?page\\_id=14](http://www.nhrec.org.za/?page_id=14)

## ETHICAL ISSUES CHECKLIST FOR RESEARCH APPROVAL

To be completed by all people wishing to conduct research under the auspices of Durban University of Technology.

1. Use the Durban University of Technology's Research Ethics Policy and Guidelines to ensure that ethical issues have been identified and addressed in the most appropriate manner, before finalising and submitting your research proposal.
  
2. Please indicate [by an X as appropriate] which of the following ethical issues could impact on your research.
  
3. Please type the motivations/further explanations where required in the cell headed COMMENTS.
  
4. The highlighted response cells indicate those responses which are of particular interest to the Ethics Committee

NO.	QUESTION	YES	NO	N/A
	<b>DECEPTION</b>			
1.	Is deception of any kind to be used? and if so provide a motivation for acceptability.		✓	
	<b>COMMENTS:</b>			
2.	Will the research involve the use of no-treatment or placebo control conditions? If yes, explain how subject's interests will be protected.		✓	
	<b>COMMENTS</b>			
	<b>CONFIDENTIALITY</b>			
3.	Does the data collection process involve access to confidential personal data (including access to data for purposes other than this particular research project) without prior consent of subjects? If yes, motivate the necessity		✓	
	<b>COMMENTS</b>			
4.	Will the data be collected and disseminated in a manner that will ensure confidentiality of the data and the identity of the participants? Explain your answer	✓		
	<b>COMMENTS</b>			
5.	Will the materials obtained be stored and ultimately disposed of in a manner that will ensure confidentiality of the participants? If no, explain. If yes specify how long the confidential data will be retained after the study and how it will be disposed of.	✓		
	<b>COMMENTS</b>			

6.	Will the research involve access to data banks that are subject to privacy legislation? If yes, specify and explain the necessity.		✓	
	<b>COMMENTS</b>			
	<b>RECRUITMENT</b>			
7	Does recruitment involve direct personal approach from the researchers to the potential subjects? Explain the recruitment process	✓		
	<b>COMMENTS:</b> For the purposes of this study questionnaires will be emailed to potential participants in retail businesses in KZN. These participants will be invited to participate and on agreement, they will be requested to read the information and sign the consent letter.			
8	Are participants linked to the researcher in a particular relationship, for example employees, students, family? If yes, specify how.		✓	
	<b>COMMENTS :</b>			
9	If yes to 8, is there any pressure from researchers or others that might influence the potential subjects to enrol? Elaborate.		✓	
	<b>COMMENTS:</b>			
10	Does recruitment involve the circulation/publication of an advertisement, circular, letter etc.? Specify		✓	
	<b>COMMENTS</b>			
11	Will subjects receive any financial or other benefits as a result of participation? If yes, explain the nature of the reward, and safeguards		✓	
	<b>COMMENTS:.</b>			
12	Is the research targeting any particular ethnic or community group? If yes, motivate why it is necessary/acceptable. If you have not consulted a representative of this group, give a reason. In addition explain any consultative processes, identifying participants. Should consultation not take place, give a motivation.		✓	
	<b>COMMENTS:</b>			
	<b>INFORMED CONSENT</b>			
13	Does the research full-fill the criteria for informed consent? [See guidelines]. If yes, no further answer is needed. If no, please specify how and why.	✓		
	<b>COMMENTS</b>			
14	Does consent need to be obtained from special and vulnerable groups (see guidelines). If yes, describe the nature of the group and the procedures used to obtain permission.			✓
	<b>COMMENTS:</b>			
15	Will a Subject Information Letter be provided and a written consent be obtained? If no, explain. If yes, attach copies to proposal. In the case of subjects who are not familiar with English (e.g. it is a second language), explain what arrangements will be made to ensure comprehension of the Subject Information Letter, Informed Consent Form and other questionnaires/documents.			✓
	<b>COMMENTS</b>			

16	Will results of the study be made available to those interested? If no, explain why. If yes, explain how	✓		
	<b>COMMENTS :</b> The results of the study will be disseminated at conferences and seminars and in journal publications. Further the results of the study will be made available to the Department of Trade and Industry's Consumer Protection Division.			
	<b>RISKS TO SUBJECTS</b>			
17	Will participants be asked to perform any acts or make statements which might be expected to cause discomfort, compromise them, diminish self esteem or cause them to experience embarrassment or regret? If yes, explain.		✓	
	<b>COMMENTS</b>			
18	Might any aspect of your study reasonably be expected to place the participant at risk of criminal or civil liability? If yes, explain.		✓	
	<b>COMMENTS</b>			
19	Might any aspect of your study reasonably be expected to place the participant at risk of damage to their financial standing or social standing or employability? If yes, explain.		✓	
	<b>COMMENTS</b>			
20	Does the protocol require any physically invasive, or potentially harmful procedures [e.g. drug administration, needle insertion, rectal probe, pharyngeal foreign body, electrical or electromagnetic stimulation, etc.?] If yes, please outline below the procedures and what safety precautions will be used.		✓	
	<b>COMMENTS</b>			
21	Will any treatment be used with potentially unpleasant or harmful side effects? If yes, explain the nature of the side-effects and how they will be minimised.		✓	
	<b>COMMENTS</b>			
22	Does the research involve any questions, stimuli, tasks, investigations or procedures which may be experienced by participants as stressful, anxiety producing, noxious, aversive or unpleasant during or after the research procedures? If yes, explain.		✓	
	<b>COMMENTS</b>			
23	Will any samples of body fluid or body tissues be required specifically for the research which would not be required in the case of ordinary treatment? If yes, explain and list such procedures and techniques.		✓	
	<b>COMMENTS</b>		✓	
24	Are any drugs/devices to be administered? If yes, list any drugs/devices to be used and their approved status.		✓	
	<b>COMMENTS</b>			
	<b>GENETIC CONSIDERATIONS</b>			
25	Will participants be fingerprinted or DNA "fingerprinted"? If yes, motivate why necessary and state how such is to be managed and controlled.		✓	

	<b>COMMENTS</b>			
26	Does the project involve genetic research e.g. somatic cell gene therapy, DNA techniques etc.? If yes, list the procedures involved		✓	
	<b>COMMENTS</b>			
	<b>BENEFITS</b>			
27	Is this research expected to benefit the subjects directly or indirectly? Explain any such benefits.	✓		
	<b>COMMENTS</b> The results of the study may introduce new marketing strategies within retail businesses, thereby increasing sales and the economy at large.			
28	Does the researcher expect to obtain any direct or indirect financial or other benefits from conducting the research? If yes, explain.		✓	
	<b>COMMENTS</b>			
	<b>SPONSORS: INTERESTS AND INDEMNITY</b>			
29	Will this research be undertaken on the behalf of or at the request of a pharmaceutical company, or other commercial entity or any other sponsor? If yes, identify the entity.		✓	
	<b>COMMENTS</b>			
30	If yes to 29, will that entity undertake in writing to abide by Durban University of Technology's Research Committees Research Ethics Policy and Guidelines? If yes, do not explain further. If no, explain.			✓
	<b>COMMENTS</b>			
31	If yes to 30, will that entity undertake in writing to indemnify the institution and the researchers? If yes, do not explain further. If no, explain.			✓
	<b>COMMENTS</b>			
32	Does permission need to be obtained in terms of the location of the study? If yes indicate how permission is to be obtained.		✓	
	<b>COMMENTS</b>			
33	Does the researcher have indemnity cover relating to research activities? If yes, specify. If no, explain why not.	✓		
	<b>COMMENTS : DUT indemnity</b>			
34	Does the researcher have any affiliation with, or financial involvement in, any organisation or entity with direct or indirect interests in the subject matter or materials of this research? If yes, specify.		✓	
	<b>COMMENTS</b>			

**The undersigned declare that the above questions have been answered truthfully and accurately**

**STUDENT NAME :** -----

**SIGNATURE :** -----

**DATE :-----**

**SUPERVISOR NAME :** -----

**SIGNATURE :** -----

**DATE :-----**

## Annexure 2 - Research questionnaire

Kindly mark your response with an 'X'.						
<b>SECTION A: DEMOGRAPHIC DATA</b>						
1. Age (in years)	20-30	31-40	41-50	51-60	60+	
2. Gender:	Male	Female				
3. Education: Qualification	Matric	Diploma	Degree	Masters	Doctorate	
4. Is your company a small (less than 20 employees), medium (20-100 employees), or macro (more than 100 employees)?	small	medium	macro			
5. How many years of experience do you have in the marketing sector?	0 - 5	6 - 11	12 - 17	18 - 22	22+	
6. Have you had any formal training in marketing?	Yes	No				
7. Level	Marketing Assistant	Marketing Manager	Marketing Director	other		
<b>SECTION B: Types of Promotional Strategies used in your business</b>						
Please indicate the frequency of the promotional strategies used in your company by ticking the appropriate response.						
8. Email campaigns	Never	Rarely	Sometimes	Often	Always	
9. SMS campaigns	Never	Rarely	Sometimes	Often	Always	
10. Telesales to existing customers	Never	Rarely	Sometimes	Often	Always	
11. Telesales to potential customers	Never	Rarely	Sometimes	Often	Always	
12. In-store promotions	Never	Rarely	Sometimes	Often	Always	
13. Billboard campaigns	Never	Rarely	Sometimes	Often	Always	
14. Radio campaigns	Never	Rarely	Sometimes	Often	Always	
15. Other: (state type)	Never	Rarely	Sometimes	Often	Always	



16. Our organisation prefers to use a promotions company to promote and market its product/s.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
17. Our organisation prefers to use its staff to promote and market its product/s.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
18. Which of the above mentioned promotional strategies are preferred in your organisation?					
19. Kindly explain why:					
<b>SECTION C: Provisions that affect promotional strategies</b>					
The basic consumer rights that are recognised by the Consumer Protection Act (CPA) are as follows: 1. Right to Equality in the consumer market and protection against discriminatory marketing practices; 2. Right to privacy; 3. Right to choose; 4. Right to disclosure of information; 5. Right to fair and responsible marketing; 6. Right to fair and honest dealing.					
Kindly indicate your views with regards to the following rights and the impact on your business. Tick the relevant box:					
<b>Marketing strategies should not be discriminatory.</b>					
20. According to section 8 of the Act, marketing strategies should not be discriminatory. Thus suppliers may not supply goods/ services to <u>only</u> certain groups of consumers.	No impact at all	Very little impact	Neutral	Some Impact	Major impact
<b>The privacy of customers must be respected.</b>					
21. According to Section 1 of the Act customers cannot be coerced or harassed into purchasing any product.	No impact at all	Very little impact	Neutral	Some Impact	Major impact
22. Section 11 of the Act gives the consumer the right to restrict unwanted marketing by refusing to accept such marketing. Companies are not allowed to continue any unsolicited direct marketing of goods and services once a consumer has opted out.	No impact at all	Very little impact	Neutral	Some Impact	Major impact
23. If this has had some or a major impact on your business, kindly elaborate.					

