The impact of multinational corporations on the marketing mix of a South African architectural coatings manufacturer

LE Carstens

orcid.org 0000-0001-7477-4234

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Supervisor: Dr Piet Pretorius

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Student number: 12296775

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Abstract

The Architectural Coatings Manufacturing Industry in South Africa has changed in the last five years. This is based on key findings in this study. Specific elements highlighted in this change include price, promotion and product. Factor seven identified in the study, perception of change in the industry, indicated a Cronbach alpha of 0.881, and this is the highest Cronbach alpha score in this study and can be classified as statistically reliable. This indicates that the respondents have a definite perception that there has to be change in the industry in terms of price, promotion and product.

It is clear that Independent retailers feel that MNCs such as Massbuild have dictated their pricing strategies in terms of key, fast-moving products. The role of price in promotional campaigns is highlighted in the research as being of vital importance. Price is not only a key consumer decision factor but also a key promotional factor. There was a strong negative correlation that indicated that technical support and advice do not play a significant part in advertising campaigns and this changed in the last few years.

Any manufacturer in the architectural coatings industry can use this study as a blueprint to guide their innovation and marketing strategies. Although the factor analysis and correlations did not deliver significant guidance in this study, the questionnaire data and descriptive statistics did provide good information that has to be considered and used for future planning.

Keywords

Architectural Coatings Manufacturer, marketing mix, South Africa

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List of Abbreviations

Abbreviation	Meaning
4 Ps	Price, Promotion, Place, Product
ACM	Architectural Coatings Manufacturers
MNC	Multi-National Corporations
SMME	Small Medium Macro Enterprises
PPG	Pittsburgh Plate Glass
PR	Public Relations

1. CHAPTER 1: ORIENTATION AND PROBLEM STATEMENT

1.1 INTRODUCTION

This study investigates the influence of the marketing mix in the Architectural Coatings Manufacturer with the entry of Multi-National Corporations such as Massbuild.

1.2 BACKGROUND TO THE STUDY

The South African architectural paints industry relies to a large degree on construction and housing markets ,not only in the country, but also in surrounding African markets to which South African manufacturers export. In the run-up to the 2010 Soccer World Cup, increased economic growth coupled with a surge in the construction and maintenance of buildings drove demand for architectural coatings (Limited, The Global Paints and Coatings Market; South Africa Architectural Coatings Market, 2015, p. 16).

After the highs of construction in preparation for the World Cup, the construction industry was hit hard in 2010 to 2011 following the global financial crises, but picked up slowly thereafter.

The building and construction retail landscape of South Africa has changed with the acquisition of Massmart by Wal-Mart in 2011, marking the entry of one of the largest Multi-National Corporations (MNCs) into South Africa (Soni & Karodia , 2014, pp. 2-5). Traditionally, South African Small Medium and Macro Enterprises (SMMEs) are known to survive the threat of organised retailers, including Multi-National Retailers. Over the years, SMMEs had to become more focused on niche markets while trying to survive in such a competitive and growing market. The focus for them was on expanding their offerings, not only in terms of products, but also services offered (Soni & Karodia , 2014, pp. 2-5).

The pricing strategy of Wal-Mart that offers everyday low price together with their ability to grow their distribution footprint at an accelerated pace is not only changing the building and construction retail landscape in South Africa, but also compels SMMEs to think differently about how to differentiate themselves by exploring innovative strategies in marketing and business (Harker, 2013, p. 10). This, in turn, places pressure on manufacturers/suppliers to SMMEs to provide practical solutions to their customers in the changing business landscape.

This study investigates the impact of MNCs on the marketing mix and the marketing strategies used by the Architectural Coatings Manufacturers. The marketing mix refers to the way in which market planning is put into practice. Traditionally, the marketing mix consists of four pillars that are known as the four Ps. These include (Goi, 2009, p. 15):

- Price: this is the value of a product. It depends on the cost of production, supply and demand, as well as other variable factors. Pricing can be a differentiating factor depending on the market and the channel that is serviced.

- Product: this is the item being sold. Product is key, because it if does not deliver on performance and quality, there can be no marketing mix.

- Place: this is where the sale occurs, and is also known as point of sale. The right point of distribution, location comes at a price. Location is very sensitive since different locations equate to different needs that must be satisfied.

- Promotion: this refers to the actions taken to make the trade aware of a product. Promotion includes word-of-mouth, incentives, press reports, advertising and direct marketing (Times, 2005).

The marketing mix plays a vital role in any organisation's strategic planning process. For the purpose of this study, a survey was designed to test perceptions in the market among key SMMEs owners. These owners are independent retailers that are responsible for 60% of the retail business for a specific coating manufacturer.

1.3 PROBLEM STATEMENT

The problem that is investigated in this study is to explore the impact of MNCs on the pricing, product, place, and promotion strategies of Architectural Coatings Manufactures. By determining the full impact or lack thereof of this key players in the market in a holistic manner, more focused decisions regarding product offering, pricing strategies, promotions, and customer behaviour can be made based on research findings. This will lead to more focused campaigns as well as more focused brand and product positioning communication.

1.4 RESEARCH OBJECTIVES

The main research question to be answered is:
What is the impact of MNCs on the pricing, product, place and promotion strategies of Architectural Coatings Manufactures?

For the purpose of this study, I focus on these four Ps of marketing. These four Ps are analysed to determine whether they have changed, and if so, how they have changed in the market as well as in the minds of the Architectural Coatings Manufactures. This is achieved by answering of the following questions related to each specific key factor in the marketing mix:

- <u>Price.</u> How has the role of price changed the decision-making processes of customers, and what are the impacts thereof on Architectural Coatings Manufacturers? Has price become the determining factor or are service and quality worth paying a premium?

- <u>Product</u>. How has the product offerings changed, and what are customers' expectations of products offered at specific prices? What rate of innovation is required by the market?

- <u>Place.</u> Which areas are targeted by MNCs, and how does this affect SMMEs? Is the areas that are targeted responsible for a possible decline of the number of independents, or are these independents rather joining franchise buying groups to safeguard them from MNCs and the effect of this on the Architectural Coatings Manufacturer?

- Promotion. What changes characterise strategies of promoting products to customers? What are the key driving factors when promoting? Is it price, convenience/ease of use or quality? More importantly, how and where are these promotions running? How are we reaching our audience?

According to research conducted by the architectural coating manufacturer, at present, all 4 Ps have changed significantly with the entry of MNCs into the market. The perception is that the number of independent retailers has declined and that franchise buying group numbers have increased. There is also the perception that innovation, the service offered, and competitive pricing are key. Promotions in the market are targeted on pricing with the focus not on a promotional price, but rather on an everyday-low-prices strategy.

