# MIDLANDS STATE UNIVERSITY



ANALYSING THE IMPORTANCE OF PRIVATE BRANDS IN IMPROVING COMPANY PERFOMANCE: A CASE OF TYNSERV DISTRIBUTORS (BONITA BRAND).

 $\mathbf{BY}$ 

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# APPROVAL FORM

The undersigned certify that they have supervised the student, Stephen Chiwaramakanda dissertation entitled, Analyzing the importance of private brands in improving company performance. A case of Tynserv Distributors (Bonita brand). The dissertation was submitted in partial fulfilment of the requirements of the Bachelor of Commerce Degree in Marketing Management at Midlands State University.

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# **Dedication**

The research study is dedicated to my parents, Mr and Mrs Chiwaramakanda for consistently supporting, love and guiding me to be the person i am today. I love you whole heartedly Mum and Dad.

# Acknowledgements

First and foremost i would like to give thanks to almighty God who overseen and directed all my efforts throughout this research study. My profound gratitude goes to my project supervisor for being patient, dedicated and consistently supporting me throughout the completion of this research study. I would like to also thank the employees, the customers and the management at Tynserv Distributors for answering my questionnaires and attending to the interview sessions. Lastly, much appreciation to my parents, friends and family members for their continued support and encouragements that made this research possible, may the Dear Lord bless you all.

#### **Abstract**

The research sought to analyze the importance of private brand products in improving company performance, a case of Tynserv Distributors (Bonita brand). The research study was carried during the period of June to September 2016. The objective of the study is to review how customers perceive Bonita brand, impact of sales promotion on sales of Bonita brand products as well as the impact of store image on influencing customer's purchase decision. Literature was reviewed from various authors to create a deeper understanding about different customer perceptions towards private brands, various promotional strategies and store image variables which influence purchase decision of shoppers. The descriptive and exploratory research designs were adopted to explore the customer's perception, sales promotional strategies and influence of store image on purchasing decision of shoppers. Simple random sampling was used to select respondents from the two strata's created that are small scale and large scale customers. The researcher derived to a sample size of 66 respondents using a view postulated by Lucy (2006) that, 40% should be used when the target population is below 200% and in this case my target population was 165 respondents. Within the sample size of 66 respondents, 8 were employees, 4 marketing and sales managers as well as 54 customers. The instruments used to collect data were questionnaires for customers and employees while interview was conducted for the management. The findings obtained by the researcher were presented in figures and tables. All the findings were discussed, interpreted and analyzed whilst establishing the links of the present findings to the reviewed literature. The research discovered that customers still possess negative perceptions towards Bonita branded products and their level of trust is still low as compared to NB's. It further indicated that sales of Bonita brand product increases when sales promotional activity is undertaken as new customers are convinced to try Bonita branded products and also customer's purchase decision is influenced by store image. The findings opt for TD's to reduce the level of perceived risk on Bonita brand label and invest more on interior store designs to enhance good store image. More so, there is need for TD's to engage into sales promotions regularly so as to lure new customers and to enhance full adoption which will later create loyalty.

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# **List of Abbreviations**

TD's Tynserv Distributors

PLB's Private Label Brands

NB's National brands

# **Definition of terms**

Private b	rands ar	e lab	els owned	d, developed a	nd m	anaged by	y a v	wholesaler,	retai	ler or	a dea	ıler.
National	brands	are	products	manufactured	and	initiated	by	producers	and	bear	their	chosen

brand name.

# **CHAPTER ONE**

# **GENERAL INTRODUCTION**

#### 1.0 Introduction

The research seeks to provide a detailed analysis on the importance of private brands in improving company performance a case of Bonita brand. The background to the study, statement of the problem, research goals, research questions and the significance of the study is discussed in the chapter. The researcher also explained the assumptions, limitations and delimitations faced during conducting this research study. Lastly the summary gives a brief explanation of the whole chapter.

# 1.1 Background to the study

Kumar (2007) brought up that if a wholesaler, retailer, dealer or merchant introduce a label, as distinguished from the label bearing the name of the producer, it is a private brand. Manufacturer brands are interpreted as higher quality thus requires a premium value (Kumar et al, 2007). More in this way, Walker (2006) clarify that, private labels are regularly seen as lower priced and consequently inferior quality option to national labels.

Walker (2006) likewise recommends that, because of generally lower prices, customer quality observations are adversely affected. Private brand labels are hence frequently associated to be of inferior quality alternative. On the other hand, the market share of private label has extended gradually, alongside the enhanced quality of private brands (Kumar et al, 2007). Thus, the expanded market share of private brands demonstrates that shoppers now have positive perceptions towards quality of private brands hence now adopting them. Private labels are otherwise called store brands, in-house labels or store labels (Collins-Dodd and Lindley, 2003).

Thu Ha et al (2014) undertook a research on identifying and analysing elements which impact customer purchasing conduct on private label food products. In the examination study, both primary and secondary information was utilised where secondary information was obtained from online diaries, articles and sites whereas primary data was acquired from subjective and quantitative approaches.

More so, the exploration identified brand associated activities (advertising and verbal), demographic components and attitude as principle factors that impact shoppers buying choice of private name products.

Another research was undertaken by Meza (2009) on whether private names increase merchant dealing power in the wake of finding the developing significance of private brands in the today's business era. Bargaining power hypothesis based on the Nash bargaining frame work was created to evaluate the joined legitimacy of bargaining power. A demand model was also created at store level and both subjective and quantitative information research instruments were utilised. The elements comprise of demand characteristics (shopper demographics and inclinations), cost of private brands and ultimately on aggressive states of class (for instance number of contending brands and advertising intensity).

Renee (2006) conducted a research on the evaluation of rivalry between manufacturer labels and private labels especially in food products and to look at strategies for national labels producers against private labels to secure their business sector position. The factors were based essentially on economic effect of private brands, promoting of private brands, an upper hand of manufacturer labels and key alternatives of brand producers. A case of Fiji filtered water was presented indicating how to create high-end brand picture in profoundly aggressive filtered water sector. Its upper hand originated from bundling with exceptional name, taste and purity. Fiji water has done almost no formal or paid promotion to fabricate brand image, yet succeeded to get high state of reputation through magazines and through movies with Hollywood celebrities.

The research conducted by Thu Ha et al (2014), Meza (2009) and also Reene (2006) creates a research gap as the authors did not show the importance of creating private brands on counter attacking manufacturer brands and also in improving company performance. More so, the studies disregarded different variables that impact purchasing of private labels for instance physical traits such as perceived risk, perceived value and perceived quality as well as perceived economic situation and also product related characteristics such as perceived price. To add on, the key elements behind the performance of private brands were not examined such as store image, shelf space and additionally economic conditions therefore creating the gap for a research study because these powers and elements generate reasons for coming up with private labels.

Furthermore, the authors undertook their studies from the European and Asian markets thereby there were few studies conducted in the Zimbabwean markets about private brands hence creating a research study gap. Lastly, utilisation of sales promotion as a short term strategic tool of boosting sales volumes of private brands and drawing store traffic was not examined, for example coupons, instant draw, discounted prices, buy one get one free and also offering free samples hence it is upon this backdrop that the researcher has recognized a gap of study.

In 2010 Tynserv distributor's introduced a private brand called Bonita, as a feature of its key strategic plan to be recognised through the products they offer, establishing a rapport store image and product differentiation from national brands with the goal of boosting sales volumes and revenue. The move was seen as a practical development strategy but however, it is of contrary response to the key strategic plan whereby the organisation is presently encountering a persistent decrease of revenue. The declining revenue for Bonita private brand continued to diminish as shown by the table 1.1.

Table 1.1: An analysis of Bonita profit trends.

YEAR	REVENUE	EXPENDITURE	PROFIT (LOSS)
2012	115 200	96 000	19 200
2013	144 000	114 360	29 640
2014	128 000	116 550	11 450
2015	90 000	82 400	7 600

# Source: Company Sales Journal, TD's, Harare

The year of 2013, shows the final year in which the organisation encountered an increase in revenue to \$144 000 and earned an increased profit to \$29 640 as shown in table 1.1 above. In 2014 and 2015 the revenue and profit for Bonita continued diminishing. Tynserv distributor's revenues continued to decline due to loss of customer base that purchased Bonita brand each year because of intensive competition being imposed by national brands.

Moreover, the continuous decrease of revenue is a result of changes in customer perceptions and also changing economic as well as store image. Hence the need to find out the impact of sales promotion as a strategy to lure new customers to switch from national brands to purchase and try Bonita brand which is a private brand. There is also need to understand different customer perceptions towards Bonita brand so as to implement strategies on improving revenue and sales performance of Bonita brand.

# 1.2 Statement of the problem

Bonita's revenue has continued to decrease because of competition being offered by national brands, thus customers were now switching to competing manufacturer brands. Therefore, leading to the need of the researcher to understand and reveal the changes in economic conditions as well as dynamic change of customer perceptions towards private label brands. More so, there is need to analyze the impact of rapport store image and undertaking various sales promotion activities regularly so as to keep customers loyal to Bonita brand.

# 1.3 Research Objectives of the study

This research aids on the succeeding primary objectives;

- To find out how customers perceive Bonita private brand label.
- To determine the impact of sales promotion on sales of Bonita brand.
- To find out the impact of store image on customer purchase intention.

# 1.4 Research questions

- What perception do customers have towards Bonita private brand in relation to national brands?
- To what extent does sales promotion have on sales of Bonita brand?
- Does store image influence customer's purchase intention?

# 1.5 Significance of the study

The research study is of significance in the following ways;

#### 1.5.1 The student

It helped in developing good communication ability, independent thinking, attaining new knowledge and being creative. It also facilitated to the gaining of in-depth understanding of private branding as a competitive marketing approach.