24. Section 11 of the Act allows for paper "junk mail" to be blocked by consumers by simply placing a "no junk mail" notice on their post boxes. This right to privacy must be respected.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
25. Section 12 of the Act protects the privacy of the customer and prohibits marketing during certain days and at certain times, for example on public holidays, week-ends or after a certain time at night. The customer should not be contacted during these periods.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
26. Section 11 gives customers the right to opt out of email campaigns.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
27. If this has had some or a major impact on your business, kindly elaborate.						
<i>Customers have the right to choose their products and suppliers</i>						
28. According to Section 13 the supplier should not bundle goods in such a way that the consumer is forced to buy additional goods or services from that supplier or enter into an additional agreement or transaction. The customer should be able to purchase items separately.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
29. Section 18 focusses on the "cooling off" period. The consumer is entitled to cancel a transaction originating from such direct marketing without incurring any penalty, within five days after the delivery of the goods or the conclusion of the agreement.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
30. If this has had some impact on your business, kindly elaborate:						
31. In terms of Section 17, consumers are allowed, subject to a reasonable cancellation fee, to cancel advance reservations, bookings or orders. This incurs added administrative costs for the organisation.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	

<i>The right to disclosure of information.</i>						
32. Section 22 of the CPA stipulates that contracts and advertising material must be in plain and understandable language. Added costs are incurred to re-draft contracts and re-print marketing material.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
33. Businesses are required to inform and educate the disadvantaged customer and to ensure that they comply with plain and understandable language requirements. Labels, prices and advertising must be in simple language.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
<i>Section 34 covers promotional offers and gives the customer the right to fair and honest marketing. Therefore businesses need to stipulate that any document setting out a promotional offer must clearly state the following aspects highlighted below. Kindly indicate if the following aspects have had any impact on your organisation.</i>						
34. The nature of the prize, reward, gift, free goods or service, price reduction or concession, enhancement of quantity or quality of goods or services or other discounted items being offered.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
35. The goods or services to which the offer relates.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
36. The steps required by a consumer to accept the offer or to receive the benefit.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
37. The details of the person from whom, any place where, and any date and time on or at which, the consumer may receive the prize, reward, gift, free goods or service, price reduction or concession.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	
<i>The customer has the right to fair and honest dealing</i>						
38. Section 47 of the Act provides for the reasonableness test for overselling and overbooking. In terms of this test a supplier may not accept payment for goods or services where it has no reasonable intention to supply goods or services for which the consumer has paid.	No impact at all	Very little impact	Neutral	Some Impact	Major impact	



<b>SECTION D: Measures adopted to address the restrictions of the CPA.</b>						
Indicate the measures that your business is adopting to address the restrictions of the CPA (as discussed above in section c).						
46. Special sales advertised in the newspapers	Never	Rarely	Sometimes	Often	Always	
47. In-store promotions to promote certain items	Never	Rarely	Sometimes	Often	Always	
48. More marketing representatives are employed to call on customers	Never	Rarely	Sometimes	Often	Always	
49. Marketing via social media	Never	Rarely	Sometimes	Often	Always	
50. Interactive website marketing	Never	Rarely	Sometimes	Often	Always	
51. Opt-out registry for unwanted emails	Never	Rarely	Sometimes	Often	Always	
52. Other: (State type)	Never	Rarely	Sometimes	Often	Always	
<b>SECTION E: Implications of implementing the CPA.</b>						
In your view indicate the increase in marketing expenditure in the following areas after the CPA has been implemented.						
53. Re-drafting agreements and contracts	Nil	10-29%	30-49%	50-69%	70-79%	80-100%
54. Telephonic communication	Nil	10-29%	30-49%	50-69%	70-79%	80-100%
55. Re-labelling in plain and understandable language	Nil	10-29%	30-49%	50-69%	70-79%	80-100%
56. Customer care lines	Nil	10-29%	30-49%	50-69%	70-79%	80-100%
57. Disclosure of contents on packaging.	Nil	10-29%	30-49%	50-69%	70-79%	80-100%
58. Newspaper advertising.	Nil	10-29%	30-49%	50-69%	70-79%	80-100%

59. Administrative costs due to returns and refunds within the "cooling off" period.	Nil	10-29%	30-49%	50-69%	70-79%	80-100%
60. Printing of marketing brochures and catalogues.	Nil	10-29%	30-49%	50-69%	70-79%	80-100%
61. In-store promotions.	Nil	10-29%	30-49%	50-69%	70-79%	80-100%
62. Outdoor / mall promotions.	Nil	10-29%	30-49%	50-69%	70-79%	80-100%
63. Acquiring written permission to email customers.	Nil	10-29%	30-49%	50-69%	70-79%	80-100%
64. In lieu of the fact that there are several restrictions placed on retail businesses on the way they now promote their product/s, what other promotional strategies can you recommend for retail businesses:						
Please remember to save your responses. Thank you.						

### Annexure 3 - Structured interview questions

Topic: The Consumer Protection Act (CPA) and promotional strategies of retail businesses in Durban.

---

How long have you been working at this organisation? \_\_\_\_\_  
years.

2. Are you involved directly or indirectly with formulating marketing strategies for your company? (Y/N) \_\_\_\_\_

3. If Yes kindly describe your duties:

---

---

---

---

4. Which of the following promotions strategies are presently used in your organisation?

4.1 Email campaigns ☐

4.2 SMS campaigns ☐

4.3 Telesales to existing customers ☐

4.4 Telesales to potential customers ☐

4.5 In-store promotions ☐

4.6 Billboard campaigns ☐

4.7 Radio campaigns ☐

4.8 Other:

☐

\_\_\_\_\_ (please  
specify)

5. Which is your organisation's preferred promotional strategy:

\_\_\_\_\_  
\_\_\_\_\_

6. Kindly provide a reason/ reasons why this is preferred:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. In your view, which promotional tool listed in Question 4 above stimulates the most purchases in your company?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. In your view, which promotional tool listed in Question 4 above is the most cost effective?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. Please explain:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. Have you changed your promotional strategies since the CPA was implemented? (Y/N)\_\_\_\_\_



11. If Yes, kindly elaborate as to what promotional strategies were used in the past and why you have changed your promotional strategy? :

---

---

---

---

---

*The following provisions of the CPA are impacting on marketing strategies:*

1. *Marketing strategies should not be discriminatory (Section 8)*
2. *The privacy of customers must be respected (Section 11)*
3. *Customers have the right to choose (Section 13).*
4. *The customer has the right to disclosure of information (Section 22)*
5. *The customer has the right to fair and honest marketing (Section 34).*
6. *The customer has the right to fair and honest dealing (Section 47)*

***Marketing strategies should not be discriminatory***

12. Section 8 of the Act stipulates that marketing strategies should not be discriminatory and that suppliers may not supply goods/ services to certain groups of consumers. Given the fact that rural and urban areas of South Africa have different consumer needs, how does this affect your promotional strategies and retailing in the various areas?

---

---

---

---

---

---

***The privacy of customers must be respected***

13. Section 11 of the Act gives the consumer the right to restrict unwanted marketing by refusing to accept such marketing. Companies are not allowed to continue any unsolicited direct marketing of goods and services once a consumer has opted out. How does this impact on your promotional efforts?

---

---

---

---

---

---

---

14. Section 12 of the Act protects the privacy of the customer and prohibits marketing during certain days and times. Customers should not be contacted during these periods. How has this affected your communication, SMS campaigns or Email campaigns after hours?

---

---

---

---

---

---

---

15. Section 11 gives customers the right to opt out of Email campaigns and future Emails. Explain how this has affected your promotional campaigns and the maintenance of your organisation's database.

---

---

---

---

---

---

---

***Customers have the right to choose***

16. Bundling of goods is a common way of promoting items to move slow-selling items. According to Section 13, the supplier should not bundle goods in such a way that the consumer is forced to buy additional goods or services from that supplier or enter into an additional agreement or transaction. The customer has the prerogative of buying items separately. Describe if this has had any impact on your organisation's promotions strategies:

---

---

---

---

---

---

---

***The customer has the right to disclosure of information***

17. Section 22 demands that contracts and advertising material must be in plain and understandable language. Businesses are also required to inform and educate the disadvantaged customer. Has your organisation changed contracts, labelling or made any other changes to marketing material in an effort to be compliant with this section of the Act?

---

---

---

---

---

---

---

---

---

---

***The customer has the right to fair and honest marketing***

18. Section 34 focusses on promotional offers and gives the customer the right to fair and honest marketing. This entails clearly stating the details about the prize, reward, gift, free goods or service, price reduction or concession, enhancement of quantity or quality of goods or services or other discounted items being offered. Explain if this has had any effect on your organisation's marketing and logistics:

---

---

---

---

---

---

---

***The customer has the right to fair and honest dealing***

19. According to Section 47 a supplier cannot over-sell or over-book and cannot accept payment for any goods or services if such goods and services are not available. Has this had any impact on promotions or joint trade promotions with your suppliers? (Y/N)\_\_\_\_\_

20. If Yes, kindly explain:

---

---

---

---

---

---

---

21. In terms of Section 31, negative option marketing is prohibited whereby a customer is supplied goods for a trial period and is entitled to return the items if they do not wish to keep them. Does your company offer this kind of facility? Y/N\_\_\_\_\_

22. If Yes, kindly explain if this has impacted on your administrative, or any other costs:

---

---

---

---

---

---

23. What are the implications for promotions expenditure in your organisation, subsequent to the CPA being implemented?

---

---

---

---

---

---

24. What measures has your company adopted to address the restrictions placed in terms of the CPA:

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on its right side, suggesting it's resting on a surface.

25. The following are advantages / benefits to retailers and customers after implementing the CPA:

1. If customers perceive a business to be compliant with all the applicable legislation, and are socially responsible, then the business is positioned better in the marketplace as customers want to deal with them.

2. In terms of the CPA (Section 72), companies are obligated to elect a social and ethics committee to monitor and report on their activities with regard to social and economic development, promotion of equality and development of the communities in which they operate.

Has your organisation experienced any similar benefits/ advantages after implementing the CPA?