The marketing strategy is a critical part of the overall business strategy, because these parts they work together towards a common goal, which is to find ways in which the bottom line can increase. No other study that explored the effect of MNCs on specifically the Architectural Coatings Industry could be found – hence the need for this study to determine if the effects are made up of perceptions or whether they are indeed real, and require that as Architectural Coatings Manufactures need to adapt to this reality. Finding answers to this issue will impact not only the way the firm’s marketing strategy is focused, but with also have a bearing on the way that the business strategy is aligned with a view to offer better solutions to our retailers and consumers by considering key insights gained from this study.

This research problem described above is experienced not only by Architectural Coatings Manufacturers at present, but a number of the issues raised also have an impact on independent retailers.

MNCs and the effect they have on marketing behaviour and decisions are not isolated to only the Architectural Coatings Industry. With reference to the construction retail industry as a whole, the insights and findings of the present study will facilitate a better understanding of the true effect that MNCs have on the industry. Such insights will also enable companies to better align their strategies to respond to a changing market by applying more effective marketing campaigns and product foci (Brynard & Hanekom, 2006).

1.4.1 General objective

By gaining insight into the full impact of MNCs, more focused decisions regarding product offering, pricing strategies, promotions and customer behaviour can be made based on the research findings. This will lead to more focused campaigns as well as more focused brand and product positioning communication.

1.4.2 Specific objectives

The specific objectives of the current study are to:

1. Develop an understanding of the key concepts relevant to the Architectural Coatings Industry as well as the marketing mix.
2. Asses the changes, if any, in the marketing mix of Architectural Coatings manufacturer using an empirical approach.
3. Determine whether retailers feel that they compete with MNCs such as Massbuild.
4. Determine the statistical correlations between the various hypotheses and constructs.
5. Make recommendations regarding changes, if necessary, in the marketing mix of Architectural Coatings Manufacturers.

The scope of the study is briefly outlined below.

1.5 SCOPE OF THE STUDY

The study involves principles of the marketing mix, with an emphasis on how the mix is influenced or has changed with the introduction of MNCs in the coatings industry. The study primarily focusses on the architectural coatings industry in South Africa, accessing the perceptions of the marketing mix and the changes that may have occurred with the introduction of the MNCs.

1.6 RESEARCH METHODOLODY

1.6.1 Description of overall research design

For the purpose of this study, the first unit of analysis entails be MNCs and their marketing strategies, specifically pertaining to the marketing mix that consist of 4 pillars, product, pricing, promotion and place (Goi, 2009, p. 15).

This will be achieved by perusing previous research, historical data, current activities and trends of the MNCs in the market as well as case studies available. Pricing, promotion, product and place are analysed by using current market data such as advertising campaigns, broadsheets and other market data. This effort relies on available data in the public domain.

The Architectural Coatings Industry is the second unit of analysis. Historical industry communication and marketing strategies are analysed and compared to current activities pertaining to the marketing mix. One of the key players in the Architectural Industry is specifically analysed by accessing their database of customers and surveying their top 30 customers to test their perceptions and behaviour with reference to the current marketing mix of that key player.

Finally, the two units of analysis are compared to determine if and how the marketing strategies of Architectural Coatings Manufacturers have changed. This information can be used to determine the true effect that large MNCs have on the marketing strategies of Architectural Coatings Industry, and how and whether these insight can assist smaller independent retailers to better position themselves vis-à-vis these MNCs.

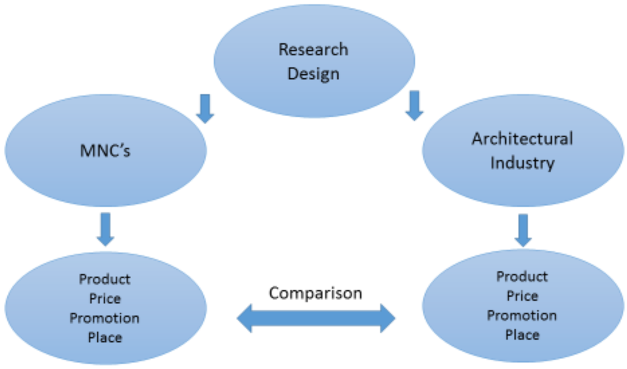


Figure 1 Research design

1.6.2 **Population/sampling**

There are two units of analysis; MNCs and the Architectural Coatings Industry.

Non-probability sampling was used as a strategy, because the sample was not selected statistically at random. Purposive sampling was used as a non-probability sampling technique so that only relevant case studies and historical data were selected to assist in answering the primary research question (William M.K. Trochim, 2006). Only the top 37 retail customers from one of the key players in the Architectural Coatings Industry were surveyed by means of a questionnaire.

The information obtained from the two units of analysis will be in the public domain since they are both represented nationally. However, the survey that is directed at the Architectural Coatings Manufacturer's top 30 retail customers, remains the property of that specific manufacturer.

Permission to access the top 30 retail customers of one of the Architectural Coatings Manufacturers was obtained from the Managing Director. The Managing Director has agreed to the study and once written notice was received, the questionnaire was distributed to the particular retail customers.

The next unit of analysis is difficult to access because it is an industry in which the researcher is known and is currently working in. The second unit of analysis entails Multi-National

Corporations as well as a key player in the Architectural Coatings Industry and their top 30 retail customers. This unit is appropriate for answering the primary research question, since the data is accessible and the industry is known to the researcher. The researcher has access to industry data that can be used in questionnaires to test perceptions the research topic in the industry.

1.6.3 **Data collection and analysis**

Qualitative data collected was coded. Coding is the starting point for most forms of qualitative data analysis (Bryman, et al., 2014). Classifying the different variables that are be generated through the course of the research is essential. Dichotomous variables, ordinal variables and internal variables are used for the purpose of this study to measure current perceptions in the market of retailers on how product, place, promotion and price have changed with the introduction of Multi-National Corporations.

The questionnaire was developed around the marketing mix, and questions relate to different variables to enable the data to be analysed as statistical data and not quantitative data. Once the data was converted into statistical/numerical data, the data was plotted on a Likert table. The reliability of the data was tested by using the Cronbach Alpha method.

Conclusions were drawn from the data once the data was tested for reliability. The conclusions are based on current perceptions in the market pertaining to product, place, promotion and price before and after the entry of Multi-National Corporations to the industry. This data was analysed against historical and market trend data available.

The data was then be interpreted to determine whether there is a correlation between how marketing strategies have changed or remained the same with the introduction of Multi-National Corporations. Key insights were be drawn from data collected in terms of future campaigns and possible adjustments to strategies.