More so, the research aid to the partial accomplishment of the requirements of academic completion for Bachelor of Commerce Honours Degree in Marketing Management. The study assisted the researcher in gaining the analytical and assessment abilities which is of beneficial for the future researches as the profession develops.

# 1.5.2 The university

It assist the university academic by giving practical examples in their lectureship hence the modules will turn out to be more practical rather than theoretical. The study provides the college with information for future researchers on the aspect of private branding as a source in improving company performance within the fast moving consumer goods.

# 1.5.3 The organisation

It enlightens TD's about how their customers perceive Bonita private brand. It provides the understanding of the link between promotion, store loyalty and brand reliability. The organisation can maximise on the impact of creating a rapport store image for battling rivalry from other organisations.

#### 1.6 Assumption

- There is high degree of competition between Bonita brands and manufacturer's brands within TD's.
- The target respondents interviewed have purchased Bonita private brand products at least once in life time.
- The Zimbabwean consumer laws as well as regulations remained unaltered until the completion of the exploration study.
- The respondents under the exploration study offered most extreme participation and information which was not biased.

#### 1.7 Delimitations

- The exploration was restricted to Tynserv distributors in the Harare city central business only.
- Only Bonita salt, Bonita spaghetti and Bonita macaroni was studied.
- The employees, sales managers and customers of TD's were consulted.
- The research focused on secondary data pertaining Bonita brand performance and statistics information from January 2012 to December 2015.

#### 1.8 limitations

- The research focused more on interviews and questionnaires as research instruments though there might be some indicators used such as focus groups to gather information.
- The researcher conducted descriptive and exploratory research design in acquiring the information required to structure and solve the marketing research problems and questions.
- The findings may be of inappropriate use to the developed countries since shoppers possess diverse spending patterns and contrasting assessment process.
- The findings of the study are constrained to basic food products hence some product range like durables might not be of material to the results acquired.

#### 1.9 Chapter summary

The section uncovered components that are of utmost importance in prompting to an extraordinary exploration study. The background of the study clearly express that Bonita's brand sales performance is decreasing with the key variables to consider being mentioned. Statement of the problem, research questions, research objectives, assumption, limitations and delimitations of the research study are clarified by the researcher. The following section gives a fully reviewed literature with respect to the importance of private brands in improving company performance.

# **CHAPTER TWO**

# LITERATURE REVIEW

#### 2.0 Introduction

The purpose of the chapter is to review the private label literature relating to the concepts, theories and empirical studies around the area of private branding.

#### 2.1 The concept of private label.

Private brands are otherwise called store brands, own image or in-house labels (Collins-Dodd and Lindley, 2003). Along these lines for the research, the term private brand and private label will be utilized more frequently. Ampuero and Villa (2006) bundling plays a significant part particularly from the shoppers point of view. It comes about as a reality that product bundling firstly attracts a customer. Traditionally, private brand product is bundled in white coloured parcel with a dark typeface and it is constantly placed at the base of the rack (Kumar and Steenkamp 2007). Nonetheless, these days the wholesalers and retailers have begun to enhance bundling and the quality of private brand product to be perfect or supreme products. Hence, giving private name product an aggressive edge to settle in with the perfect promoting systems and offering customers an alternative to low priced product (economical value) and standard (value that is not costly but rather great in quality which can surpass or be of equivalent to the products offered by manufacturer brands).

Private label good is firstly perceived from the goods with low quality and low prices to the offerings with worthy quality (Burt 2013). De wulf et al (2005) propose that, purchasers perceive national brands to be better than private label brands. More in this way, Walker (2006) yield that, private label products are frequently perceived as lower priced and thus sub-par quality contrasting options to national brands. Conversely, Verhoef et al (2012) battle that; this perception gives off an impression of being changing. Fernie et al (2013) has distinguished various advantages for the advancement of PLB's. The different points of interest incorporate expanded revenue margins through cost sparing, enhanced store reliability and creating of a new particular corporate identity, chances to seize new market wanders and increased bargaining influence with suppliers.

As appeared in an investigation of the year 2014 by the worldwide data and estimation organization Nielsen N.V. (2014), 70% of the European respondents have confidence in private labels being a decent contrasting option to producer brands. Furthermore, the pieces of the overall industry in Europe in 2014 grew up to 45% in a few nations (Nielsen, 2014). Other than discovering recent studies by firms like Nielsen, the researcher decided to undertake a study on the importance of private brands in improving company performance.

# 2.2 Perception towards private labels of Bonita brand

Strydom (2007) characterizes perception in a marketing context as the whole procedure by which an individual gets to be mindful of the environment and translates it with the goal that will fit into own particular edge of references. When all is said in done, perception can be explained as reality accepted by a shopper (Doyle, 2011). As a person is an individual and shows personal needs, values and desires, the interpretation of an item or a circumstance is personal too (Subramaniam, 2014). Perception is the procedure of how a distinctive individual sees and creates feeling of the environment. It is about the choice, association and translation of stimuli by a person (Fill, 2010). Outside stimuli is chosen, sorted and interpreted into a coherent image of our general surroundings. In the event that two individual expose the same stimuli and same condition, their reaction will likely to be different relying upon the way they translate and perceive the stimuli. This is on account of the way we choose, organize and interpret stimuli is governed by our necessities, desire, esteem, which are very one of a kind to every person (Schiffman, Kanuk, Hansen, 2012).

Kotler (2011) characterizes perception as the procedure by which individuals select, sort out and interpret data from a significant picture of the world. In this manner at whatever point a buyer purchases a product it relies upon the perception they have on that specific product. The amount of private labels and its importance has expanded. As buyers have a superior information about private brands these days, its perceived quality has expanded also (Sexton, 2009). However, as concentrates for the most studies have been restricted to specific aspects of perception and the significance of private brands is present, thus an extra research towards the point is important.

This study not just assesses the shopper's view of private names with respect to the all encompassing idea of perception, but it additionally considers the effect of sales promotion

offers as a mechanism to increase sales of private brands and the impact of store image on customer's buying intention towards private brands. In the following sections perceived quality, perceived risk, perceived price, perceived value and perceived economic condition will be discussed.

# 2.2.1 Perceived quality towards private labels of Bonita brand

Yoon and Kim (2011) notice that, perceived quality alludes to buyer's assessment of an item or a brand that satisfy a personal's desire. A study by Hoch and Banerji (2013) demonstrates that quality not cost is key accomplishment in the fight between NB's and PLB's. More so, some recent studies affirm that, perceived quality is one of most extreme vital criteria which influence consumer's buy aim towards private mark items (Yang and Wang 2010; Wu et al 2011; Jaafar and Laip 2012). However, buyers plan to spend less cash on goods, yet they can get in any event the same quality as other extravagant goods (Chen 2008). Henceforth, the distinctive quality observation levels controlled by buyer's outcome result in various effect towards their buying aim of private name products.

Mieres et al (2006) trust that, quality variable inspires the purchasers to judge private names as excellent options when they need experience about the goods. In this manner, when shoppers get more data or learning about private mark items, they see the nature of private name items to be less distinctive when contrasted with manufacturer brand. Sheau-fen et al (2012) additionally supports with a report that, recognition is of most critical factor that has impact on customer buying expectation towards private brand specifically and in a roundabout way through perceived quality also. Furthermore, studies have demonstrated that the bundling of an item impacts the impression of both, private names and producer brands. This applies particularly for the perceived quality (Lincoln and Thomassen, 2008; Breetz, 2014).

#### 2.2.2 Perceived risk towards private labels of Bonita brand

It is a term regularly utilized as a part of exploration of recognition and depicts buyer circumstances in which a purchaser needs to measure conceivable misfortunes to the worth they anticipate, for example, quality contrasts (Semeijn et al., 2004).

It regards to circumstances in which purchasers need to handle the instability of the new item including both positive and negative results (Sheau-fen et al 2012). That is, the point when a

buyer feels that private label product is unsafe, the buyer may diminish the buying goal of the product.

Mieres et al (2006) proposes that, when PLB's become more familiarised to the purchasers, the distinction of risk observed between private brands and manufacturer brands gets to be little. A past study by Chaudhuri (2011) demonstrated that shoppers experience an advantage in buying well known brands which lessens their buying risk. Some of the consumers may perceive private name food as lesser in quality, in this manner the risk experienced amid the buying and utilization will affect their state of mind. In an offer to maintain a strategic distance from that, purchasers lessen to purchase low quality items and rather want to purchase more costly ones (Hayrettin 2013). The private name products perceived risk impacts contrarily buyer inclination to purchase Richardson (1996) cited by (Haifa and Mohsen 2012). As perceived risk can be seen as an obstruction, there are diverse conceivable outcomes to encounter it. This might include low evaluating or the store picture (Breetz, 2014). On the other hand, as private names can be acquired at lower costs than producer brands, the perceived risk will be lower already.

The consumers can think about different risks before taking part in a choice to buy private brand items, for example, financial risk, performance risk and physical risk. Financial risk; suggests the money related cost that misfortune from the poor buying decision, may come about because of deficient or new brand (Yusuf 2013). In this way, the likelihood when the shopper is concerned of losing cash after obtaining a private mark product. Mitchell and Greg (2005) presume that, monetary risk incorporates worry regarding to how much a shopping day out will cost in respect to an individual's budgetary assets. Performance risk; it shows up when the consumers are anxious about the possibility that that the private mark products may not give the advantages as guaranteed. The shoppers utilize their own experience and learning to judge the performance of private name products.