---

---

---

---

---

---

---

---

---

---

26. Other comments/ suggestions:

---

---

---

---

---

---

---

---

---

---

---

## Annexure 4 - Statistician's report

### Correlations

		Correlations											
		Email campaigns	SMS campaigns	Telesales to existing customers	Telesales to potential customers	According to section 8 of the Act, marketing strategies should not be	According to Section 1 of the Act customers cannot be coerced or harassed	Section 11 of the Act gives the consumer the right to restrict unwanted marketing	Section 11 of the Act allows for paper "junk mail" to be blocked by	Section 12 of the Act protects the privacy of the customer and prohibits marketing	According to Section 13 the supplier should not bundle goods in such a way	In-store promotions to promote certain items	
Email campaigns	Correlation	1,000											
	Sig. (2-tailed)												
	N	330											
SMS campaigns	Correlation	<b>.459**</b>	<b>1,000</b>										
	Sig. (2-tailed)	0,000											
	N	330	330										
Telesales to existing customers	Correlation	<b>.241**</b>	<b>.280**</b>	1,000									
	Sig. (2-tailed)	0,000	0,000										
	N	329	329	329									
Telesales to potential customers	Correlation	<b>.247**</b>	<b>.205**</b>	<b>.430**</b>	1,000								
	Sig. (2-tailed)	0,000	0,000	0,000									
	N	330	330	329	330								
In-store promotions	Correlation	<b>.152**</b>	<b>.273**</b>	<b>.225**</b>	<b>.162**</b>								
	Sig. (2-tailed)	<b>.194**</b>	<b>.174**</b>	0,065	0,001	<b>.438**</b>	1,000						
	N	330	330	329	330	328	330						
According to Section 1 of the Act customers cannot be coerced or harassed into purchasing any product	Correlation	<b>.292**</b>	<b>.229**</b>	0,069	0,071	<b>.363**</b>	<b>.561**</b>	1,000					
	Sig. (2-tailed)	0,000	0,000	0,215	0,200	0,000	0,000						
	N	330	330	329	330	328	330	330					
Section 11 of the Act gives the consumer the right to restrict unwanted marketing by refusing to accept such marketing.	Correlation	<b>.234**</b>	<b>.331**</b>	0,030	-0,029	<b>.368**</b>	<b>.447**</b>	<b>.387**</b>	1,000				
	Sig. (2-tailed)	0,000	0,000	0,588	0,603	0,000	0,000	0,000					
	N	330	330	329	330	328	330	330	330				
Section 11 of the Act allows for paper "junk mail" to be blocked by consumers by simply placing a "no junk mail" notice on their post	Correlation	<b>.432**</b>	<b>.460**</b>	<b>.158**</b>	<b>.118**</b>	<b>.295**</b>	<b>.455**</b>	<b>.485**</b>	<b>.509**</b>	1,000			
	Sig. (2-tailed)	0,000	0,000	0,004	0,032	0,000	0,000	0,000	0,000				
	N	328	328	327	328	326	328	328	328	328			
Section 12 of the Act protects the privacy of the customer and prohibits marketing during certain days and at certain times, for	Correlation	<b>.452**</b>	<b>.434**</b>	<b>.202**</b>	<b>.128**</b>	<b>.368**</b>	<b>.433**</b>	<b>.559**</b>	<b>.412**</b>	<b>.618**</b>			
	Sig. (2-tailed)	0,000	0,000	0,000	0,020	0,000	0,000	0,000	0,000	0,000			
	N	329	329	328	329	327	329	329	329	327			
Section 11 gives customers the right to opt out of email campaigns	Correlation	<b>.247**</b>	<b>.357**</b>	<b>.112**</b>	<b>.115**</b>	<b>.241**</b>	<b>.244**</b>	<b>.284**</b>	<b>.409**</b>	<b>.432**</b>	1,000		
	Sig. (2-tailed)	0,000	0,000	0,042	0,037	0,000	0,000	0,000	0,000	0,000			
	N	330	330	329	330	328	330	330	330	328	330		
According to Section 13 the supplier should not bundle goods in such a way that the consumer is forced to buy additional goods	Correlation	<b>.357**</b>	<b>.210**</b>	<b>.130**</b>	<b>.167**</b>	<b>.245**</b>	<b>.380**</b>	<b>.433**</b>	<b>.323**</b>	<b>.535**</b>	<b>.421**</b>		
	Sig. (2-tailed)	0,000	0,000	0,018	0,002	0,000	0,000	0,000	0,000	0,000	0,000		
	N	330	330	329	330	328	330	330	330	328	330		
In terms of Section 17, consumers are allowed, subject to a reasonable cancellation fee, to cancel advance reservations,	Correlation	<b>.220**</b>	<b>.412**</b>	<b>.153**</b>	0,067	<b>.207**</b>	0,090	0,054	<b>.266**</b>	<b>.235**</b>	<b>.316**</b>	<b>.317**</b>	
	Sig. (2-tailed)	0,000	0,000	0,005	0,222	0,000	0,103	0,326	0,000	0,000	0,000	0,000	
	N	330	330	329	330	328	330	330	330	328	330	330	
More marketing representatives are employed to call on customers	Correlation	<b>.269**</b>	<b>.200**</b>	-0,032	<b>.115**</b>	<b>.180**</b>	0,106	<b>.187**</b>	0,094	<b>.197**</b>	<b>.212**</b>	<b>.304**</b>	
	Sig. (2-tailed)	0,000	0,000	0,568	0,037	0,001	0,055	0,001	0,087	0,000	0,000	0,000	
	N	330	330	329	330	328	330	330	330	328	330	330	
Marketing via social media	Correlation	<b>.462**</b>	<b>.216**</b>	0,096	<b>.146**</b>	0,083	<b>.273**</b>	<b>.342**</b>	<b>.140**</b>	<b>.391**</b>	<b>.209**</b>	<b>.311**</b>	
	Sig. (2-tailed)	0,000	0,000	0,081	0,008	0,134	0,000	0,000	0,011	0,000	0,000	0,000	
	N	330	330	329	330	328	330	330	330	328	330	330	
Opt-out registry for unwanted emails	Correlation	0,069	-0,006	-0,001	<b>.123**</b>	0,067	<b>.213**</b>	0,102	0,047	<b>.153**</b>	-0,023	<b>.136**</b>	
	Sig. (2-tailed)	0,211	0,913	0,984	0,026	0,227	0,000	0,064	0,396	0,006	0,672	0,014	
	N	328	328	327	328	326	328	328	328	326	328	328	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

## Pearson Chi square tests

Pearson Chi-Square Tests								
		Age (in years)	Gender	Education: Qualification	Income medium (20-100)	Do you have formal training		Level
Email campaigns	Chi-square	27,337	4,187	51,163	9,931	30,299	8,589	19,756
	df	16	4	16	8	16	4	12
	Sig.	.038*	0,381	.000*	0,270	.017*	0,072	0,072
SMS campaigns	Chi-square	19,674	10,171	33,520	24,014	21,629	6,902	24,155
	df	16	4	16	8	16	4	12
	Sig.	0,235	.038*	.006*	.002*	0,156	0,141	.019*
Telesales to existing customers	Chi-square	35,756	4,253	19,718	10,044	44,115	3,320	18,826
	df	16	4	16	8	16	4	12
	Sig.	.003*	0,373	0,233	0,262	.000*	0,506	0,093
Telesales to potential customers	Chi-square	21,083	8,463	43,097	20,726	67,050	20,523	23,231
	df	16	4	16	8	16	4	12
	Sig.	0,175	0,076	.000*	.008*	.000*	.000*	.026*
In-store promotions	Chi-square	18,322	0,958	49,547	10,241	13,979	18,734	23,198
	df	16	4	16	8	16	4	12
	Sig.	0,305	0,916	.000*	0,249	0,6	.001*	.026*
Billboard campaigns	Chi-square	28,849	3,316	44,919	20,774	26,001	9,128	15,783
	df	16	4	16	8	16	4	12
	Sig.	.025*	0,506	.000*	.008*	0,054	0,058	0,201
Radio campaigns	Chi-square	21,343	7,884	38,363	17,367	26,559	11,245	34,330
	df	16	4	16	8	16	4	12
	Sig.	0,166	0,096	.001*	.027*	.047*	.024*	.001*
Other	Chi-square	15,405	4,765	26,327	25,083	63,540	1,442	13,105
	df	16	4	16	8	16	4	12
	Sig.	0,495	0,312	.050*	.002*	.000*	0,837	0,361
Our organisation prefers to use a promotions company to	Chi-square	22,824	6,753	17,652	4,625	25,730	16,200	35,202
	df	16	4	16	8	16	4	12
	Sig.	0,119	0,150	0,345	0,797	0,058	.003*	.000*
Our organisation prefers to use its staff to promote and market its	Chi-square	37,189	12,619	40,962	10,474	23,718	12,360	34,092
	df	16	4	16	8	16	4	12
	Sig.	.002*	.013*	.001*	0,233	0,096	.015*	.001*
According to section 8 of the Act, marketing strategies should	Chi-square	16,972	2,740	12,455	8,107	11,867	14,343	36,123
	df	16	4	16	8	16	4	12
	Sig.	0,387	0,602	0,712	0,423	0,753	.006*	.000*
According to Section 1 of the Act customers cannot be coerced or	Chi-square	23,351	3,400	22,036	1,943	25,143	35,853	10,415
	df	16	4	16	8	16	4	12
	Sig.	0,105	0,493	0,142	0,983	0,067	.000*	0,58
Section 11 of the Act gives the consumer the right to restrict	Chi-square	23,782	2,758	28,128	8,966	20,221	17,032	12,349
	df	16	4	16	8	16	4	12
	Sig.	0,094	0,599	.031*	0,345	0,21	.002*	0,418
Section 11 of the Act allows for paper "junk mail" to be blocked by	Chi-square	20,001	6,422	57,271	32,775	28,018	29,069	31,353
	df	16	4	16	8	16	4	12
	Sig.	0,22	0,17	.000*	.000*	.031*	.000*	.002*
Section 12 of the Act protects the privacy of the customer and	Chi-square	23,180	1,654	52,754	26,419	19,509	49,393	17,778
	df	16	4	16	8	16	4	12
	Sig.	0,109	0,799	.000*	.001*	0,243	.000*	0,123
Section 11 gives customers the right to opt out of email campaigns	Chi-square	19,022	6,551	90,852	16,409	43,198	27,183	25,571
	df	16	4	16	8	16	4	12
	Sig.	0,268	0,162	.000*	.037*	.000*	.000*	.012*
According to Section 13 the supplier should not bundle goods	Chi-square	15,445	2,957	45,806	27,285	18,571	12,906	25,129
	df	16	4	16	8	16	4	12
	Sig.	0,492	0,565	.000*	.001*	0,292	.012*	.014*
Section 16 focusses on the "cooling off" period.	Chi-square	17,701	3,935	83,349	13,055	38,502	12,876	14,622
	df	16	4	16	8	16	4	12
	Sig.	0,342	0,415	.000*	0,110	.001*	.012*	0,263
In terms of Section 17, consumers are allowed, subject to a reasonable	Chi-square	26,400	5,676	48,885	23,415	49,027	13,217	15,888
	df	16	4	16	8	16	4	12
	Sig.	.049*	0,225	.000*	.003*	.000*	.010*	0,196
Section 22 of the CPA stipulates that contracts and advertising	Chi-square	30,175	3,473	40,683	41,837	30,882	20,982	20,631
	df	16	4	16	8	16	4	12
	Sig.	.017*	0,482	.001*	.000*	.014*	.000*	0,056