Questionnaires were distributed submitted via email as well as in hard copy. The questionnaires were sent to the top 30 customers and each topic was explained to ensure that they understand what and how they had to answer, and what was expected from them.

1.6.4 Assessing and demonstrating the quality and rigour of the proposed research design

For the purpose of this study, quantitative and qualitative research were used. Quantitative research was used to analyse campaigns, track industry trends, and to determine product performance and changes. Qualitative research was also used to gain insights pertaining to perceptions and behaviours of key retailers.

1.6.5 Research ethics

- Ethics refer to ensuring that the right of participants and the company's part of the research are respected. Results by the research should be made available to the participating companies in an appropriate manner.

- In order to ensure that a high standard of expertise is applied to current information and methods in the research, and all conclusions must be supported by evidence and any limitations of the research design must be reported.

1.6.6 Value-added and limitations

The research is limited to the impact of MNCs to the ACM industry only, while the impact of these MNCs is not only limited to ACM's. The focus of this study is on this segment. The impact that these MNCs have on the marketing mix are explored. While there are other elements that may impact on the marketing mix, the 4Ps are the focal points of the present study.

Market data from a specific Coatings Manufacturer was used for the basis of the study, namely PPG South Africa, Prominent Paints. In addition, the impact that Massmart specifically has on this segment was analysed.

1.7 CHAPTER DIVISION AND LAYOUT OF THE STUDY

CHAPTER 1: ORIENTATION AND PROBLEM STATEMENT

CHAPTER 2: LITERATURE REVIEW

CHAPTER 3: EMPIRICAL RESEARCH METHODOLOGY

CHAPTER 4: EMPIRICAL RESULTS AND FINDINGS

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

1.8 CHAPTER SUMMARY

Chapter 1 provided an outline of the study as well as the background on the motivation for the study and the ways in which the study is approached. The overview of the architectural industry provides insight into the industry, and the perusal of the marketing mix constitutes the framework of the study. The primary research question and the five research objectives of the study were also outlined. The research methodology as well as sample population were discussed in detail. The way in which the study was conducted entailed reference to questionnaire that was developed. The Chapter concluded with an outline of the chapters to follow

2. CHAPTER TWO: LITERATURE STUDY

2.1 INTRODUCTION

In order to develop a conceptual understanding of the key concepts and the definitions used for this research, a literature review was conducted. In this literature review, the Architectural Coatings Industry is discussed from a manufacturer's point of view to provide background to the study and the industry. The marketing mix is also reviewed and explained.

2.2 ARCHITECTURAL COATINGS

2.2.1 INTRODUCTION

Architectural or Decorative Coatings are coatings used to paint or coat homes and/or other types of buildings. Most of these coatings have a specific use such as roof coatings, wall coatings, and textured coatings. These coatings also vary in terms of their finish: some have a glossy finish while others have a sheen finish.

There are various definitions available for architectural coatings, but for the purpose of this study the following definition is deemed useful: "Organic coatings intended for on-site application to interior or exterior surfaces of residential, commercial, institutional, or industrial buildings, in contrast to industrial coatings. They are protective and decorative finishes applied at ambient temperatures (Rogers, 2012, p. 1)."

According to census material dated to 2011, there were approximately 14.4 million households in South Africa and the distribution of main households is as follows (Limited, The Global Paints and Coatings Market; South Africa Architectural Coatings Market, 2015, p. 18);

- House (or brick/concrete structure): 9 384 030
- Traditional dwellings: 1 139 916
- Flat or apartment in a block of flats: 720,327
- Cluster house in complex: 146 392
- Townhouse: 213 105

- Semi-detached house: 213 559
- Informal dwellings (shack in backyard and shack not in backyard): 1 962 733.

2.2.2 LANDSCAPE OF ARCHITECTURAL COATINGS

2.2.2.1 Distribution (Place):

Architectural paints in South Africa are distributed through a mixture of channels. The retail sector is the current front-runner in the supply of coatings, since most paints are purchased in DIY stores. The DIY market has expanded over the last few years since more consumers opt to carry out their renovation projects.

Traditionally, it has been common for South Africans to hire professionals to carry out DIY work; however increasing labour costs have resulted in a shift towards middle-income consumers engaging in their own renovation projects (Limited, The Global Paints and Coatings Market; South Africa Architectural Coatings Market, 2015, p. 20).

To further understand the Architectural Coatings Manufacturing Industry, it is important to note certain key trends and changes in the industry. The retail target market, business-to-business, can be divided into four groups, namely DIY sheds, franchise buying groups, captive network, and independent retail stores. These stores are currently experiencing a decline since more and more Multi Nationals as well as Franchise Buying groups are entering the market.

Table 1: Channel Breakdown Retail Channels

DIY	Franchise & Buying Group	Captive Network	Independent Distribution
Massmart - Massbuild	Build it	Factory store	PPG Select store
Cashbuild	Jack's Paint	Own shops	Builders Box
Leroy Merlin	Essential Hardware	Trade direct	Independent
	Mica	Universal paint shop	

(Source PPG AC)

Currently, DIY channels have the largest market share with 36% of total market. Franchise buying groups, although declining, still constitute around 26%. The trade market that, as stated above, can be divided into redecorating and new work contributes around 22% of the total market, with independent stores contributing around 10% of total market share.

Table 2 Sales and market share per channel

Channel	Total R Sales (MM)	Market Share %
DIY	1569.0	36%
Franchise & buying groups	1165.0	26%
Trade	986.0	22%
Independent	437.0	10%
Captive	243.0	6%

(Source PPG AC 2016 Sales figures)

The wholesale of paints in South Africa is another key channel of the distribution of architectural coatings. Catering to paint professional and contractors, this channel has remained strong over the last few years. Wholesalers offer a range of products, including paints from small to medium-sized manufacturers – these manufacturers tend to be cheaper than leading brands, but can be marketed as good value-for-money products.

The retail channel of architectural coatings in South Africa is dominated by DIY stores; however, there is a small presence of specialist retailers. These specialist retailers tend to comprise small-scale local stores with limited reach of consumers across the country (Limited, The Global Paints and Coatings Market; South Africa Architectural Coatings Market, 2015).

In contrast, DIY chains benefit from large store numbers located across the country, especially marketing campaigns that entice consumers. They can also provide promotional offers on selected paint products. The main DIY retailers operating in the country include Makro, Builders Warehouse (both are owned by Massmart), Build It, Cash Build and DIY Depot (Limited, The Global Paints and Coatings Market; South Africa Architectural Coatings Market, 2015).