Arslan et al (2013) clarify that, if the buyers consume an item at first run through, there is a critical increment in the risk recognition because of absence of knowledge or master suggestion. Physical risk; it mirrors the negative outcomes which can harm physically or harm soundness of the clients after utilization of a private mark item. Semeijn et al (2004) early affirmed the negative impact of perceived risk on buyer's assessments towards private brand products. The

recent studies by (Mierer et al, 2006; Wu et al, 2011; Sheau-Fen et al, 2012; Arslan et al, 2013) likewise thought of the same discoveries. Moreover, Sheau-Fen et al, (2012) said that, the feelings of instability which comprise physical risk and execution risk additionally negatively influence the perceived quality of the purchasers, that is, it reduces the probability of shoppers buying goal towards private brand good. A study conducted by Rzem and Debabi (2012) on the impact of chosen factors (perceived risk, perceived quality, perceived esteem, value cognizance) on view of private name products. They discovered that perceived risk has a huge and negative impact on private label product observation while they additionally noticed that perceived worth had a positive and critical impact on private name recognition.

#### 2.2.3 Perceived price towards private labels of Bonita brand

As indicated by the researcher, perceived risk is the sum the shopper will surrender or give up with a specific end goal to get a product. Moreover, Zeithaml and Bitner (2014) expressed that perceived price alludes to the relationship between the cost and the fulfilment increased through obtaining the item. Anderson, (1994) explained price just like an imperative variable of shopper fulfilment. On the off chance that a purchaser endeavours to investigate the estimation of an item, the cost is the angle considered regularly (Zeithaml, 2010; Anderson and Sullivan, 1993). In the event that the perceived cost is too high, the shopper would not buy the item and penance whatever should be yielded. In this way, the lower the perceived cost is, the lower the perceived sacrifice (Zeithaml, 2010). With respect to, Agarwal and Teas (2012) characterized the term perceived sacrifice as being equivalent to perceived cost. Along these lines, perceived sacrifice portrays the measure of cash that must be yielded when acquiring an item (Agarwal and Teas, 2015). Campo and Yagüe (2007) moreover depict the discernment procedure on account of perceived cost to be an examination of the retail cost to the value that the purchaser would expect and right now had in mind. Should the retail price be higher than the shopper's value desire, a purchase of the merchandise will not occur (Kalwani and Yim, 2011).

Nonetheless, perceived penance as a term is once in a while utilized as a part of writing. Walker (2006) recommends that private brands are regularly less expensive than producer brands, subsequently, they can be considered as a substitute to the maker brands. Price has been considered as a primary purpose behind shoppers' inclination towards the private brands, and for the most part price sensitive purchasers will probably purchase private brands. Be that as it may,

shoppers who incline toward quality over price are less likely to buy private brands on the grounds that more often price is utilized as a pointer of quality. In the event that the price is lower, than desired by customers it will negatively affect perceived quality (Chandrashekaran and Grewal, 2006).

Purchaser observation regarding price is distinctive and affects the purchasing behaviour. According to Hoch and Banerji (2012) monetary retreat have sway on private name brands purchasing conduct when pay diminishes shoppers get to be value cognizance and movement their inclinations to private mark marks as opposed to picking national brands. Consumers who want to purchase more private name brands than national brand are cost cognizant. Zeithaml (2010) likewise specified private name brands purchasers are value seekers-the individuals who search for low cost, subsequently, for a few buyers having modest item implies accomplishing high esteem. Moreover, the less cash or time that customers pay for or the more esteem that they can get from a private brand, the better their assessment of a private brand will be (Vahie and Paswan ,2006).

Despite what might be expected, a few customers may relate low cost with low quality. Those shoppers who think cost is a pointer of value and organizations may lessen the nature of the item to minimize the expense. Consequently, to them the higher price is a sign of a superior quality (Bao and Sheng, 2011). Also customers relate price and quality with self-regards. The expansion in quality substance and the higher price has a positive connection with our self-regards. If the economic condition is good for all, the majority would like to eat high quality products (Forum, 2011). According to Schiffman (2013) value recognition has solid impact on buying expectation of private name brands .However in the event that the customer is uncertain about the quality of the product the less impact it has on the purchasing conduct (Borrero, 2012).

#### 2.2.4 Perceived value towards private labels of Bonita brand

Perceived value is an exchange of what the buyer may get and what the customer is set up to offer when buying the item (Chahal and Kumari, 2012). Therefore perceived value can be clarified as purchaser's general appraisal of the utility of product taking into account what is given and what is gotten. However the two elements are diverse with every individual customer (Zeithaml, 2010). There is a relationship between perceived esteem, value quality and risk. The

buyer may utilize cost as a marker of value, this make value quality relationship. In the event that cost is utilized in the role, cost has a positive connection with perceived quality and goal (Kent, 2012). Furthermore the distinction in cost among items makes perceived esteem (Kanagal 2011).

As the price of the product increments (within the price range set by individual customer), perception of significant value increments to some degree. Despite what might be expected perception of significant value will diminish if the price is beyond the price range set by the purchaser (Kent 2009). Buyers consider the product quality and the price before their official conclusion of acquiring a product. In the event that the product is unacceptable to pay for, the perceived value is less (Kent 2009). As previously mentioned, private name brands are lesser in price. For some shoppers price act as a marker of value, as the outcome they may think it is risk to purchase private name products. This may convinces buyers to give less esteem for the private name brands item while they can give higher quality for manufacturer brands. Fulfilment measure value of the product, some researchers think value is superior to satisfaction and other clarify if the customer are satisfied, they perceive high value.

However, Bellizzi et al, (2012) and Cunningham, et al (2013) concentrated on buyer brand perceptions. They discovered that respondents reliably evaluated private labels beneath the manufacturer brands by traits, for example, quality, appearance and allure. The authors recommend that while manufacturer brands were seen to be better than private labels, the buyer of the last did not involve noteworthy exchange off. A comparative study, directed by Cunningham, et al (2013), inferred that both manufacturer and private brands buyers perceive manufacturer brands to be prevalent as far as quality, appearance, unwavering quality and proof that buyers will probably buy higher valued brands within an item classification as a method for diminishing the risk of obtaining a label of sub-par quality.

#### 2.2.5 Perceived economic condition towards private brands

Chaniotakis et al, (2010) states that, the way of thinking influence consumers purchase intention as well as perceived of economic situation. Another research discovered that ,consumers would try to save more money by purchasing private label product during economic downturn and once the condition turn to be better, they will shift back to their familiar brands (Conroy,2010). That is, when a customer is familiar with a product ,the customer will define a product in a good way.

Therefore the researcher suggests that, in order to create trust on private brand products, wholesalers and retailers should let customers feel confident on their products. However, trust on private brand products is affected with perceived benefit, which later means that perceived price-quality influence consumer's behaviour. Customers with negative experience towards a private brand product will show a negative impact towards future purchase but when the quality matches the price, positive impact will be shown.

There are other studies that have attempted to discover whether the propensity to buy private labels is associated with the demographic and socio-economic characteristics of consumers. Frank and Boyd (2011) found some evidence that buyers of private brands are better educated, older and have lower incomes than national brand buyers. Burger and Schott, (2001), and Cunningham, (2009), reached similar results. They found that private brand buyers have greater education. Contradicting the previous results, Coe, (2005), and Murphy, (2014), found that private brand buyers belong to higher than lower income classes. An analysis achieved by Hoch and Banerji, (2003), and Raju et al, (2008), showed that as aggregate disposable income goes down, private label share increases, even though, there is no change in overall levels of perceived product quality. They emphasized that private label is doing well in product classes in which consumers are particularly price conscious. Hoch,(2006), examined how both price sensitivity and private label market share vary with comprehensive customer demographic competitive factors. The finding showed a relationship between individual demographic and competitive independent variables. When income and housing values are higher, competition is less intense. Moreover, higher education is associated with better private label performance.

With respect to the above examination, it can be inferred that bundling, store picture, advertising, recognition, trust on the item, perceived cost, perceived quality, perceived esteem, perceived risk and perceived financial circumstance are identified with consumer buying goal towards store brand food items.

# 2.3 The impact of sales promotion on sales of private labels

As indicated by Perreault, (2006) and Shimp (2003) sales promotion is defined as conveying information within two parties, thus dealer and prospect purchasers, which is attained to impact

shoppers choices. Sales promotion is amongst the four aspects of a promotional blend, which is included at the centre of marketing mix; product, price, promotion and place.

Sales promotion is the key determinant in marketing effort comprising of an accumulation of motivator instruments, for the most part as a short term, intended to fortify quicker or great purchasing of specific products or the trade or services by buyers (Kotler at.el, 2013). As indicated by them, the researcher concur with Kotler's view that promotion provides motivation for purchase of private labels to shoppers since promotion present a stimulation in the purchasing intention of shoppers to purchase products. The researcher's view is supported also by (Bhandari, 2012) that, sales promotion is further recognized as one of the promoting devices that is utilized as a part of drawing in the consideration of the shoppers. Sales promotion is ordinarily used as marketing apparatus by wholesalers or retailers. Manufacturers use them to increase sales to retailers (trade promotions) and to shoppers (customer promotions). Customer promotions are, utilized by retailers to expand sales to buyers, for example, temporary price reductions, samples, and displays. It appears that a larger percentage of retail sales are made during the promotion. (Gedenk, et al., 2005). The goals of sales promotion are to stimulate short term demand, to generate loyal shoppers and to support brand shifting from contenders.