Businesses are required to inform and educate the disadvantaged	Chi-square	29,302	3,102	39,499	11,064	12,248	24,315	26,829
	df	16	4	16	8	16	4	12
	Sig.	.022*	0,541	.001*	0,198	0,727	.000*	.008*
The nature of the prize, reward, gift, free goods or service, price	Chi-square	18,693	2,258	61,131	20,011	24,369	32,500	25,612
	df	16	4	16	8	16	4	12
	Sig.	0,285	0,689	.000*	.010*	0,082	.000*	.012*
The goods or services to which the offer relates	Chi-square	19,656	5,598	38,917	17,878	26,856	28,741	16,137
	df	16	4	16	8	16	4	12
	Sig.	0,236	0,231	.001*	.022*	.043*	.000*	0,185
The steps required by a consumer to accept the offer or to receive the	Chi-square	23,622	1,511	36,825	19,370	21,245	25,267	6,574
	df	16	4	16	8	16	4	12
	Sig.	0,098	0,825	.002*	.013*	0,169	.000*	0,884
The details of the person from whom, any place where, and any	Chi-square	30,447	8,204	54,121	13,361	50,896	21,947	17,927
	df	16	4	16	8	16	4	12
	Sig.	.016*	0,084	.000*	0,1	.000*	.000*	0,118
Section 47 of the Act provides for the reasonableness test for overselling	Chi-square	18,664	0,652	39,426	14,236	32,495	19,734	22,911
	df	16	4	16	8	16	4	12
	Sig.	0,286	0,957	.001*	0,076	.009*	.001*	.028*
As a result of a supplier's inability to supply goods or services due to	Chi-square	33,991	1,594	44,574	10,686	25,341	6,881	22,720
	df	16	4	16	8	16	4	12
	Sig.	.005*	0,810	.000*	0,220	0,064	0,142	.030*
According to Section 29 of the Act, promotions cannot be	Chi-square	20,996	14,171	39,339	19,032	49,070	30,782	47,631
	df	16	4	16	8	16	4	12
	Sig.	0,179	.007*	.001*	.015*	.000*	.000*	.000*
Bait marketing is prohibited (Section 30). Suppliers are not allowed to	Chi-square	18,155	15,644	47,609	32,098	36,567	33,586	18,806
	df	16	4	16	8	16	4	12
	Sig.	0,315	.004*	.000*	.000*	.002*	.000*	0,093
In terms of Section 31 a supplier may not promote any goods or services	Chi-square	36,268	2,779	26,967	22,449	30,153	20,627	15,434
	df	16	4	16	8	16	4	12
	Sig.	.003*	0,596	.042*	.004*	.017*	.000*	0,219
Special sales advertised in the newspapers	Chi-square	20,420	6,166	46,565	16,625	41,615	12,690	35,092
	df	16	4	16	8	16	4	12
	Sig.	0,202	0,187	.000*	.034*	.000*	.013*	.000*
In-store promotions to promote certain items	Chi-square	18,442	6,627	29,204	15,127	29,533	17,756	30,275
	df	16	4	16	8	16	4	12
	Sig.	0,299	0,157	.023*	0,057	.021*	.001*	.003*
More marketing representatives are employed to call on customers	Chi-square	14,229	13,540	27,391	14,723	18,184	34,881	39,450
	df	16	4	16	8	16	4	12
	Sig.	0,582	.009*	.037*	0,065	0,313	.000*	.000*
Marketing via social media	Chi-square	11,998	1,403	45,620	18,970	30,933	7,945	3,451
	df	16	4	16	8	16	4	12
	Sig.	0,744	0,844	.000*	.015*	.014*	0,094	0,991
Interactive website marketing	Chi-square	29,782	13,224	41,881	20,351	12,387	16,645	25,145
	df	16	4	16	8	16	4	12
	Sig.	.019*	.010*	.000*	.009*	0,717	.002*	.014*
Opt-out registry for unwanted emails	Chi-square	19,505	7,243	49,361	14,815	16,295	24,731	29,777
	df	16	4	16	8	16	4	12
	Sig.	0,243	0,124	.000*	0,063	0,433	.000*	.003*
Other	Chi-square	16,467	4,670	20,763	27,171	20,129	16,181	18,401
	df	16	4	12	8	16	4	12
	Sig.	0,421	0,323	0,054	.001*	0,214	.003*	0,104
Re-drafting agreements and contracts	Chi-square	21,552	4,777	17,649	42,777	22,556	9,122	20,001
	df	16	4	16	8	16	4	12
	Sig.	0,158	0,311	0,345	.000*	0,126	0,058	0,067
Telephonic communication	Chi-square	32,267	5,258	29,267	23,013	51,202	4,752	48,518
	df	16	4	16	8	16	4	12
	Sig.	.009*	0,262	.022*	.003*	.000*	0,314	.000*

Re-labelling in plain and understandable language	Chi-square	15,600	1,545	28,256	12,293	14,077	5,547	13,456
	df	12	3	12	6	12	3	9
	Sig.	0,21	0,672	.005*	0,056	0,296	0,136	0,143
Customer care lines	Chi-square	20,406	11,841	26,720	32,002	44,306	17,185	10,397
	df	16	4	16	8	16	4	12
	Sig.	0,203	.019*	.045*	.000*	.000*	.002*	0,581
Disclosure of contents on packaging	Chi-square	20,262	0,772	36,020	15,016	39,626	5,805	14,446
	df	16	4	16	8	16	4	12
	Sig.	0,209	0,942	.003*	0,059	.001*	0,214	0,273
Newspaper advertising	Chi-square	40,270	2,423	35,028	18,273	43,707	8,400	27,107
	df	20	5	20	10	20	5	15
	Sig.	.005*	0,788	.020*	0,051	.002*	0,136	.028*
Administrative costs due to returns and refunds within the	Chi-square	16,171	5,922	56,521	20,485	37,915	27,489	47,119
	df	20	5	20	10	20	5	15
	Sig.	0,706	0,314	.000*	.025*	.009*	.000*	.000*
Printing of marketing brochures and catalogues	Chi-square	31,170	2,691	44,217	22,969	32,326	20,824	16,444
	df	20	5	20	10	20	5	15
	Sig.	0,053	0,747	.001*	.011*	.040*	.001*	0,353
In-store promotions	Chi-square	22,798	8,627	39,492	9,694	35,249	6,793	23,667
	df	20	5	20	10	20	5	15
	Sig.	0,299	0,125	.006*	0,468	.019*	0,236	0,071
Outdoor / mall promotions	Chi-square	31,206	1,256	49,279	22,037	18,475	16,400	36,249
	df	20	5	20	10	20	5	15
	Sig.	0,053	0,939	.000*	.015*	0,556	.006*	.002*
Acquiring written permission to email customers	Chi-square	21,207	2,798	47,801	5,887	22,231	16,001	22,102
	df	20	5	20	10	20	5	15
	Sig.	0,385	0,731	.000*	0,825	0,328	.007*	0,105

## **Annexure 5 - Responses from structured interviews**

Structured Interview Questions

Compiled by Marlini Nair

Topic: The Consumer Protection Act (CPA) and promotional strategies of retail businesses in Durban.

---

### **1. How long have you been working at this organisation?**

- 1.1. 15 years.
- 1.2. 37 years
- 1.3. 1 ½ years
- 1.4. 2 years
- 1.5. 3 years
- 1.6. 5 years
- 1.7. 2 years
- 1.8. 13 years
- 1.9. 12 years
- 1.10. 10 years
- 1.11. 30 years
- 1.12. 12 years
- 1.13. 4 years
- 1.14. 25 years
- 1.15. 8 years
- 1.16. 24 years
- 1.17. 12 years
- 1.18. 2 years

### **2. Are you involved directly or indirectly with formulating marketing strategies for your company? (Y/N)**

- 2.1. Y
- 2.2. Y
- 2.3. Y
- 2.4. Y
- 2.5. Y
- 2.6. Y
- 2.7. Y
- 2.8. Y
- 2.9. Y
- 2.10. Y

- 2.11. Y
- 2.12. Y
- 2.13. Y
- 2.14. Y
- 2.15. Y
- 2.16. Y
- 2.17. Y
- 2.18. Y

**3. If Yes kindly describe your duties:**

- 3.1. Manage the team.
- 3.2. Sales of Bank Products, Customer Service and staff management
- 3.3. I am the only member. I devise my own marketing initiatives.
- 3.4. Coordinating the, marketing campaigns. Ensuring email templates comply with company policy; growing the database; promotions and competitions.
- 3.5. Marketing to corporate customers via email and telephone.
- 3.6. Duties include managing the design team; social media team, web development team; and advertising team. Planning is done 2-3 months ahead. Flexible with the strategies. Mkt promotions strategies changes on a weekly basis.
- 3.7. All aspects of marketing for the retail outlet. Liaising with head office in terms of specials and promotions for the store, and ensuring that the promotions are communicated to all sales staff.
- 3.8. Administration and marketing
- 3.9. Managing a distribution branch.  
Managing expenses, managing sales and Marketing plans to increase sales year on year
- 3.10. Marketing manager duties – advertising, loyalty card ,social media, staff training, events co-ordination ,all aspects of marketing the company.
- 3.11. Deciding on what we want to advertise. Managing the marketing and sales functions. Coordinating promotions.
- 3.12. Formulating the marketing strategy, working closely with the sales and marketing reps.
- 3.13. Marketing to new customers and managing the business.
- 3.14. Managing all marketing and advertising and accounts for the three branches.
- 3.15. Planning and implementing the marketing functions. Searching the Tender's database for possible tenders and contracts. Applying for tenders.