2.2.3 PRODUCT

Private-label brands currently have a significant share of the market. Builders Warehouse and Build It are two examples of DIY retailers in South Africa with private-label product offerings for its consumers. The sales of DIY private-label brands grew significantly following the economic downturn after 2008, since consumers favour economically-priced products

(Limited, The Global Paints and Coatings Market; South Africa Architectural Coatings Market, 2015, p. 20).

Private label brands are brands that are owned by retailers. These retailers sell the product under their brand names, while the product is manufactured by contract manufacturers. Labels also called private brands. These are brands owned by retailers who have their products sold under the brand of contract manufacturers. This approach is beneficial to the retailer since it does not require them to invest huge capital in manufacturing facility. It also provides contract manufacturers with a stable source of demand.

The private label products are comparatively low in price as compared to popular brands because of the above benefits. These private label products are placed in the retail stores among normal brands to increase their brand value.

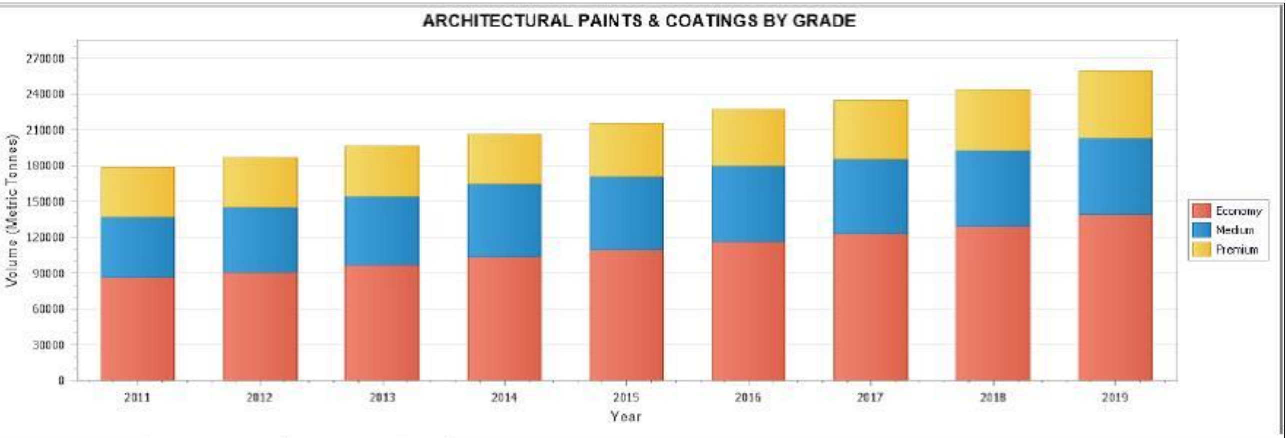
Since retailers often make high profits on private labels they tend to push sales of these by means of special offers on these products and, as noted, strategically placing the private label products near the high-selling popular brands.

2.2.4 DIRECT SALES (PROMOTION)

The direct selling of architectural coatings in South Africa is still a key route for the distribution of paints; however, its share is not comparable to the weight of direct sales in more specialised areas (marine and protective coatings) where direct business-to-business sales are more frequent. This channel is primarily used by contractors who supply the non-residential sector. In the large-scale construction industry, the relationship between consumer and manufacturer is important, since more often than not, contractors tend to stick with the same paint manufacturers if products perform well and are continued to be offered at decent prices.

This analysis of the different segments and trends in the architectural coatings industry suggests that the market is moving towards lower-end, more economic offerings. This can be seen in the grade trend forecast below (Limited, South Africa Architectural Coatings Market, 2015).

It is also worth noting that since 2014, the decline of medium grade offerings is likely to continue until 2019. Therefore attention should be paid to economy-grade products as well as premium grade offerings.



Attributed Volume	% (Col Total)	Year								
Category	Data	2011	2012	2013	2014	2015	2016	2017	2018	2019
Economy	Attributed Volume	85 728	90 721	96 589	103 000	109 056	116 473	122 383	128 832	138 565
	% (Col Total)	48.00%	48.67%	49.33%	50.00%	50.70%	51.40%	52.10%	52.80%	53.50%
Medium	Attributed Volume	50 901	54 056	57 761	61 800	62 379	63 449	63 424	63 440	64 750
	% (Col Total)	28.50%	29.00%	29.50%	30.00%	29.00%	28.00%	27.00%	26.00%	25.00%
Premium	Attributed Volume	41 971	41 624	41 451	41 200	43 666	46 680	49 095	51 728	55 685
	% (Col Total)	23.50%	22.33%	21.17%	20.00%	20.30%	20.60%	20.90%	21.20%	21.50%
Grand Total	Attributed Volume	178 600	186 401	195 801	206 000	215 101	226 602	234 902	244 000	259 000
	% (Col Total)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Figure 2 Architectural paints and coatings by quality grade (Limited, The Global Paints and Coatings Market; South Africa Architectural Coatings Market, 2015)

2.3 MARKETING MIX

The notion of the marketing mix was introduced in the early 1950s by Neil Borden. The mix was introduced as an integrated set of marketing tactics to assist in achieving organisational objectives and to assist creating a value relationship with customers. During the late 1950's Jerome McCarthy, went further and consolidated the number of variables in the marketing mix into four main categories (Jr., 2003):

- Product – by selecting the tangible and intangible benefits of products,
- Price – find an appropriate pricing structure,
- Promotion – creating awareness for the product, and

- Place – ensure availability of the product for the customer.

It is important that there should be coherence between these variables. The marketing mix also needs to be reviewed and adapted regularly to ensure that it remains relevant in the market (Jr., 2003).

The marketing mix is a simple model that allows quick transitions. It also underlines the importance of combining long-term plans with short-term plans (Jr., 2003).

Figure 3: The marketing mix

2.3.1 PRODUCT

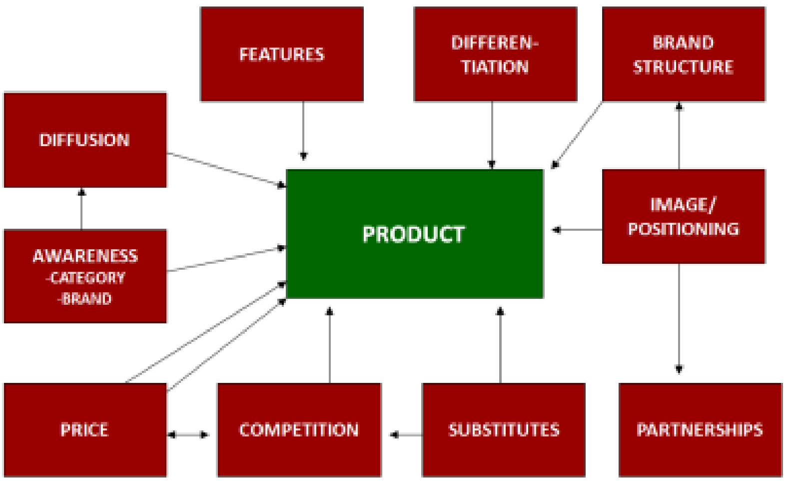


Figure 4 Key factors that Influence products

Product as part of the marketing mix refers to the features and appearance of goods and or services. There are several factors that influence product decisions that consumers make. Key elements for consideration include features and benefits, competitor products as well as brand positioning, to name a few. All these factors vary depending on the target customer and the channel in which the business wants to in (D, 2008).