Sales promotion is accomplished through informing and influencing buyers or shoppers of a current or new product (Ayimey, et al., 2013). Sales promotion hinders buying intention of consumers towards private brand products and basically exists to give a direct effect on their behavioural conduct. Sales promotion methods are grouped as non-price and price in light of the nature (Nagadeepa, et al., 2015). According to them, few of the price based promotions are repayment, money off payments and discounts that temporarily decreases the cost of products. The non-price based promotions include reward points or contests on which value is temporarily induced to a product. These strategies can induce the shoppers to perform unplanned consumption (Nagadeepa, et al., 2015).

In grocery stores and supermarkets, retailers exercise various sales advancement techniques to boost their sales volume and luring of shoppers to their store locations. The researcher suggests for companies to utilize discounted offers (to induce buying acceleration or additional quantities), rebate (providing price reduction after purchasing) and coupons ( to draw in brand

switchers, who are essentially searching for low prices), Loyalty projects (to rewards loyal shoppers), contests (to expand repurchase rate of occasional shoppers), Premium or gifts (offer at lower cost or free as a motivating force to buy), Free samples; offering free quantity of a merchandise or service conveyed door to door, sent via the post office, get in the store, attached to another product or included in a promoting offer (with the aim of stimulating shopper's trial (Kotler et.al, 2013).

Product combination, quantity gift, instant draw and assigned gift and lucky draw are proposed to produce speedy and short-term changes in customer or business to business purchasing practices (Nagadeepa et al.,2015). The vast majority of the literature indicate that price discounts, free sample, buy one get one free and loyalty programs are mostly utilized promotional techniques to draw in brand shoppers. Along these lines, the study considered to check the effect of discounted prices, sampling, buy one-get one free and coupons as primary sales promotion techniques on the shopper's expectation to buy private label brands since retailers and wholesalers who sell private label brands are reluctant in undertaking different sales promotions regularly towards private brands as they try to minimise cost.

# 2.3.1 Use of free samples as a mechanism to increase sales of private labels

Clow and Baack (2007) defined the free sample strategy as a tool to induce shoppers to try new merchandise launched. Sampling is a keen approach to present fewer quantity of merchandise to the shoppers with no cost, and it can be sent straightforwardly to the shopper via mail or attaching the sample to another line of product, so they can be ready to taste or try the merchandise as opposed to simply hear of it (Kardes, 2009; Pramataris, 2013; Pride and Ferrel, 2008). Thus, the researcher considers that use of samples can influence shopper's behavioural conduct to buy private labels products sooner rather than later. Lammers (2011) likewise demonstrated that sample strategy can impact on customer purchasing conduct and it has a positive relationship to a fast selling method. Different researchers concurred that free samples technique positively affects shopper purchasing conduct (Parmataris, 2014; Fill, 2002; Shimp, 2003). However, Jackaria and Gilbert (2002) disagreed to the positive relationship between free samples and shopper purchasing conduct, that it can be differed from product to product and from particular time to time. Ndubisi and Chiew (2006) later on conceded that, free samples strategy has a significant relationship on customer purchasing conduct.

#### 2.3.2 Use of coupons as a mechanism to increase sales of private labels

Coupons is considered as a standout amongst the most utilized instruments by marketers to stimulate shoppers by giving them a voucher or certificate that save some cash when they need to buy any kind of merchandise later on or in the future, for example, 25% reduction from the principle price or a fixed discounted amount like \$5 per merchandise (Fill, 2002; Harmon and Hill, 2003; Ndubisi and Chew, 2006). Therefore coupons can be executed to deliver private label product trial by customers.

As indicated by Cook (2010) shoppers can be without much of a stretch persuaded with the coupons technique since it is exceptionally valuable tool for trial purchasing, and it is considered as a good approach to be utilized to stimulate shoppers brand switching. According to Gilbert and Jackaria's, (2011) they found that coupon promotions have no huge impact on volume of products bought by a customer. Dark, (2014) demonstrated that shoppers are affected by the price reduction in the given coupons, so coupons are used as a smart sales technique. Ndubisi and Tung (2005) emphasize that, coupons have numerous advantages and patterns towards the marketers in a way that they can boost the sales in a short timeframe and they can stimulate shoppers to shift to different brands or merchandise. Therefore, implementation of coupon technique can enhance the shoppers to switch from purchasing national brands to try new private brands. Kotler and Armstrong (2006) analyzed the electronic coupon machines as an appropriate device to save shoppers buying history, and taking into account that, voucher will be offered relying upon shopper's current bill and on the past purchased sum. On the other hand, a few researchers demonstrated that coupon is incapable technique to be utilized as sales promotion and these studies examined shoppers behavioural conduct towards the immense price reduction offered by coupons; since it can influence the value of any merchandise negatively, and that can prompt an impact on merchandise trial (Silva-Risso and Bucklin, 2004; Gilbert and Jackaria, 2011). However, the researcher supports the use of coupons as a mechanism to increase sales of private labels in the essence that shoppers possess different perceptions and behaviour when purchasing products hence this tool can work in stimulating the purchase intention though to some customers they value other techniques.

# 2.3.3 Use of discounted prices as a mechanism to increase sales of private labels

As indicated by Fill (2002) price reduction is a valuation technique where merchandise or products are offered in a good marked down purchasing price and it appears as a lessened cost to the buyers, for the most part applied in hypermarkets and point of purchase displays. Price discounting is the reduction of the price for a given amount or increment of the quantity accessible at the same price, thereby improving value and create an economic incentive to buy (Raghubir and Corfman, 2013). Different studies found that discounted prices (price cut offs) plays a critical part in stimulating new consumer's practices to try the offered products (Blackwell et al, 2001; Fill, 2002; Shimp, 2003). As indicated by Percy (2011) buyers are more to be pulled in to price marked down promotions. Ndubisi and Chiew (2006) asserted that product trial has an association with price discounts; in the sense that the first can be expanded by price decrease for any product. Gilbert and Jackaria, (2002) likewise expresses that value lessening has an association with various promotional strategies in a way that they are affecting each other and pushing the shoppers to purchase the product, for example, coupons and samples. The researcher find it appropriate to practice price discounts even though generally prices for private labels are lower because it induces the increase in quantity to be purchased so as to enjoy the discounted prices hence increasing sales volumes of private brands as well as prompting new customers to try new products and become loyal to them.

# 2.3.4 Use of buy one get one free as a mechanism to increase sales of Bonita private brand

According to Sinha and Smith (2012), buy one get one free is characterized as one of the basic utilized promotional strategy of offers advancement, it might be said that in the event that if you purchase one item, you get another for no expense. Therefore, the researcher suggest that if organisations utilizes this tool the shoppers can be easily pulled in to purchase the private label products in light of the fact that there is no extra cost and it will be more esteemed from the customer's point of view, hence the consumers can not overlook such extraordinary deal. The bonus bundles and additional products without increased cost arouse the shopper's purchasing conduct to buy private name food products since shoppers will get positive feeling towards such offer particularly on the off chance that it is in substantial sizes packages and legitimately advertised. Also, such promotions increment product trial and consumers switching (Percy, et al 2011).

As indicated by Li, et al (2007) buy one get one free promotional technique is an extremely supportive tool particularly to marketers and producers who need to clear their stock all the more quickly.

# 2.4 The impact of store image on customer purchase intention

Martineau (1958) as referred to in Lin (2013) initially characterizes store picture as the path in which buyers perceive the store in view of its functional quality and environmental factors and covers service quality, value worth, convenience and product quality. In Asian pacific markets, Wu et al (2011) found that store picture has immediate and beneficial outcome on buyer's purchase aim. Therefore, the researcher suggest that shopper's buying expectation of private brands can be anticipated utilizing store picture hence store image go about as a determinant of shoppers purchasing aim. The marketing exercises can also be used by organizations to strengthen shopper's perception of store's reputation and image to additionally impact their acquiring choices. This view is supported and expressed by Semeijn et al, (2004) that, store picture influences shopper's assessments of a private brand owned by the store. Thus, when shopper's have high impression of store's picture, it constructs a positive effect on the private brands of a company. Wu et al, (2011) further clarifies the view of store picture as primarily based on, assessing the multi-traits of a specific store. Subsequently, this view is supported by Semeijn (2004) that, customers use store picture to finish up their general assessment that can influence their attributes towards private label proneness.

A recent study by Rzem and Debabi (2012) enriches the foremost and different literature of store picture by examining its directing impact on the relationship between some perceptual factors such as perceived quality, perceived esteem, price awareness, perceived risk and buyer's state of mind towards private names. The discoveries revealed that store picture altogether alters the relationship between perceived value, price conciousness, perceived quality and buyer's attitude while the relationship of perceived risk and shopper's state of mind is not directed with store picture.

The researcher argues that, positive cooperate picture can support a company's sales through expanded consumer loyalty and satisfaction, and in addition draw in both investors and future workers. The researcher's view is supported by a research of Kim et al, (2011) that, favourable

store image weakens the negative impact of contenders, empowering companies to accomplish more elevated amounts of benefit. Corporate picture is key driver for making significant relationship in shopper's mind (Kim and Hyun, 2011). Allocation of private name products on rack space likewise influence shopper's buying expectation about store picture. In this way it will be clarified below.

#### 2.4.1 Allocation of private label products on shelf space

Amrouche and Zaccour (2006) depict rack space as one of the merchant's most vital resource. Along these lines, rack space turns into a constrained essential asset henceforth assignments will contribute as a key part on sales performance of store labels. Apportionment to private mark have been referred to be as sizeable as twice that allotted to producer brands (Nogales and Gomez, 2005). Furthermore, Suarez (2005) takes note of that merchants deliberately apportion their private name brands to more profitable positions on the racks, for example, putting their own brands straightforwardly to one side of the maker's brands they are going up against. Accordingly, because of the way that 90% of population is right handed, it indicates hypothetically that more are prone to go after the private label options.