- 3.16. Managing the company and planning and putting in place all the marketing for the year.
- 3.17. Managing the factory, business development and marketing.
- 3.18. Business Development, managing the business,

**4. Which of the following promotions strategies are presently used in your organisation?**

**4.1. Email campaigns**

- 4.1.1. Y
- 4.1.2. Y
- 4.1.3. Y
- 4.1.4. Y
- 4.1.5. Y
- 4.1.6. Y
- 4.1.7. Y
- 4.1.8. N
- 4.1.9. Y
- 4.1.10. Y
- 4.1.11. Y
- 4.1.12. Y
- 4.1.13. Y
- 4.1.14. Y
- 4.1.15. N
- 4.1.16. N
- 4.1.17. N
- 4.1.18. N

**4.2. SMS campaigns**

- 4.2.1. Y
- 4.2.2. Y
- 4.2.3. Y
- 4.2.4. Y
- 4.2.5. Y
- 4.2.6. Y
- 4.2.7. Y
- 4.2.8. Y
- 4.2.9. Y
- 4.2.10. Y
- 4.2.11. Y
- 4.2.12. Y
- 4.2.13. Y

4.2.14.	Y
4.2.15.	N
4.2.16.	N
4.2.17.	N
4.2.18.	N

**4.3. Telesales to existing customers**

4.3.1.	Y
4.3.2.	Y
4.3.3.	Y
4.3.4.	Y
4.3.5.	Y
4.3.6.	Y
4.3.7.	N
4.3.8.	N
4.3.9.	N
4.3.10.	N
4.3.11.	N
4.3.12.	Y
4.3.13.	N
4.3.14.	Y
4.3.15.	Y
4.3.16.	N
4.3.17.	N
4.3.18.	N

**4.4. Telesales to potential customers**

4.4.1.	Y
4.4.2.	Y
4.4.3.	Y
4.4.4.	Y
4.4.5.	Y
4.4.6.	Y
4.4.7.	N
4.4.8.	N
4.4.9.	Y
4.4.10.	N
4.4.11.	N
4.4.12.	Y
4.4.13.	N
4.4.14.	Y

4.4.15.	Y
4.4.16.	N
4.4.17.	Y
4.4.18.	N

**4.5. In-store promotions**

4.5.1.	Y
4.5.2.	Y
4.5.3.	N
4.5.4.	Y
4.5.5.	N
4.5.6.	Y
4.5.7.	Y
4.5.8.	Y
4.5.9.	N
4.5.10.	Y
4.5.11.	Y
4.5.12.	Y
4.5.13.	N
4.5.14.	Y
4.5.15.	N
4.5.16.	N
4.5.17.	N
4.5.18.	Y

**4.6. Billboard campaigns**

4.6.1.	Y
4.6.2.	Y
4.6.3.	N
4.6.4.	N
4.6.5.	N
4.6.6.	N
4.6.7.	N
4.6.8.	N
4.6.9.	N
4.6.10.	N
4.6.11.	Y
4.6.12.	Y
4.6.13.	N
4.6.14.	N

- 4.6.15. N
- 4.6.16. N
- 4.6.17. N
- 4.6.18. N

**4.7. Radio campaigns**

- 4.7.1. Y
- 4.7.2. Y
- 4.7.3. Y
- 4.7.4. N
- 4.7.5. N
- 4.7.6. Y
- 4.7.7. Y
- 4.7.8. Y
- 4.7.9. N
- 4.7.10. Y
- 4.7.11. Y
- 4.7.12. N
- 4.7.13. N
- 4.7.14. N
- 4.7.15. N
- 4.7.16. N
- 4.7.17. N
- 4.7.18. N

**4.8. Other: \_\_\_\_\_(please specify)**

- 4.8.1. Nil Response
- 4.8.2. Nil Response
- 4.8.3. Facebook
- 4.8.4. Nil Response
- 4.8.5. N
- 4.8.6. Y- The E-commerce site is used to get people to register for their newsletter and in this way they get to widen their database. TV advertising is used/ print- broad sheet and flyer drops
- 4.8.7. Website advertising/ Printed inserts inserted in the newspapers
- 4.8.8. Newspapers/ flyers /adverts-tabloids adverts
- 4.8.9. Client functions
- 4.8.10. Facebook,twitter,web,posters , leaflets\_newsprint



- 4.8.11. Newspaper/ facebook
- 4.8.12. brochures to bigger customers; reps calling on customers
- 4.8.13. Personal visits to potential customers
- 4.8.14. N
- 4.8.15. We apply regularly for tenders
- 4.8.16. N
- 4.8.17. Mobile trailer advertising, vehicle branding, website advertising
- 4.8.18. Newspaper advertising, handbills, marketing representative calling on customers

**5. Which is your organisation's preferred promotional strategy:**

- 5.1. branding on vehicles/ billboards/ mobile billboards
- 5.2. Television
- 5.3. Facebook
- 5.4. Email
- 5.5. Emails
- 5.6. Newspaper advertising; and email is quickly growing
- 5.7. Email campaigns and website marketing concurrently (the email directs customers to the website). This is also complemented by printed inserts.
- 5.8. Newspaper adverts, particularly in the tabloids- but we are shifting more to radio.
- 5.9. Advertising, strategic sponsorship's, Social responsibility projects
- 5.10. newsprint and social media
- 5.11. Facebook & newspapers
- 5.12. Emails ; reps calling on customers
- 5.13. Email
- 5.14. Emails and in-store promotions,
- 5.15. Emails and In-store promotions
- 5.16. Tenders
- 5.17. Newspaper advertising via the local Tabloids
- 5.18. Mobile trailer advertising

**6. Kindly provide a reason/ reasons why this is preferred: \_\_\_\_**

- 6.1. This creates more brand awareness for us.
- 6.2. Targets the audience in a better way.
- 6.3. Ease of marketing reach. Interactive platform.

- 6.4. Emails are more Cost effective. The eye buy more than the ears so good quality pictures of overseas destinations are used. This tends to give us more enquiries.
- 6.5. It's cheaper. We are able to send our marketing materials and templates in editable PDF formats via email, so this method is most suited to our industry.
- 6.6. They get a better return on investment. Brand value is better. Emails are kicking off. SMS works better than emails. They get a better response.
- 6.7. Customers are directed directly to the website and they are able to view the promotions immediately. If these specials do not appeal to them then they can view other items on the site. Hi gloss inserts also generate a good return on investment because customers that don't have access to emails or internet are able to keep the inserts for longer periods and take advantage of the specials when it's convenient for them.
- 6.8. The target LSM is medium (5-6). Tabloids work well for us in this sector. This is a free copy-door to door distribution.
- 6.9. Market reach, specific target markets.
- 6.10. We have won the readers choice YOUR CHOICE awards for 9years in a row and our customers look forward to the weekly specials that we advertise in both the daily and black newspapers and these specials also get advertised on our social media platform.
- 6.11. Facebook goes direct to the consumer to their phn. Newspaper – we advertise using coupons with discounts. For eg, Oil is usually R199-we advertise it for 149 – no one else will have that price even at Makro. Facebook campaigns-Customers have already opted in and businesses can easily market to friends of that particular person.
- 6.12. Reps take samples to the customers, especially at universities and hospitals, where the buyers are particular about the specs they order.
- 6.13. Cheaper, quicker, more effective
- 6.14. This is most cost effective. Unfortunately we have to be mindful of all our expenditure
- 6.15. This sustains us for longer periods and we know we have guaranteed business this way.
- 6.16. This is a free copy that is distributed door to door and to all the businesses in the area, and surrounding areas.
- 6.17. The trailer is more visible in high traffic areas. The trailer can also be used as a trailer for sweet sales at sporting events.
- 6.18. The personal contact helps us to customise and tailor the products to suit the customers needs.

**7. In your view, which promotional tool listed in Question 4 above stimulates the most purchases in your company?**

- 7.1. Telesales to existing customers.
- 7.2. SMS
- 7.3. Facebook
- 7.4. Exhibitions, Mall Promotions and competitions.
- 7.5. Emails
- 7.6. Print media stimulates more purchases . However, using SMS campaigns are more effective because they can be tailored quickly before the promotion.
- 7.7. The printed inserts stimulate the most purchases.
- 7.8. Radio has proved to be a better medium because it reached a wider audience. But the newspaper has brought in more clients historically.
- 7.9. Advertising
- 7.10. Those listed in 4.8 ,the response rate is great
- 7.11. Newspaper advertising generates the most sales. Facebook is dependent on the number of fans- however people may be over 1000km away that like your page. However the tabloid (Rising Sun) goes out to 50 0000 people.
- 7.12. Bulk Emails monthly.
- 7.13. Personal visits to customers.
- 7.14. In-store promotions stimulate the most sales. However this is complemented by Emails. We email the customers or potential customers and invite them to our in-store promotions. When they attend and sample our products it generates sales.
- 7.15. Telesales to potential customers
- 7.16. Newspaper advertising
- 7.17. Mobile trailer advertising.
- 7.18. Newspaper advertising

**8. In your view, which promotional tool listed in Question 4 above is the most cost effective?**

- 8.1. Online advertising via our website
- 8.2. SMS
- 8.3. Email
- 8.4. Emails
- 8.5. Emails are most cost effective.
- 8.6. When people see the pictures of the items in catalogues this stimulates more purchasing.
- 8.7. Emails are the most cost effective.
- 8.8. Local Tabloids

- 8.9. Strategic sponsorships
- 8.10. Social media
- 8.11. Newspaper advertising.
- 8.12. Emails.
- 8.13. Emails
- 8.14. Emails
- 8.15. Telesales
- 8.16. Newspapers
- 8.17. Mobile Trailer advertising
- 8.18. Newspaper advertising

**9. Please explain:**

- 9.1. Nil
- 9.2. Due to volumes this is the most cost effective
- 9.3. Cost of Email is relatively cheap and uses minimal manpower
- 9.4. We get bigger discounts from our service provider if we send out emails in larger volumes.
- 9.5. We are a service orientated business and we do regular updates of clients' portfolios, which we email to them. Clients also request quotes regularly. We use emails for this. This saves us on postage fees.
- 9.6. When people see the pictures of the items in catalogues this stimulates more purchasing.
- 9.7. We get better discounts if the volumes are greater to email in bulk.
- 9.8. Tabloids are the most cost effective, although radio hits a larger audience. We target 6 areas in the tabloid spread/ insertions. We get discounted rates for larger volume adverts.
- 9.9. No response
- 9.10. No cost to the company
- 9.11. Some are hard to measure. Because we use coupons we can measure the response rate.
- 9.12. High definition colour prints of the products are sent to a huge mailing list at a fraction of the cost of advertising in print media.
- 9.13. Our staff send out specials to our existing customers via email. They have personal contact with our customers and keep the channel of communication open. This also creates an opportunity for our customers to give us feedback and help improve our service delivery to them.
- 9.14. Emails are more cost effective. It is quicker to send bulk emails. It goes directly into the inbox of our target market.
- 9.15. We can service the customer, take their order and confirm delivery and maintain a good relationship with the customer just with one phone call. If we have issues with the customers orders and they have

complaints regularly then we send out a representative to investigate further.

9.16. We get discounted rates of up to 50% off the normal rates when we take a contract for 6 to 12 months.

9.17. It costs us far less to use the mobile trailer compared to billboard advertising. The trailer belongs to us and it merely costs us for the fuel to move the trailer. We park the trailer at busy intersections. This has helped us to become a household name.

9.18. The tabloids get delivered free to all households in the target area. In some areas over 50 000 copies are distributed to households and businesses.