Partnerships also influence the product brand. In MNC, the strategy is based on expanding their private label brands and not to promote other brands in their stores. Private label brands are brands that are owned by a MNC. These brands usually sell at lower prices than national brands. Profit margins on these brands are also much higher, because these products do not have to incur external brand-building costs.

Other product offerings over and above their private label are aimed at ensuring that sufficient choice is given to the end consumer. It is clear that MNCs have great power since they are in control of the placement of product in their stores. Placing private label products next to national brand products and highlighting the savings to the customer is common practice (D, 2008).

2.3.1.1 NEW PRODUCT DEVELOPMENT

The development of new products entails a phased approach. Typically, the phases below illustrate how new products are developed (D, 2008):

- Development of new product strategy: Depending on the channel and the type of business, this strategy depends on the business' appetite for innovation and the ability to ensure execution and carry the costs;
- Generating ideas: Ideas for new products can come from various sources such as customers, consultant's employees and the like;
- Evaluation and screening: This entails conducting feasibility tests on ideas to separate the executable ideas from those less, while adhering to the core strategy of the company,

- Business analysis: This is where ideas that are deemed workable are exposed to more detailed analysis. Market research plays a key here;
- Development: The product design takes place and the manufacturing is planned;
- Market test: Products are rolled out into the segment and tested. Feedback by stakeholders and customers is considered, and final tweaks to the product are made before it is ready to roll out. Pricing is also carefully tested in the market,
- Commercialisation: This entails the full-roll out of the product,

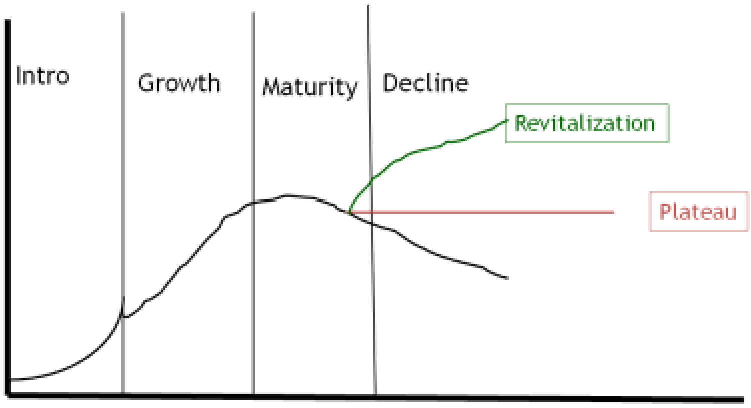


Figure 5 Product life-cycle

When making key product decisions, it is important to consider the product's life-cycle. Products can be classified under new or existing. Businesses these days increasingly rely on new products for a large part of their sales. New products can either be a product not yet in the market or new to the business. When looking at the product matrix, it is important to consider the stage in which a product is currently. MNC will push for new innovative products, but the rate at which these products are delivered and asked for can have a positive or negative effect on the rest of the product offering (D, 2008).

2.3.2 **PRICE**

Price, simply defined, refers to how much customers pay for a product. There are several pricing strategies to consider. Below some of the pricing strategies currently seen in MNCs (Jennings, 2011).

Table 3 Pricing strategy

Pricing strategy	Strategy explained
Penetration pricing	When a price is set at a lower point to assist in gaining market share. Once market share increases, pricing can increase.
Skimming pricing	Product pricing is set at an initial high. After launch, pricing then becomes lower. Therefore, the objective is stages skim the profits of the market in stages.
Competition pricing	Benchmarking competitor pricing and then setting a price in comparison, either at the same price, a lower price or higher.
Product line pricing	Most prices within a product range are different.
Bundle pricing	Products are bundled together, and a reduced price is offered.
Premium pricing	Charging a premium for a product because of certain key unique selling points or additional benefits.
Value-based pricing	The price point of the product is not dependent on the cost of production, but rather on the perceived value it can add.

All the other elements of the marketing mix is a cost function where price is focused on an income for one’s products. Pricing remains an important part of the marketing mix, because not having the right price could turn customers away. In MNC and specifically Wallmart, pricing is focused on providing everyday low pricing, and therefore this channel is very competitive – making it even more difficult for manufacturers to charge a premium for products and services. The pricing in these channels is aggressive and focused on providing lower price with a great deal of choice in terms of available brands (Harker, 2013).

2.3.3 PROMOTION

The promotion of a product or service refers to how customers are made aware of the product and or service (Jr., 2003). Promotions focusses not on only attracting new consumers, but to ensure repeat purchases and top-of-mind awerenss of the product or brand in a specific category. There are various ways in which this can be achieved. Market research is often conducted to ensure that the communication and proposed promotional activities communicate and reach the target market optimally (Goi, 2009).

Promotional activities and communication are where other elements of the marketing mix are combined to ensure that the benefits of the product are communicated in the correct way. This phase is where product benefits and information as to where the product is available play a salient role in promotional communication. Pricing, especially whithin MNCs play a key role too, also in the Wallmart group were everyday low prices are key in their communication strategy and their promises to customers (Mack, 2014).

Promotion involves five key factors necessary to achieve the desired results. All five factors can be used, or only one or two at any given time. These include (Mack, 2014):

- Advertising
- Personal selling
- Sales promotions
- Public relations
- Direct marketing.

Figure 6 Promotional mix

Source (Mack, 2014)

2.3.3.1 Advertising

Advetising refers to paid-for messages, either as below-the-line marketing such as print media, or above-the-line advertising such as television. Communicating pricing and availibility is key, especially in MNC. MNC spends a great deal of money to advertised their range of products and promotional pricing. They also promote their distrubution footprint and ease of use for the customer since they offer a wide range of products at very competitive prices (Mack, 2014).