Hwang et al. (2004) states that, the level on which the item is shown significantly affects sales. For instance a product that is shown at eye level fall inside the normal shopper's fascination and vision line thus expanding the probability of being chosen. All the more thus, De Wulf et al. (2005) concur with the thought and accentuate the critical part that rack positioning of private name brands can play concerning sales of the products.

#### 2.5 Chapter summary

The chapter explained literature with regards to brand concepts and the associations which impact the customer's purchase intentions of in-house brand products. The researcher's differing perspectives aided the researcher to have diverse views on definition of perception, promotion and store image. The researcher managed to identify similarities and differences; amongst various authors in their perspective of in-house brands, customer purchase intentions and its impact on sales performance. Moreover the researcher gave empirical evidence by different marketing authorities which showed the relevancy of each concept of private branding. The next chapter explained the research methodologies undertaken.

# **CHAPTER THREE**

# RESEARCH METHODOLOGY

#### 3.0 Introduction

The chapter will discuss the research designs, target population, data collection methods and sampling techniques to be conducted. Questionnaire designing will be explored supported by justification of the research methods to be used. The validity of research, ethical considerations and data presentation will be explained.

# 3.1 Research designs

Research design is the system or arrangement for a study utilized, it points the procedures of fundamental for acquiring the data expected to structure or solving of marketing exploration issues (Malhotra, 2010). Numerous authorities use distinctive examination designs which incorporate causal, exploratory and descriptive design to collect and analyze information. With the comprehension of the research designs outlined, the descriptive and exploratory designs were utilized.

# 3.1.1 Exploratory design

Exploratory research is done when there are no or couple of prior investigates to allude or depend upon in order to anticipate the result. With the study, fundamental focus is to get bits of knowledge and additionally familiarity about the effect of store image on shopper's buying expectation hence the need to utilize exploratory examination design. The exploratory examination design is supplemented with the secondary information in order to get related investigates concerning the declining of product sales. The researcher used the data from different sources, for example, company journals, company's monthly and yearly sales reports for this examination study. To examine about the Bonita brand product, the researcher approached the employees, marketing managers and the customers.

# 3.1.2 Descriptive design

As indicated by Zikmund and Babin (2010), descriptive research is a study concerned with the recurrence on which something occurs or relationship amongst two variables. To examine on how shoppers perceive Bonita brand and the effect of sales promotion on sales of Bonita brand products, the researcher utilized descriptive research design.

To accomplish the effect of sales promotion, the researcher interviewed the sales managers in order to accumulate in-depth data on sales promotional exercises. The descriptive design assisted the researcher to acquire and assess information about shopper's perceptions and effect of sales promotional exercises.

#### 3.2 Target population

Churchill et al. (2010) characterize target population as that part of the aggregate population to which the research is coordinated. The researcher's target population were 165 individuals in the study out of whole aggregate population that comprise of customers, marketing and sales managers as well with the employees

## 3.3 Sampling

Rudolf (2012) clarifies sampling as the key component which a researcher would not work without, on account that there are constrained resources; while total population will be large thus sampling allows the researcher to reduce the cost associated with the exploration. The sampling techniques and methods will be talked about.

## 3.3.1 Sampling methods and techniques

There are two types of testing methods which incorporate non-probability and probability sampling. Shiu et al (2009) infer that, probability is a system of drawing a sample which every sampling unit has a known likelihood of being incorporated into the sample utilized. Schindler et al (2003) characterizes non-probability as a system where samples are prepared in such a way that every sampling unit does not have any known likelihood of being selected. The researcher utilized stratified testing and simple random testing techniques which fall under probability sampling system.

#### 3.3.1.1 Stratified sampling

Malhotra (2010) characterizes stratified testing as the likelihood sampling strategy that utilizes two stage procedure to segment the population into strata's. The researcher divided target population into subgroups which comprise of sales managers, employees and shoppers who are more of homogeneous as opposed to heterogeneous population at large. The researcher used the system firstly by separating the shoppers into subgroups of small scale shoppers and large scale shoppers considering the sum spent on the obtaining of Bonita marked products.

Consequently, shoppers who spent more than \$50 on Bonita products were viewed as large scale shoppers while, shoppers who spent bellow \$50 were viewed as small scale shoppers. It is done so as to obtain diverse perceptions about Bonita brand by shoppers and the effect of store image on shopper's buying expectation of Bonita brand as well as to minimize one-sided data from one class of shoppers. Stratified testing likewise guided the researcher in grouping marketing managers and the employees based on working experience that is those with 5years or above and 5 years or bellow of working experience on company. In this way, it is aimed at gaining knowledge and past experience of the impact of sales promotional exercises on product sales and reducing biased information. Stratified testing also provides each element in the strata equal chance of being selected.

#### 3.3.1.2 Simple random sampling

This is whereby every individual from the objective population has an equivalent chance of being selected. The researcher utilized simple random testing on selecting individuals within the stratum created, for example, shoppers from the large scale and those from the small scale pool using physical picking of names from the box. Simple random sampling enabled each customer to be chosen from the pool equally henceforth there was reduced bias on the premise of picking shoppers.

#### 3.3.2 Sample frame

The marketing and sales managers, employees and the shoppers were used as part of the study in the sample frame. The researcher selected this sample outline since every one of the respondents partake and are included in the sales promotional exercise; they have diverse perceptions and clarify the impact of store image on consuming Bonita brand.

#### 3.3.3 Sample size

Lucy (2006) explained that, 10% should be utilized when the objective population is above 200 respondents while 40% is utilized when the objective population is under 200 respondents. The sample size is demonstrated in table 3.1.

Table 3.1 sample size

Elements	Sample size
Marketing and sales manager (40% of 8	4
respondents)	
Employees (40% 0f 21 respondents)	8
Shoppers (40% of 136 respondents)	54
Total	66

The objective population in this exploration study is 165 respondents, thus the researcher examined 66 respondents as test size from the targeted population. In this manner the sample size is determined by ascertaining 40% of respondents which is equivalent to 66 respondents (40% of 165) as it appears in the table 3.1.

#### 3.4 Data sources

The researcher made use of secondary and primary information to acquire the data expected to accomplish research objectives.

#### 3.4.1 Secondary data

It is the historical information that has already assembled and gathered for different research issues with the current scope of research area. The secondary information for the exploration on the impact of sales promotion on sales of Bonita brand was consulted, collected and accessed from various sources which incorporate, organization journals and past researches. To add on, some of the data relating to private brands was collected from the relevant reading material within Midlands State University library and web sites.

More so, the researcher attained secondary data because it was promptly accessible at whatever point it was asked for and likewise to compare with primary data results so as to come up with a sounding conclusion on each research objective.

## 3.4.2 Primary data

It is the data that is original information which will be gathered from the field of interest .The data obtained was used to clarify the questions and objectives of the exploration study. The researcher used in-depth interviews to gather information from marketing and sales manager's about the influence of sales promotional activities on Bonita brand sales. .The questionnaires were used to source primary data from shoppers and employees. Moreover the researcher opted to utilise primary data as a wellspring of information since it is easy and conceivable to assemble first hand information from target respondents about their perceptions towards Bonita brand and effect of good store image.

#### 3.5 Research instruments

The questionnaires and interviews were utilised in the process of capturing, analysing and interpretation of data. The research instruments helped the researcher in coming up with logical results.

#### 3.5.1 Questionnaire

The semi-structured questionnaire was utilized to source essential information. A questionnaire system is chosen principally on the fact that it permits information to be captured from numerous respondents within a short time frame. The semi-structured questionnaire is created to capture shopper's perception about private brands, states of mind and demographics of participants along with recommendations. Two questionnaires were directed in particular, employee questionnaire and shoppers' questionnaire. It is done as such to separately gather the perception and perspectives of the population target as well as to encourage simple analysis and translation of the research discoveries.

The questionnaires were semi-structured with the close ended questions so that respondent's time will be saved and likewise gives the researcher a platform of having full control over the reasoning of respondents thus, the researcher captured data that was more confined to the structure's limit.

#### 3.5.2 Interviews

An interview is an oral interpersonal administering of questions. The branch managers were interviewed and through these interviews, the interviewer managed to raise up non-verbal signs

from managers that is any problems, stress and discomfort that was being experienced by respondents which were observed through frowning and other body motions amid the session. Thus, the interviewer easily identified what the respondent intended to express and tell concerning questions in the interview guide by noticing facial expression. Furthermore, interviews allowed the interviewer to clarify doubt and make sure that the questions are rightfully understood by rephrasing or repeating the questions, which is another main aspect that lacks in a questionnaire method.

#### 3.6 Data collection procedure

The researcher enquired a research letter from college before proceeding to undertake an examination study. To add on, the researcher's letter was accompanied with the student I.D card such that Tynserv Distributors was able to relate the two and authorise the researcher to assemble information. The researcher likewise made arrangements with marketing and sales managers for personal interviews which were 10 minutes in length. Permission of the employee's survey was requested from the managers so that no interruptions were caused for their day to day operations. Questionnaires will be personally distributed at the exit points whereby the respondents were given the choice on either to fill the questionnaires at home or instantly. The respondents who preferred to fill the questionnaires at home, their telephone numbers and residence address was noted down to enable collection.

#### 3.7 Validity and reliability

Validity is true measurement in order to approve that a deep research of different related course should be considered (Bryman and Bell 2011). Validity is likewise associated with how much decisions made from a test are exact. In undertaking the research, the researcher worked closely with the supervisor to guarantee the validity of research instruments and to ensure all the data that the researcher sourced from the interviews and questionnaires were aligned to the research questions of the study.