**10. Have you changed your promotional strategies since the CPA was implemented?**

10.1. Y

10.2. N

10.3. N

10.4. N

10.5. Y

10.6. N

10.7. Y

10.8. N

10.9. N

10.10. Y

10.11. Y

10.12. Y

10.13. N

10.14. Y

10.15. N

10.16. Yes

10.17. Yes

10.18. N

**11.If Yes, kindly elaborate as to what promotional strategies were used in the past and why you have changed your promotional strategy?**

- 11.1. We used to email our customers with our reduced rates for businesses. We now have a marketing and sales team that call on customers on a weekly basis. They also do telesales from our offices if the weather is not conducive.
- 11.2. Nil response
- 11.3. Nil Response
- 11.4. Not applicable
- 11.5. We used to email to random clients in the past. We used to visit clients personally at their convenience at their homes or their work premises. We only email to our existing database. We now do their future projections and portfolios and email it to them for consideration. Our database has not grown much since the CPA has been implemented.
- 11.6. Not applicable
- 11.7. Newspaper inserts were used in the past. Then emails became popular and were a cheaper form of marketing so this was used predominantly. We have now reverted to more printed A3 size inserts. Emails are still used, for those customers that subscribe directly for our newsletters.
- 11.8. Not applicable
- 11.9. Not applicable
- 11.10. We advertise more on social media because now every person has a cell phone and its the in-thing that is more viable to the growing trend in marketing but
- 11.11. there are the few that still prefer the print media.
- 11.12. We have stopped sending out SMS's. We have a huge database of cell numbers but we cannot communicate with the customer like before.
- 11.13. Cold calling was done by reps. Now we use a promotions company to sent high definition colour emails to our customers at a bulk rate. It is a much cheaper method of marketing our products to a database of over 5000 corporate customers. Because our target market is the corporate market, this is more effective because the emails go straight to the buyers. We have a consortium of similar companies that pay an annual fee. We print marketing brochures for these companies. We negotiate bulk discounts on behalf of the consortium. Trade promotions are alternated between these companies so that all companies benefit from the discounted prices and rebates for different tiers of sales.
- 11.14. N/A
- 11.15. We used to email customers our specials in the past and this would generate sales. Now we email and have to also spend on in-store

promotions. We currently spend more on refreshments and promotional give-aways to generate the same revenue that we did in the past. In addition we have to pay our staff over-time rates, for working after hours for the promotion.

- 11.16. We used to SMS in the past but we now use newspaper advertising. SMS's were cheaper to reach a very large database
- 11.17. We used to SMS and Email frequently. Because of the restrictions imposed by the CPA, we decided to use other means of advertising. We have opted to use the mobile trailer over the last two years. We have also branded our delivery vehicles with complete vehicle cladding. This has generated more enquiries.
- 11.18. N/A\_our company is operating for 2 years.

***Marketing strategies should not be discriminatory***

**12. Section 8 of the Act stipulates that marketing strategies should not be discriminatory and that suppliers may not supply goods/ services to certain groups of consumers. Given the fact that rural and urban areas of South Africa have different consumer needs, how does this affect your promotional strategies and retailing in the various areas?**

- 12.1. We sell advertising space and we welcome customers from all areas. We will actually discount the prices for NGO's and non profit entities as our corporate social responsibility initiative. We sometimes sponsor advertising space to really deserving cash strapped organisations.
- 12.2. Little or no impact
- 12.3. Does not affect my product offering
- 12.4. We cannot discriminate and sell sub-standard packages to the so-called "Poor" customers. We sell the same packages to all customers. We get customers calling on us from all sectors and we provide them with the same excellent service. We tailor packages for customers and they can opt to purchase 1, 2, 3, 4, or 5 star accommodation.
- 12.5. Our products are customised for the client so we don't change the way we market to different sectors.
- 12.6. Marketing strategies is targeted differently for different groups. Different products are marketed in different areas. Different promotional strategies are used in different areas. They cannot advertise the high end products in rural areas. It would be a wasted marketing spend.
- 12.7. Our marketing is standardised for all branches in all cities. We don't offer different products for certain groups of people.
- 12.8. No effect-the target market is the black rural market. Our products are cheap because we import them and the products are exactly what

our customers request. We also sell a wide variety of products so there's something affordable for everyone.

12.9. We choose mediums that reach all areas of SA

12.10. We don't do telemarketing so that does not effect us but we do SMS'ing to a certain degree not all the time cause customer get annoyed with SMS's .with that said our promotions still are successful cause we are not reliant on direct marketing.

12.11. Since the trading area is in Chatsworth. We advertise mostly in the Local Tabloid (Rising Sun) so whoever it goes out to and has possession of the coupon can redeem the coupon. The same with facebook, if the fans are black we cannot restrict anyone from purchasing.

12.12. We sell the same products to all our customers. We cannot supply different products for rural and urban schools for example.

12.13. No impact

12.14. We unfortunately have to sell cheaper products to certain rural areas and the more expensive and better brands to the urban areas. We understand the needs of customers throughout the country and have a wide selection of brands and different pricing tiers to suit different earning brackets.

12.15. We are now forced to supply the same quality to all areas. In the past we used to supply second / sub-standard grades or rejects for half the price to certain areas. We now sell the one grade of product, which is SABS approved. The reject products are recycled. We have our own recycling plant for paper and plastic.

12.16. No impact. We supply the same quality of products.  
We don't discriminate against other sectors.

12.17. no impact

12.18. No impact

### ***The privacy of customers must be respected***

**13. Section 11 of the Act gives the consumer the right to restrict unwanted marketing by refusing to accept such marketing. Companies are not allowed to continue any unsolicited direct marketing of goods and services once a consumer has opted out. How does this impact on your promotional efforts?**

13.1. Our reps call on the business owners directly to discuss their advertising requirements. This does not impact at all.

13.2. Our customers consent to marketing during account opening (when they open their new accounts)

13.3. Optional-target market can opt out.



- 13.4. Once the customers request that we unsubscribe them then we have no choice but to respect this. We have “unsubscribers” on a daily basis. We have to find ways of acquiring a customer base continuously.
- 13.5. We have changed our marketing methods and rely on leads and referrals.
- 13.6. Every campaign has lots of people opting out. The E-Commerce site stimulates people subscribing and signing up for their newsletter. This assists in replacing old opt-out customers with new customers. They have to continually strive to grow the database to ensure customers receive their communication and promotions.
- 13.7. It impacts significantly. We use the services of a marketing company that manages our database
- 13.8. Our SMS database is very small. This has no effect
- 13.9. It has enhanced the effectiveness of sales as we are only dealing with customers who want to deal with us
- 13.10. we don't do telemarketing so that does not effect us but we do SMSing to a certain degree not all the time cause customer get annoyed with SMSs .with that said our promotions still are successful cause we are not reliant on direct marketing.
- 13.11. We now only email to the balance of the subscriber list. SMS was the same. We have removed the names of those that have SMS'd “STOP” to opt out.\_
- 13.12. We have customers regularly opting out. We cannot avoid that. Once they opt out we lose the customer and there's nothing we can do.
- 13.13. We do not email without the customers consent.
- 13.14. We have lost valuable customers because they have opted out and we cannot invite then to our promotions. We are quite confident that if the clients did not opt out we would still have a good relationship with them and our regular emails would have enticed them to purchase because we use excellent graphics.
- 13.15. No impact
- 13.16. This has affected us in the past, therefore we have changed our marketing strategies.
- 13.17. No impact. We don't SMS and email our customers with marketing related information
- 13.18. No impact

**14. Section 12 of the Act protects the privacy of the customer and prohibits marketing during certain days and times. Customers should not be contacted during these periods. How has this affected your communication, SMS campaigns or Email campaigns after hours?**

- 14.1. No impact. We contact our customers during business hours via their office telephone numbers.
- 14.2. No effect.. Aware of our banking hours
- 14.3. Therefore we use Facebook. The market is more receptive to Facebook
- 14.4. We do telemarketing during office hours only.
- 14.5. We use a web based customer management system. This programme allows us to set the times that emails go out. We do not send out communication after hours. This is a costly system to use and we pay per user.
- 14.6. They follow the stipulated times and work within these confines.
- 14.7. We observe this and only SMS and Email during business hours
- 14.8. This has had no effect, we SMS during business hours only.
- 14.9. No real impact. We have merely had to plan effectively.
- 14.10. This does not apply to us
- 14.11. We have a segmented SMS database, for example Customers from the Taxi industry that we will SMS only during working hours.
- 14.12. Our promotions are restricted to business hours. We refrain from contacting the customers during weekends or after hours.
- 14.13. We stick to the business hours to market our services.
- 14.14. No effect
- 14.15. No impact. We contact our customers during business hours only.
- 14.16. No impact
- 14.17. No impact
- 14.18. No impact

**15. Section 11 gives customers the right to opt out of Email campaigns and future Emails. Explain how this has affected your promotional campaigns and the maintenance of your organisation's database.**

- 15.1. No impact.
- 15.2. No impact on our side as our customers require the services
- 15.3. Yes it did affect marketing negatively. These are new potential customers
- 15.4. Nil response
- 15.5. We don't have clients opting out. Our clients require our services and we send valuable advertorials to our clients, which they appreciate.
- 15.6. Many people opt out of Email campaigns daily. They have to use their website to attract new customers. Customers have to be invited to register for the newsletter. Once they register then they have their email address and they grow their database in this way.

- 15.7. This has had a major impact. We have lost thousands of customers' details as they have unsubscribed. We did not have the capacity to manage the opt out facility, therefore we have outsourced this function.
- 15.8. No impact
- 15.9. See question 12. We merely focus more on existing customer cross sell
- 15.10. We have stopped email marketing because it proved not useful to our market
- 15.11. We have decided not email our customers and to advertise in newspapers instead. We are able to target customers that we have not emailed in the past. We use our database to merely inform customers about trading times and other miscellaneous information
- 15.12. We have regular competitions in our retail outlets, to stimulate new leads and increase our database.
- 15.13. This has had a huge impact on our marketing. We get a lot of leads from our competitions, but customers also unsubscribe often and that puts an end to our communication with the customer. We have no control over this. We have therefore had to resort to cold canvassing door to door. Not only is this dangerous for our female staff but to a certain extent it is very unprofessional. But we have no choice. Either that or face the risk of closing our business down. We service the community and depend on the individuals in this vicinity to support our business.
- 15.14. We have lost several good customers.
- 15.15. No impact
- 15.16. No impact
- 15.17. No impact currently. This used to impact in the past.
- 15.18. No impact

***Customers have the right to choose***

**16. Bundling of goods is a common way of promoting items to move slow-selling items. According to Section 13, the supplier should not bundle goods in such a way that the consumer is forced to buy additional goods or services from that supplier or enter into an additional agreement or transaction. The customer has the prerogative of buying items separately. Describe if this has had any impact on your organisation's promotions strategies:**

- 16.1. No impact
- 16.2. No impact

- 16.3. No impact
- 16.4. Yes it has, we do not string together packages like we used to. We now focus on customising packages according to their needs.
- 16.5. This does not apply to our products or services.
- 16.6. They don't usually bundle goods. Unless it's boxed together.
- 16.7. We have continued to bundle products and we have found this to be a huge draw-card. People look forward to an extra 20-30% of product as well as value packs that are bundled together. Customers have the option to purchase items separately if they wish.
- 16.8. No effect thus far.
- 16.9. No impact what so ever
- 16.10. It doesn't affect us in any way because the customer sees this opportunity as a saving to her/his pocket.
- 16.11. We do bundle related items. We bundle them together so that they are related for example oil and an oil filter. These items go together and there is no doubt that bundling these items our customers will benefit from our trade discounts. We mostly market fast sellers.
- 16.12. Our suppliers used to frequently bundle items for our promotions in the past. This has had to stop after the new legislation has been put into place. We mostly sell individual items. If items are bundled, the customer can choose to purchase only one item from the pack.
- 16.13. No impact
- 16.14. No impact
- 16.15. No impact. Our customers order in bulk and they order only what they require. We sometimes bundle goods together, but the customer is given a free box of products when they purchase certain items in bulk.
- 16.16. No impact...we supply according to the customers customised orders.
- 16.17. No impact. The customer orders whatever items from our catalogue and we deliver. We don't bundle products
- 16.18. No impact