2.3.3.2 Personal selling

This involves salespeople who use their expertise to inform customers of the unique selling points of the product and ultimately persuade them to buy the product. There are various selling tactics; these can hightligting the price of the product if it is competitive as well as unique benefits of the product (Mack, 2014).

In MNCs, mosts brands have sales representatives in-store to sell their specific branded prodcuts. Staff turnover is high in these stores, and therefore suppliers rely on their own staff to sell the products in-store – but this is expensive. Retailers that focus on a specific area of expertise in general provide better service and advice to customers (Soni & Karodia , 2014).

2.3.3.3 Sales promotions

This is a form of promotion where pricing plays a key role. Margins are considered, and for a limited period products are sold at discounted prices. This tactic is often used in the current MNC environment, where leaflets with discounted pricing and products are communicated weekly. These promotions usually are on offer for a fixed period, but the current currently in the MNCs is to extend these periods for longer to allow the customers more time to buy into the promotion. Sales promotions also assistsin creating publicity for the stores (Mack, 2014).

2.3.3.4 Public relations

Public relations entails promoting the product – not in a formal sense; these tend to be informal. Digital campaigns form part of the PR function. PR function is a way in which companies create goodwil for their brand and their products (Mack, 2014).

2.3.3.5 Direct marketing

Direct marketing entails selling products and services directly to the end user and not throught a channel. It refers to independent market sthat buy and sell products to end users (Mack, 2014).

2.3.4 **PLACE**

As part of the marketing mix, place refers to the point at which the product is made available to the customer (Jr., 2003).

There are three main distribution strategies that can be used. These include:

- Intensive distribution, which entails distributing products through channels that have a high distribution footprint nationally. These channels include MNC.
- Exclusive distribution. If the distribution of products is very limited to one or two outlets or stores.
- Selective distribution. A small number of retail outlets are chosen to sell and promote a certain product. Normal retailers fall into this category.

These factors have been evaluated in the Architectural Coatings Industry. MNCs and the effect they have on marketing behaviour and decisions are not limited to the Architectural Coatings Industry, but for the construction retail industry as a whole. Insight into these will enable a better understanding of the true effect that MNCs have on the industry. It will also enable companies to better align their strategies to respond to a changing market by applying more effective marketing campaigns and product foci (Brynard & Hanekom, 2006).

2.4 CHAPTER SUMMARY

Chapter 2 provided an overview of the literature relevant to the study. Key concepts and definitions were explained in light of the marketing mix and the Architectural Coatings Manufacturing industry.

The marketing mix four Ps, namely product, place, promotion as well as price, were explained in detail. Product and the product life-cycle was explored with reference to the impact of the product's life-cycle on the strategy used for the specific product. New product development was also discussed. The various elements such promotions, personal selling, sales promotions, public relations as well as direct marketing were also mentioned and discussed. The three main distribution strategies were also discussed the strategies of MNCs.

According to this Architectural Coatings Manufacturer DIY, sheds are currently the largest contributor to sales in the coatings industry. It is also important to note that the forecasted trend in the industry is a shift towards the economy range of products. Lastly the channels and their allocations that make up the Architectural Coatings channels serviced landscape was outlined.

In Chapter 3, the empirical research methodology of the study is presented.

3. CHAPTER 3: EMPIRICAL RESEARCH METHODOLOGY

3.1 INTRODUCTION

In Chapter 2, the literature review presented an overview of the marketing mix as well as the Architectural Coatings Manufacturing Industry. These concepts and definitions form the basis of the study.

Research methods can be defined as a data collecting techniques (Bryman, et al., 2014). Data collecting techniques refer to a process that can involve specific instruments that may include various forms of application, including (Bryman, et al., 2014);

- Self-completion questionnaires
- Structured interviews
- Unstructured interviews
- Participant observation.

For the purpose of this study and to answer the research objectives, a survey method was applied. According to Bell and Bryman (2014, p. 107), survey research comprises a cross-sectional design for data collection. Questionnaires are mainly used, but structured interviews can also be applied. This is done in order to collect a body of quantitative or qualitative data in connection with two or more variables.

Surveys where distributed amongst the top 37 independent retailers of an Architectural Coatings Manufacturer. The independent retailers selected are responsible for 65% of the total retail turnover for the specific Architectural Coatings Manufacturer.

In Chapter 3, the research design and methodology applied are presented together with the reasons for their suitability. The survey used to gather data to answer the research question and the data analysis are discussed.

The aim is to add value to Architectural Coatings Manufacture’s marketing mix considerations.

3.2 STUDY MARGINS AND PERMISSIONS

Permission to conduct the research and to distribute the survey to the top 37 customers of an Architectural Coatings Manufacturer was obtained from the Managing Director of the Coatings Manufacturer. The empirical investigation was limited to the top 37 customers of a South African Architectural Coatings Manufacturer. The study focusses on the marketing mix and the perception in the market of the marketing mix with the entry of MNCs into the market.

3.3 RESEARCH APPROACH

3.3.1 Research design

According to Bryman (2014), a research design provides a framework for the collection and analysis of data. The choice of research design reflects the importance attached to various dimensions, which include (Bryman, et al., 2014, p. 100);

- How casual connections between variables are expressed,
- How and whether the results can be generalised to a larger group of individuals or organisations than those actually forming part of the investigation,
- How to explain and understand behaviour and the meaning of that behaviour in social context and,
- How to explain social phenomena and their changes over time.

A study design entails the process of obtaining appropriate data with regard to the research questions or objectives that necessitates a plan (Bryman, et al., 2014, p. 91). There are four types of research/study designs, namely experimental, quasi experimental, non-experimental and a qualitative research design (Bryman, et al., 2014, p. 172).

For this research, a cross-sectional method was followed with a social survey in the form of an availability survey.

3.3.2 Choice of research methodology

There are various differences between the two types of research. Some of these are outlined below.