Reliability is the degree to measure the consistency and stability of a concept. Reliability is particularly at the issue connection with quantitative research (Bryman and Bell, 2011). The researcher used simple English to ensure reliability and also with an understanding that not all target respondents to be surveyed holds same literacy levels, the researcher had to translate some

of the questionnaires to Shona such that better understanding is facilitated. To add on, pre-test of questionnaires to few targeted people and also confidentiality was practiced to ensure reliability.

More so, to ensure the reliability of the results, the researcher conducted a pilot study. The pilot study involved the people who were not actual respondents of the research study but who were close to the actual respondents to complete the final questionnaire. The researcher induced the pilot study so as to reveal the short comings in the process and reduce misinterpretation of questions as well as avoiding errors before the researcher wasted financial and time resources. The researcher attained some ideas, insights and clues from the pilot study that had not been realised. The researcher issued the questionnaires to colleagues at campus who were not part of the actual target population to pre-test the questionnaires. The pilot study conducted by the researcher was of great importance as it enabled the designing and quality of the questionnaires. Based on the pilot study the researcher corrected the data collection tools used in this research study.

#### 3.7.1 Ethical considerations

The researcher will consider ethical practices when conducting a research study so as to obtain relevant information and maintain accuracy. When undertaking this research study, the researcher followed the regulations and rules of Tynserv Distributors and the school. The researcher also kept formal communication relations and procedures with the respondents as well as with the academic supervisor. Internal company information and the respondents under study which helped to carry out the research were kept confidential as promised by the researcher. More so, upon the study carried out, the researcher did not offer bribes in order to obtain the specific data required for the research to complete.

#### 3.7.2 Data analysis and presentation.

The information which the researcher obtained from marketing and sales managers, employees and shoppers was further analysed and presented using graphs and tables. The quantitative data collected were additionally presented on graphs and tables whereas the qualitative data was presented through descriptive narration.

## 3.8 Chapter summary

This chapter explained research designs used for the study and the sampling techniques that the researcher conducted in the research study. The researcher also pointed out the significance of research instruments which were used towards the research objectives. The data collection methods are described and analysed while the findings are interpreted, presented and analyzed in the next chapter.

#### CHAPTER FOUR

## DATA PRESENTATION, ANALYSIS AND DISCUSION OF FINDINGS

#### 4.0 Introduction

The data which was obtained on the importance of private brands on company performance is presented in the chapter. The aim of this chapter is to present data, analyze the data, interpret and present the research findings regarding the importance of private brands on company performance. All the decimal figures are rounded to nearest whole number.

## 4.1 Response rate

In carrying out this research study, the researcher issued 62 questionnaires. Thus, 54 questionnaires were issued to the TD's shoppers and 8 questionnaires were issued to the TD's employees. Therefore the response rate is depicted in the table below.

**Table 4.1 Response rate for the questionnaires** 

Respondents class	Questionnaires	Questionnaires	Response
	issued	returned	rate
Employees	8	6	75%
Shoppers	54	46	85%
Total	62	52	84%
Total	02	32	04/0

Source Primary data

From the above table 4.1, it can be concluded that the overall response rate is 84%. This was noted from the 75% response rate by employees and 85% response rate from TD's shoppers. Even though the shoppers were given the choice to fill the questionnaires on the spot or at home, the researcher did not manage to obtain 100% response rate from the TD's shoppers because 15% of questionnaires were not returned. Within the 15% of the questionnaires that was not returned, some of the questionnaires were returned unanswered whilst others were misplaced.

More so, the researcher did not attain 100% response rate from the shoppers because they were allowed to fill the questionnaires at home hence when the researcher went for collection of the questionnaires issued the shoppers were not available.

The employees contributed 75% of response rate. The 100% response rate was not attained from the employees because 25% of the questionnaires were not returned. Therefore, within the 25% of the questionnaires which was not returned, the other questionnaire was spoiled hence did not yield clear and valid information needed for the study. The other questionnaire was not answered as the employee understudy was busy with the day to day operation activities.

## 4.1.2 Management response rate from interview session.

The researcher interviewed four marketing and sales managers.

Table 4.2 Interview response rate for management.

Interview scheduled	Interview conducted	Respondents rate
4	4	100%

Source Primary data

As shown in the table 4.2, the researcher conducted interviews with the marketing and sales managers which yielded a response rate of 100%. The researcher managed to attain 100% b response rate from marketing and sales managers because appointments was effectively done and through good relation which was enhanced during my work-related period.

#### **4.1.3** Gender respondents

The following table shows the demographic characteristics of the respondents under research study that is gender percentage.

Table 4.3 Percentage of respondents.

Gender	Frequency	Percentage
Male	18	39%
Female	28	61%
Total	46	100%
Total	40	100%

Table 4.3 shows that 39% of the shoppers surveyed were males whilst 61% were females. The composition of gender reflects the population structure of Zimbabwe were females are more than males. Furthermore, women usually go for family shopping, thus the researcher views the women as the most suitable respondents to consult on the evaluation of shopping grocery products. With the aim of getting more holistic responses, the researcher surveyed more females as shown in the table 4.3 above.

#### 4.1.4 Income Levels

The customer's income earning categories which range from below \$100 to \$ 300 are shown in the table 4.4 below.

Table 4.4 income per month

Monthly income	Frequency	Percentage
Less than \$100	3	7%
\$100 - \$200	8	17%
\$200 - \$300	5	11%
Above \$300	30	65%
Total	46	100%

It can be depicted from the table 4.4 that there is different income ranges from less than \$100 to above \$300 monthly such that every customer fits in the actual category. The 65% of customers

occupy the largest income earners portion which is above \$300 whereas 7% of income earners occupy the smallest portion of the customers. The other 28% of customers occupy the moderate category of income earners which ranges from \$100 to \$300.

The majority of shopper's falls above the range of \$300 income earning as depicted in table 4.4 thus, showing consumption of products is influenced with the level of disposable income that a customer have. It also shows that disposable or income earned affect shopper's purchasing decision concerning quantity and quality of the desired brand as well as the customer's lifestyle and perceptions.

#### 4.1.5 Age group respondents

The information regarding to age of respondents is shown in table below.

Table 4.5 Age respondents

Age	Frequency	Percentage	
Less than 21 years	4	9%	
21- 40 years	35	76%	
41- 60 years	6	13%	
Above 60 years	1	2%	
Total	46	100%	

The majority of sample falls within the age group of 21- 40 years thereby reflecting 76% of customer respondents. 9% of customers were below 20 years and 13% of customers fall within the range of 41- 60 years. Only 2% of the customers were above 60 years.

Mental maturity and life experience is associated with age. Mature people will be in a position to provide reliable and more valid information as well as being able to evaluate issues on multi-angular stand point. Most of the shoppers belong to the economically active category, who often makes informed purchasing decisions and more cautious in spending levels.

#### 4.1.6 Purchasing frequency

As the desire of the researcher to investigate the customer's preference of Bonita branded products versus manufacturer products, basing on their purchase frequency. The customers were asked how often would they buy Bonita branded products during their grocery shopping.

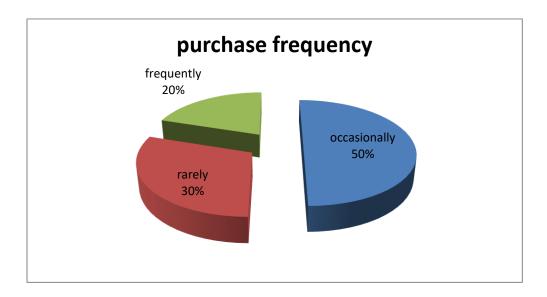


Figure 4.1 Purchase frequency

It can be depicted from the above diagram that 50% buy Bonita branded products occasionally. Only 20% can buy Bonita branded products frequently and 30% rarely purchase Bonita branded products. The results imply that there is a general low purchasing frequency of Bonita branded products. Therefore, the research supports Richardson et al, (2011) who identified the primary factors which influence the purchasing frequency of shoppers such as familiarity, extrinsic cues, income level and perceived risk.

However, with more customers purchasing Bonita branded products occasionally to rarely; it indicates that consumers possess low trust levels towards private brands. It can also be a true indication that when customers have less income to spend they turn to private brands.

## 4.2 An investigation on how customers perceive Bonita branded products.

The Perception and evaluation of Bonita branded products is illustrated in the figure below.

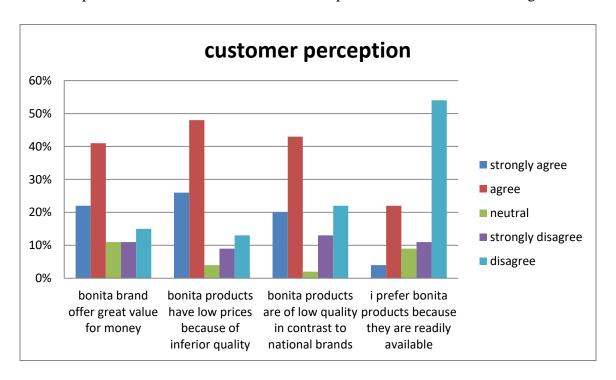


Figure 4.2 Customer perceptions on Bonita products

The fig 4.2 shows that most of the customers have negative perception towards Bonita branded products within all dimensional aspects except in terms of value for money. On average 63% of shoppers agreed that Bonita products offer value for money since they are cheaper and 26% of shoppers on average disagreed. The 11% of customers remained neutral on whether Bonita products offer value for money.

The relationship of price-quality on Bonita products was viewed negatively as indicated by most customers. Thus, on average 74% of the customers believe that Bonita products are cheaper as compared to national brands because of their inferior quality whereas 22% at least disagreed and 4% of the customers remained neutral to this assertion.