***The customer has the right to disclosure of information***

**17. Section 22 demands that contracts and advertising material must be in plain and understandable language. Businesses are also required to inform and educate the disadvantaged customer. Has your organisation changed contracts, labelling or made any other changes to marketing material in an effort to be compliant with this section of the Act?**

- 17.1. No impact

- 17.2. No impact-our advertising is multi-lingual.
- 17.3. Not affected
- 17.4. Yes, we use simple language.We don't use fine print and clauses.  
Terms and conditions have to be clearly explained in our adverts.
- 17.5. No
- 17.6. No
- 17.7. Yes we ensure that labels are clear and legible or we do not list them as saleable items in our store. We engage service providers that are CPA compliant to ensure product labels are compliant.
- 17.8. No Major changes were necessary
- 17.9. No
- 17.10. Our labelling has always been clear and in direct comprehensive language because we market medication.
- 17.11. We try to keep everything simple and in clear Language. Our products are labelled by our suppliers so we don't have any control over that. The wording for competitions has been changed to elaborate the terms and conditions with regard to redeeming the prize.
- 17.12. Yes.. We have changed the wording of our advertising to simple clear fonts and larger prints. Our contracts with customers have been re-done to read in plain language. We don't show "small print" and clauses in fine print anymore.
- 17.13. Not really. We keep everything in simple clear language for the residents in the area to understand. Our flyers are simple and have more pictures and graphics to explain our services
- 17.14. Yes, we have simplified our marketing and advertising so that the disadvantaged customer is not impeded in any way.
- 17.15. Yes we have changed our contracts and labels to read in a simplified way. We deal with several customers from rural areas and we ensure our boxes are properly marked and labelled. Individual products also have a label, bar-code and simple description of the product, and the product is individually shrink wrapped.
- 17.16. No
- 17.17. Because our products are consumables, we need to be clear as to the ingredients contained. We are also Halaal certified and our customers request that this is printed clearly on the wrappers
- 17.18. Yes, Our labelling is clear and concise. Customers want labels to specify if the products are SABS approved and that they meet the safety requirements for the businesses

***The customer has the right to fair and honest marketing***

**18. Section 34 focusses on promotional offers and gives the customer the right to fair and honest marketing. This entails clearly stating the details about the prize, reward, gift, free goods or service, price reduction or concession, enhancement of quantity or quality of goods or services or other discounted items being offered. Explain if this has had any effect on your organisation's marketing and logistics:**

18.1. No impact

18.2. No

18.3. Not applicable

18.4. We don't use ambiguous terms and ensure that discounts and specials are clearly explained. Validity periods have to be included in all our advertisements.

18.5. We have a compliance pack that each customer signs off following a successful financial planning transaction. Clients also sign a declaration document to confirm that they understand the process flow and this also indemnifies us. They also sign a record of advice to ensure they understand the advice given to them.

18.6. No

18.7. 5 A3 Posters have been put up in our credit/ returns department –in large print so that customers are aware of their rights in terms of the CPA. The numbers for the ombud for consumer protection are clearly displayed.

18.8. We print T's & C's on our competition flyers. Because of limited space we have our Terms and Conditions in point form. When the print is a bit ambiguous, customers pick up on this. We have had to become more clear and specific with regard to a prize or giveaway. We have competitions approximately once or twice a year.

18.9. No impact whatsoever

18.10. Not really because we are in the field of medication our strategies and marketing are very simple and clear cut.

18.11. Not really, we ensure that everything is clear and concise or the customer will hold us to it.

18.12. We have invested in an updated website. Customers can get the specs of the products, availability etc. They can also order their products and we deliver to their door in a 30 km radius in Durban. We were forced to put this in place because customers are very aware of their rights and want specific branded items.

18.13. No impact

18.14. No impact

18.15. No impact

- 18.16. No impact
- 18.17. No impact
- 18.18. No impact

***The customer has the right to fair and honest dealing***

**19. According to Section 47 a supplier cannot over-sell or over-book and cannot accept payment for any goods or services if such goods and services are not available. Has this had any impact on promotions or joint trade promotions with your suppliers? (Y/N)**

- 19.1. Y
- 19.2. N
- 19.3. N
- 19.4. Y
- 19.5. N
- 19.6. No
- 19.7. Y
- 19.8. No
- 19.9. No
- 19.10. No
- 19.11. No
- 19.12. Y
- 19.13. No
- 19.14. No
- 19.15. Y
- 19.16. No
- 19.17. No
- 19.18. Y

**20. If Yes, kindly explain:**

- 20.1. We cannot overbook advertising space with the hope that someone cancels. We have to confirm the exact space booked by sending a confirmation of the page that the advert will appear on and we get the customer to sign this confirmation. We also send out a draft of the advert to ensure that the text will appear correctly.
- 20.2. Blank
- 20.3. Not applicable
- 20.4. We have to ensure that our service providers overseas have guaranteed packages that we block-book in advance. This has implications for us in terms of cashflows.
- 20.5. Not applicable

- 20.6. Not applicable
- 20.7. Sometimes our promotional inserts get distributed before our stock arrives from suppliers. We are now unable to secure the sale unless our stock is available on the floor.
- 20.8. Not applicable
- 20.9. Not applicable
- 20.10. Not applicable
- 20.11. We now ensure we have stock if we have a promotion. If we are out of stock we offer an alternative or encourage the customer to 'take a rain check' and purchase the product in a weeks' time when the stock arrives and we ensure that the price has been maintained for this period.
- 20.12. We have to ensure that suppliers have all items that we advertise before we launch any promotion. We can no longer advertise items if we don't have the stock.
- 20.13. N/A
- 20.14. N/A
- 20.15. This has had a major impact because we are manufacturers and we sometimes accept payments for products from new customers if it is a special order. If we have breakdowns in production and downtime then this impacts on the turnaround time to supply. Because we have already accepted payment and cannot deliver this becomes a major issue.
- 20.16. Not applicable
- 20.17. Not applicable
- 20.18. We have to ensure that our suppliers supply us all the goods before we confirm the customers' orders. We used to accept payments as deposits in the past. We now prefer to wait until our suppliers deliver us all the stock, because they have production delays which can impact on our customers.

**21. In terms of Section 31, negative option marketing is prohibited whereby a customer is supplied goods for a trial period and is entitled to return the items if they do not wish to keep them. Does your company offer this kind of facility? Y/N**

- 21.1. N
- 21.2. N
- 21.3. N
- 21.4. N
- 21.5. N
- 21.6. N
- 21.7. Y



- 21.8. No
- 21.9. No
- 21.10. No
- 21.11. Y
- 21.12. N
- 21.13. N
- 21.14. Y
- 21.15. N
- 21.16. N
- 21.17. N
- 21.18. N

**22.If Yes, kindly explain if this has impacted on your administrative, or any other costs:**

- 22.1. Blank
- 22.2. Blank
- 22.3. Not applicable
- 22.4. Not applicable
- 22.5. Not applicable
- 22.6. Not applicable
- 22.7. One of our Dishwasher suppliers allows a one month free trial of the dishwasher without any obligations to purchase. If the customer is not satisfied with the product then it involves a fair amount of administrative work.
- 22.8. Not applicable
- 22.9. Not applicable
- 22.10. Not applicable
- 22.11. Our suppliers provide lots of samples regularly. These are offered on a trial basis to the customer- if they are happy –they re-purchase the same product.
- 22.12. Not applicable
- 22.13. Not applicable
- 22.14. We offer some products on a trial basis, however the customer is not obliged to return the samples. These free giveaways entice the customer to purchase more products on a regular basis. The samples are trial size and are usually supplied by our service providers and are at no cost to us.
- 22.15. No, we don't offer products on a trial basis
- 22.16. N/A
- 22.17. N/A

22.18. N/A

**23. What are the implications for promotions expenditure in your organisation, subsequent to the CPA being implemented?**

- 23.1. We have spent a lot on branded vehicles. Each representative has their own company branded vehicle. Our reps used to spend 50% of their time in the office before. We now have assistants for them and prefer that they are out calling on new and existing customers for about 80% of their work time.
- 23.2. No impact
- 23.3. None
- 23.4. We are spending more on purchasing databases with qualified leads. We now have a marketing department that controls and implements all email campaigns and promotions. We also run more competitions and have to pay for the travel packages up-front. Our marketing spend has gone up by approximately 60%.
- 23.5. Our promotions expenditure has gone up by approximately 40%.
- 23.6. Not really much increase
- 23.7. Our promotions expenditure has gone up over 60%. The cost of hi-gloss paper and printing has gone up drastically over the last 6 years.
- 23.8. No significant increase
- 23.9. Major focus has been to make sure we get a return on investment
- 23.10. No real cost implications.
- 23.11. We spend a lot more on newspaper advertising. We operate in a specific region and service this target market.
- 23.12. The cost to the company has since increased around 30%.
- 23.13. We pay 2 marketing reps to cold canvass. This is costing us for 2 more on our payroll.
- 23.14. The expenditure has increased by approximately 50% as we are using other promotional tools besides SMS and Emails. We also pay more salaries to staff to have these promotions during weekends. This is outside the ambit and scope of their work and we have to unfortunately incentivise our staff to conduct these promotions.
- 23.15. No
- 23.16. Our promotions expenditure has increased by 70%. We only advertise in the newspapers and include discount vouchers. This really entices the customers to visit our showroom
- 23.17. Not much increase in expenditure. Perhaps a 15% increase.
- 23.18. No impact

**24. What measures has your company adopted to address the restrictions placed in terms of the CPA:**

- 24.1. We make use of a mobile trailer to advertise our company and increase brand awareness. We park the trailer at strategic busy intersections.
- 24.2. We have mandates from our customers.
- 24.3. Educated the staff. Explain to customers their rights (Do's and don't's)
- 24.4. We have a Complaints handling procedure. We respect the privacy of customers and do not contact them after hours or without their permission. We have an opt out facility for unwanted emails. We now pay a company to manage our database.
- 24.5. We have to now pay for an online customer management system. We are also getting more company profiles printed every 6 months. We get permission from our clients to correspond with them via email. We are obligated to Treat Customers Fairly (TCF) as stipulated by the Financial Services Board (FSB) which is also aligned to the CPA. We have regular workshops on how to treat customers fairly.
- 24.6. They follow stipulated times to SMS. The design team is deployed to design the advertisements which has been running as usual. They are not drastically affected by the CPA.
- 24.7. A complete returns and complaints department has been set up to handle customers' queries and complaints. A marketing team ensures that we are compliant in all aspects of the CPA. The management of our database is outsourced to handle the sending of bulk emails and unsubscribe facility. In our management meetings we get the staff to report and give stats on the number of credits/ returns and refunds. Because this is labour intensive, we endeavour to minimise these stats on a month to month basis. Measures and processes have been put in place and we ensure that staff adhere to these processes. Staff undergo training to handle the complaints telephonically and via the website.
- 24.8. Nothing has changed -more training for managers- costs implications for this. 14 day return policy. The returns are minimal. The products are absorbed into stock
- 24.9. Making sure that we are our customers most trusted partner at all times
- 24.10. Being in the medical field our marketing is visible and clean cut so with medication it's either script related or over counter needs.
- 24.11. We have started to use Facebook for businesses. This involves a restricted database with an opt-in option. We are encouraging all our customers to move to our Facebook platform, Management is easier.