Table 4: Differences between qualitative and quantitative research

	Qualitative	**Quantitative**
Purpose	The purpose is to explain and gain insight and understanding of phenomena through intensive collection of narrative data. Generate hypothesis to be test, inductive.	The purpose is to explain, predict, and/or control phenomena through focused collection of numerical data. Test hypotheses, deductive.
Approach to inquiry	Subjective, holistic, process-oriented.	Objective, focused, outcome-oriented.
Hypotheses	Tentative, evolving, based on particular study.	Specific, testable, stated prior to particular study.
Research setting	Controlled setting is not as important.	Controlled to the degree possible.
Sampling	Purposive: Intent to select “small” not necessarily representative, sample to	Random: Intent to select “large” representative sample to generalise results to a population.

	get in-depth understanding.	
Measurement	Non-standardised, narrative (written word), ongoing.	Standardised, numerical (measurements, numbers), at the end.
Design and Method	Flexible, specified only in general terms in advance of study. No intervention, minimal disturbance. All descriptive — history, biography, ethnography, phenomenology, grounded theory, case study (or hybrids of these). Considers many variables, small group.	Structured, inflexible, specified in detail in advance of study. Intervention, manipulation, and control. Descriptive, correlation. causal-comparative. Experimental. Considers few variables, large group.
Data collection strategies	Documents an artefact (something observed) that is collected (participant, non-participant). Interviews/focus groups (un-/structured, in-/formal). Administration of questionnaires (open-ended). Taking extensive, detailed field notes.	Observations (non-participant). Interviews and focus groups (semi-structured, formal). Administration of tests and questionnaires (close ended).
Data analysis	Raw data are in words. Essentially ongoing, involves using the	Raw data is in numbers. Performed at end of study, involves statistics

	observations/comments to come to a conclusion.	(using numbers to come to conclusions).
Data interpretation	Conclusions are tentative (conclusions can change), reviewed on an ongoing basis, conclusions are generalisations. The validity of the inferences/generalisations are the reader's responsibility.	Conclusions and generalisations are formulated at end of study, stated with a predetermined degree of certainty. Inferences/generalisations are the researcher's responsibility. Never 100% certain of findings.

Source: (Steyn C. , 2012)

The focus of quantitative research is on gathering numerical data and generalising it across groups of people or to explain a particular phenomenon. The emphasis is on objective measures and the statistical, mathematical, or numerical analysis of data collected through surveys, interviews or by manipulating pre-existing statistical data (Babbie, 2010, p. 65)

3.3.3 Empirical study

For the purpose of this study, a quantitative research approach was followed. A survey was compiled that aimed to test the marketing mix in the Architectural Coatings Manufacturing industry and to determine whether it has changed with the introduction of MNCs into the market. The survey was distributed to the top 37 customers of a leading Architectural Coatings Manufacturer in South Africa. The retailers are the top retailers of the ACM and contribute 60% of their total retail turnover.

3.3.4 Population and sample

The survey was sent to the top 37 retailers of a South African Architectural Coatings Manufacturer. The sample population was 37 and out of the 37 customers, 30 customers completed the survey. These retailers consist of small, medium and larger retailers all over South Africa.

3.3.4.1 The sampling method

For the purpose of this study, a non-probability sampling method was used. A non-probability method is defined as a sample that has not been selected at random. This indicates that some units in the population are more likely to be chosen than others (Bryman, et al., 2014, p. 171).

According to Bryman (2014), a convenience sample is one that is available and accessible to the researcher. A convenience sample was used for the purpose of this study as the researcher currently works in the Architectural Coatings Manufacturing Industry. The respondents of the survey were accessible to the researcher.

There is a variety of techniques available to collect data when conducting research. These include (Gay, Mills, & Airasian, 2009):

- Observation,
- Using available data,
- Written questionnaires, where questions can be open or close-ended,
- Interviews and/or focus groups and,
- Tests.

To collect date successfully, a number of steps need to be followed. Below are some steps that can act as a guide (JSI Inc., 2008):

Table 5: Data collection steps

Step 1	Identify and define the data elements: What data do you need to collect?
Step 2	Identify the data sources: Where can you find the data you need?
Step 3	Data collection: How will you collect the data you need?
Step 4	Validation and data quality procedure: How do you know the data you get is good and will accurately reflect what you are trying to measure?
Step 5	Data reporting: Who do you report it to, and how do you report the data you have?
Step 6	Communicating about the data: How do you use the data you have?
Step 7	Using the data: How do you use the data you have to make recommendations?

3.3.4.2 The measuring instruments

To answer the research question this study, I made use of questionnaires to collect the necessary data. From the data collected from questionnaires, I then determined correlations by means of factor analysis.

The questionnaire was designed to extract information from key independent retailers in the Architectural Coatings Industry in South Africa. It unfolded over five sections:

1. Section A: Demographic data,
2. Section B: Product changes and perceptions in the market,
3. Section C: Price perceptions and changes in the market,
4. Section D: Place/Distribution perceptions and behaviour in the market,
5. Section F: Promotional activities in the market

The questionnaire was created using Google Forms and was distributed via email to the sample population. The respondents consisted of the top 37 independent retailers of a specific Architectural Coatings Manufacturer. Approval to obtain and use the data was received from the ACM’s Managing Director. The data was collected using the Google Forms application and reworked into a Likert scale for statistical analysis.

3.4 STATISTICAL ANALYSIS

The statistical department of the North-West University assisted with the analysis of the raw data. The statistical advisor as well as the study leader considered the various applications used in the study as applicable. The recommendations and interpretations were made using the results from the analysis. A Likert scale was used to group data to facilitate conclusions and recommendations.

A Likert scale is a psychometric response scale primarily used in questionnaires to obtain agreement or a degree of agreement with a specific set of questions (Bucci, 2015). A five-point scale, range ranging from Strongly Disagree on the one end to Strongly Agree on the other end are mostly used.

A Likert scale has certain strengths and weaknesses; these include (Bucci, 2015);
Strengths:

- Simple to construct
- Likely to produce high reliability scale
- Easy to read
- Easy to complete.

Weaknesses:

- Central tendency bias
- Participants may avoid extreme response categories
- Validity may be difficult to demonstrate.

Data was grouped in categories using a Likert scale.

3.4.1 **Methods used**

3.4.1.1 Descriptive statistics

Descriptive statistics is used to help the researcher gain insight into data. Descriptive statistics also assists with establishing how the data is distributed across possible range of values according to McPherson (Applying and interpreting statistics: A comprehensive guide, 2001). In this study, descriptive statistics was used to analyse the data.

Inferential statistics is used to determine cause-and-effect, while descriptive statistics is used explain what is being studied (AECT, 2001).

3.4.1.2 Effect sizes

According to Steyn (Praktiese Beduidenheid: Die Gebruik van Effekgroottes, 1999), a natural way to comment on practical significance is to use the standardised difference between the means of two populations; i.e., the difference between the two means divided by the estimate for standard deviation. Here, effect size not only indicates the difference independent of units and sample size, but also relates to the spread of the data.

The following guidelines for the interpretation of the effect size is provided by Cohen (Statistical power analysis for behavioural sciences, 1988);

- Small effect: d=0.2
- Medium effect: d=0.5
- Large effect: d=0.8

According to Cohen (Statistical power analysis for behavioural sciences, 1988), data with a $d \geq 0.8$ is considered as practically significant, since it is the result of a difference with a large effect.