On average 63% of the customers perceived Bonita's product quality as low on its own as compared to national brands and averagely 25% of customers had positive perception towards Bonita products quality. Whilst 2% of the customers were of neutral thus, perceived very little or

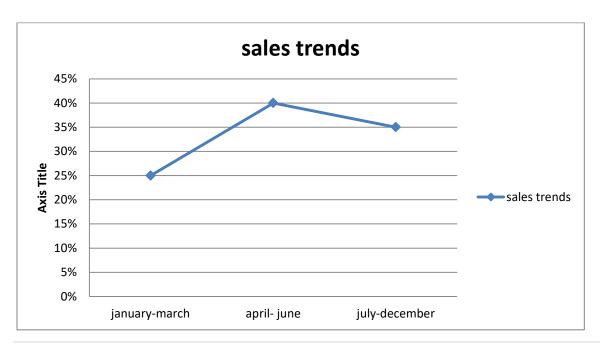
no difference between Bonita brand products and national brands .More so, figure 4.2 shows that, at least 26% of the shoppers agreed to the assertion that Bonita branded products are readily available and 9% of customers were neutral to this assertion. Whereas a resounding 65% at least disagreed that Bonita products are not readily available. Therefore, customers perceived Bonita branded products as short in supply and also limited too few product ranges.

The majority of customers therefore, still possess a disbelief in Bonita brand products. The customer's negative perceptions towards Bonita brand quality is similar to the results obtained by Bellizi et al, (2010) who found that, shoppers consistently rated the private labels bellow national brands in terms of attractiveness, appearance and quality. Another study produced similar results which were carried out by Cunningham et al, (2009) that, both users of the private brands and national brands perceived national brand as superior on attributes such as appearance, reliability and quality.

Furthermore, the results tend to view that majority of the customers associate quality to price hence believing that, the higher the price of Bonita products the higher the quality. Low price is associated with low quality. Such finding correspond to the results obtained by Beneke (2009) that, price is a leading indicator of the product's quality.

## 4.3 The impact of sales promotion on sales of Bonita products.

The figure 4.3 below shows the sales trends before, during and after undertaking sales promotional activities.



## Figure 4.3 Impact of promotion on sales trends

The fig 4.3 above shows that sales volume percentage was at 25% during the period of January to March and the sales promotion strategies was not yet implemented. In the period of April to June the sales volume percentage increased to 40% and within this period sales promotional activities were undertaken. After sales promotion in the period of July to December the sales volume were at 35%. To add on, the increase in sales volume percentage during sales promotional activity can be supported from the customer perspective and results obtained from the asked questions they answered as shown in figure 4.4.



Figure 4.4 Customer evaluations towards sales promotion activities

It can be depicted from figure 4.4 that, on average 52% of shoppers agreed that they will fully adopt to Bonita brand as their uncertainty risk will be reduced by free samples thus they will be able to consume products before actual purchase whereas 35% of shoppers at least disagreed. The 13% of shoppers were of neutral to this assertion.

More so, 31% of customers disagreed that their intention to purchase Bonita brand products is influenced by discounted prices as a promotional strategy whilst 52% at least agreed that discounted prices stimulate their intention to purchase Bonita products. Only 17% of shoppers

were of neutral to discounted prices will not stimulate purchase intention nor will discounted prices stimulate purchase intention.

The 50% of customers averagely agreed and 28% of customers at least disagreed on the assertion that they only purchase Bonita brand products when they are on promotion. Whereas 22% of shoppers were neutral to this assertion.

However, the findings indicate that, the sales volume percentage increased from 25% to 40% during the period of April to June were sales promotional activities were undertaken. Hence, the increase in sales volume percentage resulted from new customers trying Bonita brand products due to free samples offered before actual purchase which reduces perceived risk and the regular customers increasing their average spending per month so as to utilise the benefit of discounted prices. However, the period after sales promotional activities of July to December the sales volume percentage decreased slightly to 35%. The sales volume decreased slightly but more than the sales volume before sales promotional activities were undertaken because some of the new customers has switched to purchase Bonita products and hence might have fully adopted them.

## 4.4 The impact of store image on purchase intention of Bonita products.

It is the desire of the researcher to discover the impact of store image on shopper's purchase intention of Bonita branded products by assessing shelf space allocation between Bonita brand and national brands as employees will be asked. In addition the researcher considered the views of customers about shelf space allocation when purchasing Bonita branded products and also whether the interior wall designs affect purchase decision. The responses to the questions are shown bellow.

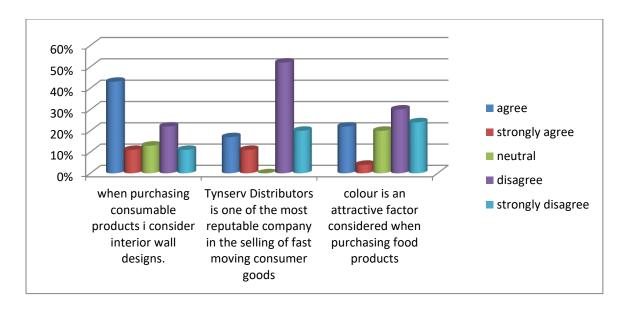


Figure 4.5 Impact of colour, wall design and reputation on purchase intention.

The figure 4.5 shows that, at least 54% of shoppers consider interior wall designs whereas 33% of the shoppers at least disagreed that they do not necessarily consider interior designs when purchasing products. Only 13% were of neutral view that interior wall designs influence shoppers buying decision. Furthermore, at least 28% of customers agreed that TD's is one of the most reputable firm which sells fast moving consumer goods whilst 62% of the customers at least disagreed to this assertion.

To add on, 26% of shoppers at least agreed to the assertion that, colour is an attractive factor considered when making purchase decision for food products while at least 54% of shoppers disagreed. Only 20% of shoppers indicated to be neutral to this assertion. Wong and Dean (2009) reported that shopping plays a significant role and consumers' interaction with the shopping environment has been shown to influence their experiences and patronage decisions

**Table 4.6 Product arrangement on shelf space** 

Product arrangement on shelf space	Frequency of	Percentage of
	respondents	respondents
	(employees)	
Bigger for Bonita branded products	1	17%
Bigger for manufacturer brands	5	83%

Source Primary data

It was discovered that majority (83%) of the employees indicated that, Bonita product is allocated lesser shelf space in contrast to national brand products within the store. However, as the backup of the question, customers were asked whether allocation of Bonita branded products on shelf space influence their purchase intention. The responses to the assertion are depicted in the figure 4.6.

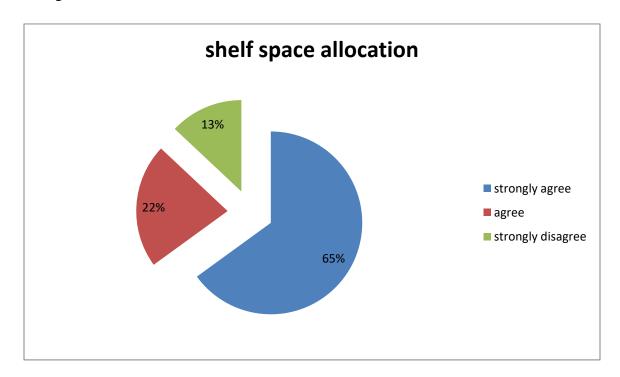


Figure 4.6 Shelf space apportionment

Thus, 87% of the customers at least agreed to the assertion that allocation of Bonita products on shelf space influences their purchase decision and 13% disagreed about this assertion.

It can be concluded from the findings in fig 4.6 on the impact of shelf space that overally apportionment of Bonita branded products on shelf space have got a bearing on brand visibility within a store which can influence a customer's purchase intention as well as sales. However, the results contradicts with the findings observed by Beneke (2009) that store brands were apportioned twice shelf space as compared to the shelf space apportioned for national brands. Thus, a dissimilar finding indicates different marketing strategies adopted that varies from store to store.

## 4.5 Chapter summary

This chapter focused more on presentation of data, analysis of the data, discussion of findings as well as interpretation of the data obtained. The major findings pertaining research questions and objectives of this study were outlined through discussions, analysis and interpretations. The quantitative data was analysed on the pie-charts, tables and bar graphs. The following chapter provides the summary, the conclusion and the recommendations on the research study and findings.

#### **CHAPTER FIVE**

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Summary

The study is about the importance of private brands in improving company performance and the research was undertaken at Tynserv distributors. In 2010 Tynserv distributors presented a private brand called Bonita as a strategic plan to be recognised of the products they sell, establishing a rapport store image and product differentiation from national brands with the intention of boosting company sales volume and revenue. The essential goal of the study is to discover how customers perceive Bonita private brand in relation to national brand, impact of sales promotion and how store image influence buying choices of customers. The contributions and thoughts from various authors and different researches are referred to in the research study. After doing literature review, the researcher went ahead to acquire information in the field from Tynserv distributor's shoppers, employees and the management. The descriptive and exploratory research designs were embraced to explore the shopper's perception, sales promotional strategies and influence of store image on buying decision of shoppers. Simple random testing was used to choose respondents from the two strata's created that is, small scale and large scale customers. The researcher derived to a sample size of 66 respondents using a view postulated by Lucy (2006) that, 40% should be used when the objective population is below 200% and in this study my objective population was 165 respondents. Within the sample size of 66 respondents, 8 were employees, 4 marketing and sales managers as well as 54 shoppers. The instruments used to collect data were questionnaires for shoppers and employees while interview was conducted for the management.