When our telephone lines are down we can send out a message on Facebook to inform our customers effectively and immediately. The Business page works differently. One has to pay between R50 to R1000 per day. You can plan your budget. But we are confident using Facebook because we get guaranteed sales.

- 24.12. We have employed 4 marketing representatives and bought 4 vehicles for them to market to our customers in a professional way. We have area managers that ensure that customers get above average service.
- 24.13. We get permission before we email or SMS customers. We have employed 2 more employees. I apply for tenders to get larger contracts. This is very time consuming to get all the requirements together and submitted. I have ordered personalised bags to give to customers to facilitate the orders
- 24.14. We undertake several promotions during the year where we identify potential customers depending on their earnings and demographics. We don't SMS or email customers without their permission. We do not force customers to try our products, instead we give away Trial samples. We offer free assessment consultations to schools and pensioners, and hence give the customer a value – added service. They inevitably come back to us to provide them with an all- inclusive, holistic service.
- 24.15. We are ISO accredited. This helps us to be compliant in every aspect. Customer's complaints are documented and we are able to get to the root cause of the problem.
- 24.16. We have stopped using SMS campaigns. We have stopped telemarketing to potential customers.
- 24.17. We have purchased a trailer to advertise and to double as a mobile retail shop at sporting events.
- 24.18. We use newspapers to advertise. We have employed a marketing representative

**25. The following are advantages / benefits to retailers and customers after implementing the CPA:**

- **If customers perceive a business to be compliant with all the applicable legislation, and are socially responsible, then the business is positioned better in the marketplace as customers want to deal with them.**
- **In terms of the CPA (Section 72), companies are obligated to elect a social and ethics committee to monitor and report on their activities with regard to social and economic development,**

**promotion of equality and development of the communities in which they operate.**

**Has your organisation experienced any similar benefits/ advantages after implementing the CPA?**

- 25.1. Yes. If someone calls to complain that they haven't received a copy of the tabloid, we take down their address and send a copy to them the next day. We are compliant with the CPA and ensure that customers are satisfied and are refunded or get a free advert in the next publication. This ensures that customers see us as a company that wants to give them excellence service. We have a customers' complaints procedure and complaints are discussed at weekly meetings and there is an attempt to minimise customer complaints. The company engages in several social responsibility projects in the community and this is publicised in the tabloid. This also helps to position our company in a better way. The community acknowledges the fact that we are uplifting the community and we therefore get more support.
- 25.2. No
- 25.3. No
- 25.4. Our customers regard us a company that takes their complaints seriously. Because it is a family-owned business, the owners are hands-on in every facet of the business. Customers are aware of their rights and know about the ombud for consumer protection. They don't hesitate to complain to our director. However that may be, our customers are aware of the minor changes in all facets of the service offering in order that we stay CPA compliant.
- 25.5. No-not really
- 25.6. No
- 25.7. Yes. Because of our positive attitude towards the CPA, we are positioned well, compared to our competitors. We receive excellent feedback daily from our customers via our website.
- 25.8. No visible or tangible advantages
- 25.9. Old Mutual is a very strong brand but I do believe that we would have gained some additional benefits by the social development projects we have embarked on.
- 25.10. No
- 25.11. Not really
- 25.12. We treat customer complaints very seriously and have a process in place to timeously rectify any issues. Customers appreciate this and tend to be more loyal.
- 25.13. No

- 25.14. Yes, we take customer complaints very seriously and ensure that the customer gets either a free consult or a free product if they had a legitimate complaint. People tend to talk about this and this is how people in small communities have got to know about our services.
- 25.15. No
- 25.16. No
- 25.17. No
- 25.18. No

**26. Other comments/ suggestions:**

- 26.1. Marketing is crucial. Focus on the benefits to customers when marketing. Provide real life testimonials from paying customers who have experienced your work and have received benefits. Share a brief biography of yourself. People buy people, not your product. Make it easy to contact you as an owner. Cite your contact numbers in correspondence and statements. This creates more trust with customers.
- 26.2. Make use of focus groups to test and improve your ideas. To avoid only selling to yourself, hold regular focus groups to test your ideas. It's good to gather friends and family regularly to provide unbiased feedback on how to improve your business. It's important to gather fresh feedback early in the start-up process because you can improve your business for a relatively low cost. Holding a focus group with staff every two weeks helps you to identify weak areas.
- 26.3. Nil response
- 26.4. Nil response
- 26.5. The CPA has had a negative impact on our marketing and customer retention strategies. New potential customers get offended when we email them because they are aware of their rights
- 26.6. There are now more Credits and returns. Payments have to be reversed. This has created more employment to handle returns. Warrantees and returns division has been created.
- 26.7. Customers know that they can return products within the first few days and or returns department is the busiest. If it were not for our very low prices because of our volume purchases from suppliers, we would have also felt the impact of the CPA in a negative way. We try to make the customer feel that they are important and we treat every complaint seriously. The CPA has had no real impact on our marketing or sales.
- 26.8. An E-commerce site will be ready in the next few months. Customer complaints will be handled via the website
- 26.9. Nil Response

26.10. Nil Response

26.11. From our perspective the CPA has had a negative impact on the customer. The manufacturer has tightened the warrantee policy. Before the customer could return defective goods. Acceptance of liability is a problem. The National Auto Parts Association (NAPA), group buying facility. Customer can go to anyone in the chain of supply. But NAPA excludes themselves and we end up fitting the liability. Unfortunately we are at the end of the chain. In that way we have reduced the no of warrantee claims. In the past we used to just exchange. In my view its very hard to get a claim finalised. The customer was better off in the past. Right now it's a real challenge to get refunds and exchanges. Manufacturers have redrawn clauses in their favour. We have to refund, if a customers purchased even a year ago, as long as the goods are still in their original packaging. Suggestions: digital marketing is the way to go. Using online formats that have customer reach immediately on their mobile phones is an advantage. Facebook for business is evolving rapidly and customers and their friends make up databases that are bigger than we ever imagined. This medium can be managed effectively by one staff member and is far more cheaper that other forms of advertising.

26.12. We have set up a consortium. We have a few other companies that belong to this consortium. We print good quality brochures for each of our customers and do the marketing centrally. We save on paying marketing managers to market our products. Other competitors that don't belong to the consortium do not get our trade discounts. We also benefit corporately from trade-promotions. We have gained a bigger buying power as a group. We also benefit from rebates on total volumes. Therefore we endeavour to ensure that our customers are satisfied with our products and do not return stock. We avoid credits and returns.

26.13. No comments

26.14. No comments

26.15. Returns are very costly to administer. We supply several large customers on consignment, i.e. they only pay for the stock that they sell. We have customers returning huge truckloads of products, claiming that they were damaged. They could have had rain seeping through their warehouses and damaging the items for example, however we had several incidences where the customer insists that the products were damaged when they opened up the boxes. They are aware of their consumer rights, and the CPA, and we unfortunately have to bear the brunt of this. It costs us thousands of Rands to deliver fresh stock to the customers.

26.16. We have stopped SMS campaigns. We have made adjustments to other budgets to accommodate the increased marketing costs. We cannot stop marketing. If we stop marketing and advertising, then our business will come to an end.

26.17. Nil

26.18. Marketing is very expensive so we tend to rely on passing traffic seeing our shop front displays, branding and signage. Our marketing rep calls on our existing customers, but it is very hard to grow the business. For a relatively new enterprise like ours, there is no marketing grants available. We need to use cashflows from our business to market and promote our business. Marketing may only churn business in a few months and we have to carry these costs with the hope that the turnover will increase in a few months. It is very difficult to market in the current environment where customers all have mobile devices yet we are restricted in terms of when and how we contact customers. We have started using a marketing company that we pay a monthly retainer to. They send out a representative to over 90 companies to market our services. This has proved to be much cheaper than employing our own representatives. In this modern age of Computers the first thing an individual does to find a service is to "Google" it, therefore a strong presence on the Internet is one of the best methods of marketing. Generally once a person has your business name they "Google" to see if you have a Business website. Market research has shown that most people will only spend less than a minute on your website, having a Website shows the person that your business is professional and a valid entity. We have our own website, which shows you comprehensively, who we are, without barraging you with images and information. With this simplistic approach we hope to have more potential clients contact us or request a call back. Furthermore when a search is done for our products in Durban, we are the first name that appears. We pay for "Adwords" and Google search optimisation. It is well known that the best form of Marketing among SMME is word of mouth, through various successful interactions with our clients, our name comes up more often and a majority of the leads for a potential client comes from word of mouth. This form of marketing has served us well over the past 20 years as it is proof of the service delivery standards to our established clientele and the confidence our clients have in us that they would recommend us time and again. It is also important that one's premises also fits into one's Marketing Plans, by being easily visible from the freeway and major business areas, this serves as a large billboard. Potential clients can see it as they pass by on their way to the Central Business District.



## Annexure 6 - Turnitin test result

Feedback Studio - Internet Explorer  
https://ev.turnitin.com/app/carta/en\_us/?s=1&lang=en\_us&o=1006647991&u=26569495

feedback studio | CPA & promotional strategies of retail businesses 23 09 18

Preparing download...

**Investigating The Consumer Protection Act (CPA) and promotional strategies of retail businesses in Durban**

**Marlini Moodley**

**Match Overview**

**15%**

1	Submitted to University...	2%	>
2	www.academicjournal...	1%	>
3	www.audiologysa.co.za	1%	>
4	ir.dut.ac.za	1%	>
5	ir.dut.ac.za/8080	1%	>
6	www.propertymix.co.za	<1%	>
7	Submitted to Varsity C...	<1%	>
8	Submitted to Mancosa	<1%	>
9	www.dut.ac.za	<1%	>
10	www.accountancysa.o...	<1%	>

Page: 1 of 382 | Word Count: 100290 | Text-only Report | Turnitin Classic | High Resolution On

4:24 PM 2018/10/23