The findings obtained by the researcher were exhibited in figures and tables. All the findings were discussed, interpreted and analyzed whilst establishing the links of the present findings to the reviewed literature. The research discovered that customers still possess negative perceptions towards Bonita branded products and their level of trust is still low as compared to national brands. Furthermore, it indicated that sales of Bonita brand product increases when sales promotional activity is undertaken as new customers are persuaded to try Bonita branded products and also customer's purchase decision is influenced by store image.

The findings opt for TD's to reduce the level of perceived risk on Bonita brand label and invest more on interior store designs to enhance good store image.

#### **5.1 Conclusion**

The researcher concludes the following from the research findings attained during field research.

## 5.1.1 The customer's perception towards private brands in relation to national brands

The shoppers still have low levels of trust regards to Bonita products as derived customer's perception which is negative towards the brand from figure 4.2. It can also be concluded that, shopper's buy Bonita branded products primarily because they are cheap as compared to national brands to such an extent that if TD's increases the price of Bonita brands to be at par with the national brands, it is likely that Bonita brand customers will shift and buy national brands products.

Furthermore, price plays an important part in the shopper's perception of Bonita brand quality with those of more prices dependent. Some researchers demonstrate that shoppers consider price to determine product quality. Hence, there is strong positive co-relation of perceived quality and price as shoppers associate low product price to low product quality. Thus, perceived Bonita brand quality is an important factor which influences a customer's willingness and ability to consume Bonita products.

## 5.1.2 The impact of sales promotion on sales of private brands.

It can be concluded from the findings in figure 4.3 that during sales promotion, the sales volume of Bonita products increased to 40% because shopper's consumption rate will increase so as to benefit from the discounted prices promotion. In addition, the sales of Bonita products increased during the period where sales promotion was undertaken because new customers were lured to purchase the products as free samples were given to reduce their perceived risk towards the brand. However after sales promotion was undertaken the sales of Bonita brand reduced slightly to 35% but not diminishing to 25% as was before undertaking sales promotion exercises because some of the customers has fully adopted to the brand.

## 5.1.3 The impact of store image on customer's purchase intention.

The researcher found out that, shelf space apportionment plays a key role of influencing shopper's purchase intention between Bonita branded products and national brands as exhibited in figure 4.6 where on average 87% of shoppers agreed. Thus, determining ease recognition and level of visibility within the store. The products located at convenient strategic positions and apportioned bigger space on shelf is most likely to be purchased more.

#### **5.2 Recommendations**

The researcher recommends following recommendations to TD's after examining the research findings obtained.

- 5.2.1 It should implement and maintain price discrimination strategy where it is possible and vital to charge the different prices for Bonita products in various markets as this will capture quality oriented and price sensitive customers. More so, it fosters in discarding customers negative observation and increase brand aggressiveness.
- 5.2.2 Investing more in Bonita brand promotion and clearly crafting the promotional message emphasizing on quality, affordability and reliability is pivotal because it can attract new shoppers to try the products as well as fully adopting to Bonita branded products.
- 5.2.3 Basing on the findings in fig 4.5, there is need to attend to Harare International Festival of Arts (HIFI) and participate in cooperate social responsibility so as to increase the reputation of the organisation.
- 5.2.4 It should apportion more shelf space to Bonita branded products as compared to national brands and place them on gondolier places so as to capitalise on brand visibility in the store.
- 5.2.5 There is also need to invest more on interior store designs such as redesigning of walls in a bid to create favourable store image in the minds and eyes of customers hence stimulating customer's decision to purchase.

## **5.3** Areas for further research

While the researcher was conducting the exploratory study on the importance of private brands in improving company performance, the researcher realised the scope for further study that can give an organisation the upper hand to fight national brands. The areas of study comprise, impact of practising price discrimination as a pricing strategy to reduce negative perception and the effect of advertising as a mechanism tool of increasing sales volumes of private brands.

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**APPENDICES** 

APPENDIX A

**Midlands State University** 

Private Bag 9055

Gweru

**Tynserv Distributors Private Limited** 

Number 26-40 Leopold Takawira street

Harare

Dear Sir

Re: Request to use Tynserv Distributors Private Limited (Harare) as a case

My name is Stephen Chiwaramakanda, a fourth year Marketing student at Midlands State University. It is a pre-requisite that students should carry out a research in partial fulfilment of

the requirements of the B.com (Honours) Degree in Marketing Management.

It is in this regard that I am kindly seeking permission to use your organization as a case in my study of the topic, analyzing the importance of private brands in improving company performance. The information will strictly be for academic purposes and hence treated with

utmost confidentiality.

Yours faithfully

Stephen Chiwaramakanda

#### APPENDIX B

## **QUESTIONNAIRE FOR SHOPPERS**

I am a fourth year student at Midlands State University, currently studying towards a Bachelor of Commerce Marketing Management Honours Degree. As the requirement for partial fulfillment of my degree program, I am carrying out a research study on **the importance of Bonita private brand in improving company performance** a case of Tynserv distributors Harare. I will be grateful if you assist by answering the questions below. Please note that your responses will be confidential and used for academic purposes only.

#### **Instructions**

- Fill in the required information on the spaces provided below.
- please tick one applicable answer

## **Demographic information**

1.	Gender	
	Male;	
	Female;	
2.	Age	
	20 years and bellow	
	21-40 years	
	41-60years	
	61 years and above	
3.	Family	
Le	ss than 5 members	
6-1	0 members	
Above	10 members	

4.	<b>Buying pattern</b>						
5.	Frequently Occasionally Rarely Income spending						
	T S						
	Less than \$50						
	\$51-\$100						
	\$100-\$150						
	Above \$150						
6.	Please indicate what you			llowing st	atements b	y ticking f	rom the
		Agree	Strongly	Neutral	Disagree	Strongly	

	Agree	Strongly	Neutral	Disagree	Strongly
		agree			disagree
Bonita branded products offer great value for money.					
Bonita products are of low quality					
in contrast to national brands.					
Bonita branded products have					
lower prices because of inferior					
quality.					
The higher the price of Bonita					
product the higher the quality.					

I prefer Bonita products because			
they are readily available			

# 7. Please indicate what you think about promotion by ticking the following assertions from range of agree to strongly disagree.

	agree	Strongly	neutral	disagree	Strongly
		agree			disagree
Discounted prices stimulate a					
customer's intention to purchase					
Bonita brands.					
My average spending on Bonita					
brand per month increases due to					
sales promotional activities.					
A customer will fully adopt the					
Bonita product because of free					
samples offered to reduce risk of					
uncertainty.					
Sales promotion increase					
familiarity of the Bonita brand in					
customers mind.					
As a customer, i only purchase					
Bonita brand when it is on					
promotion.					
Ĺ	<u> </u>	l			

# 8. Please indicate what you think about store image on the following statements by ticking from the given range agree to strongly disagree;

	agree	Strongly	neutral	disagree	Strongly
		agree			disagree
When purchasing consumable products, i consider interior designs.  Tynserv distributor is one of the most reputable company in the selling of fast moving consumer					
goods.					
I can recommend other customers to purchase Bonita brand because of good store image.					
I consider allocation of Bonita brand on shelves before making a purchase decision.					
Colour is an attractive factor considered when purchasing food products.					

#### APPENDIX C

## **QUESTIONNAIRE FOR EMPLOYEES**

I am a fourth year student at Midlands State University, currently studying towards a Bachelor of Commerce Marketing Management Honours Degree. As the requirement for partial fulfillment of my degree program, I am carrying out a research study on **the importance of Bonita private brand in improving company performance** a case of Tynserv distributors Harare. I will be grateful if you assist by answering the questions below. Please note that your responses will be confidential and used for academic purposes only.

#### **Instructions**

• Fill in the required information on the spaces provided below.

female

• please tick one applicable answer

male

## **Demographic information**

Gender:

2.	Working experience	less than 5 years	more than 5 years

3.Please indicate what you think about the following statements by ticking from the given range agree to strongly disagree;

	Agree	Strongly	Neutral	Disagree	Strongly
		agree			disagree
The quality of Bonita brand products seem to be good.					
Bonita brands have equal good					

packaging with national brands.			
The price of Bonita products is			
reasonable for customers			
The difference in prices creates			
value for Bonita brand			
Bonita brand products offer cheaper			
options for customers			

## 4.Please indicate what you think about the following statements by ticking from the given range agree to strongly disagree;

	Agree	Strongly agree	Neutral	Disagree	Strongly disagree
Offering free samples is important when purchasing Bonita food products.					
Instant draws attempts to convince customers to purchase Bonita brand products.					
When there is no promotional activity offered, customers tend to buy less of Bonita brand products.					
Price discount results in customers purchasing huge quantities of					

Bonita products.			
Sales promotions influence less on			
customers intention to purchase			
Bonita products			

## 5. Please indicate what you think about the following statements by ticking from the given range agree to strongly disagree;

	Agree	Strongly agree	Neutral	Disagree	Strongly disagree
When purchasing Bonita food products, store image is important					
Allocation of Bonita brand on shelves affect consumers perception towards store image					
Offering good quality service to customers creates a favourable store image in customer's minds.					
Quick transactional service offering creates a good store image such that customer's intention to purchase Bonita brand will be boosted.					
The more familiarity of the organisation, the higher the product quality of its store brands.					

#### APPENDIX D

## INTERVIEW GUIDE FOR MANAGEMENT

- 1. How did TD's introduced the Bonita brand?
- 2. How often would you promote the Bonita brand?
- 3. Does sales promotion boost sales volumes of Bonita brand such as instant draws?
- 4. Does sales promotional activity increase familiarity of Bonita brands into customer's minds?
- 5. Would you recommend other colleagues to purchase Bonita brand because of sales promotional activities carried?
- 6. Can store image have a negative or positive influence on the sales of Bonita?
- 7. Does good quality service offering enhance favourable store image in customer's minds?