It is important to understand whether the relationship between two variables is practically significant. For random samples, the statistical significance of such relationships is determined with Chi-square tests, but issue is whether the relationship is large enough to be important, according to Elis and Steyn (Practical significance (effect sizes) versus or in combination with statistical significance (p-values) , 2003).

In this study, the effect size is given by $w = \sqrt{\frac{X^2}{n}},$, where X^2. This the usual Chi-square statistic for the contingency table and *n* refers to the sample size, according to Steyn (Praktiese Beduidenheid: Die Gebruik van Effekgroottes, 1999) and Steyn (Practical significance of the difference in means, 2000). In the special case of 2 x 2 table, the effect size (w) is given by the phi coefficient. Again, the effect size is independent of the sample size. Cohen (Statistical power analysis for behavioural sciences, 1988) provides the following guidelines that were used in the current study:

- Small effect: $w = 0.1$
- Medium effect: $w = 0.3$
- Large effect: $w = 0.5$

According to the above, a relationship with d>0.5 is considered to be practically significant. For the purpose of this study, a smaller effect was also measured because of the small sample size of the population.

3.4.1.3 Factor analysis

In order to reduce a large number of variables into fewer numbers and factors, a technique called factor analysis is used. This technique enables the researcher to extract the maximum common variances from all the variables and to display them into a common score. Factor analysis is part of general linear model that is based on several assumptions, according to Byrant FB and Yarnold PR (Principle components analysis and exploratory and confirmatory factor analysis, 1995) :

- There is a linear relationship
- There is no multicollinearity
- It includes relevant variables into analysis, and

- There is true correlation between variables and factors.

There are several methods used for factor analysis, but principal component analysis is used most frequently.

In this study, factor analysis was conducted to determine correlations between various questions. This was done by grouping questions together and providing descriptions for each factor grouping.

Table 6: Section B Factors Identified

Factor 1	B4	As a retailer, do you feel that you have enough brands and product offerings to compete with Multi-National Corporations such as Massbuild?
	B6	The company (Prominent Paints) is prompt and proactive in launching new and innovative products.
	B8	I (the retailer) am satisfied with the quality and variety of paint offered by the company (Prominent Paints).
Factor 2	B4	As a retailer, do you feel that you have enough brands and product offerings to compete with Multi-National Corporations such as Massbuild?
	B6	The company (Prominent Paints) is prompt and proactive in launching new and innovative products.

The table above illustrates the factors identified for section B, discussing products and competitor products. Each factor consists of a grouping of the questions in the questionnaire and were grouped into factor 1 and 2 respectively.

Table 7: Section B factor groupings

Factor 1:	Quality and variety of products
Factor 2:	New products and variety

Factors 1 and 2 are named in the table above according to their similarities.

Table 8: Section C factors Identified

Factor 3	C3	As a retailer, I have adjusted my promotional and advertising campaigns significantly over the past two years.
	C6	The most important promotional message for a promotional campaign is price.
	C7	The most important promotional message for a promotional campaign is services offered and technical support and advice.
	C8	The most important promotional message for a promotional campaign is the quality of the product.
	C10	As a retailer I have a promotional budget.
Factor 4	C3	As a retailer, I have adjusted my promotional and advertising campaigns significantly over the past two years.
	C6	The most important promotional message for a promotional campaign is price.
	C10	As a retailer I have a promotional budget.

The table above illustrates the factors identified in section C of the questionnaire. This section tests promotional activity and behaviour of retailers and their perceptions. Each factor consists of a series of questions and is grouped into factor 3 and 4 respectively.

Table 9: Section C factor groupings

Factor 3:	Importance of promotional messaging
Factor 4:	Planning promotional messaging

Factors 3 and 4 were then named (see table above) according to their similarities

Table 10: Section D factors identified

Factor 5	D3	The area where my store is situated influences my product offerings.
	D4	The competitors in my area influence my product offerings.

	D5	Multi-national Corporations such as Massbuild are a threat to my business.
	D6	I have area exclusivity from the company (Prominent Paints).

The table above illustrates the factors identified in Section D of the questionnaire. This section of the questionnaire tested the place/distribution and the influence thereof on product offering.

Table 11: Section D factor grouping

Factor 5:	Influence of place on product decisions

Factor 5 was identified according to similarities.

Table 12: Section E factors identified

Factor 6	E1	Price benchmarking is very important for my business.
	E3	In my experience, customers base their buying decision in-store mostly on pricing.

The table above illustrates the factors identified in Section E of the questionnaire. This section of the questionnaire tested the importance of price and the retailers' perceptions of customer and price decision-making.

Table 13: Section E factor grouping

Factor 6:	Importance of price in-store

Factor 6 was identified according to similarities.

Table 14: Section F factors identified

Factor 7	F1	As a retailer I, feel that promotion campaigns in the coatings industry changed a lot over the past five years.
	F2	As a retailer, I feel that product innovation in the coatings industry changed a lot over the past five years.

	F3	As a retailer, I feel that pricing in the coatings industry changed a lot over the past five years?

The table above illustrates the factors identified in Section F of the questionnaire. This section of the questionnaire tested the perceptions of change in the industry with regard to promotion, product and price.

Table 15: Section F factor grouping

Factor 7:	Perception of change in the industry

Factor 7 was identified according to similarities.

The factors identified and the results of the study are discussed in Chapter 4 of the study.

3.4.1.4 Reliability and validity

When data is sufficiently complete and error-free to be applicable to its purpose and the context in which it is needed, the data can be described as reliable.
Data is considered to be reliable when the following criteria are met, according to Morgan and Waring (Guidance on Testing Data Reliability , 2004) :

- Complete: all the data elements are included
- Accurate
- Consistent: the data was used and gathered in manner that is clearly defined
- Correct: data reflects the data entered at the source, and
- Unaltered – the data has not been tampered with.

A p-value smaller than 0.5 is considered as sufficient evidence that the results are statistically significant, but this does not imply that the results are important in practice Ellis and Steyn (Practical significance (effect sizes) versus or in combination with statistical significance (p-values) , 2003). According to Ellis and Steyn (Practical significance (effect sizes) versus or in combination with statistical significance (p-values) , 2003), in such cases a significance test, namely a t-test is used to establish whether the difference between two variables is significant.

Data must be reliable (Eason, 1991) and therefore researchers must attend to the impact that the participants themselves have on score quality in every study.

The data was tested for reliability by the NWU statistical services and was found to be reliable.

The study used Cronbach's Alpha to test the reliability of the research instrument. Cronbach's Alpha ranges between 0 and 1, with higher numbers indicating greater reliability. The reliability results are presented in the factor analysis identified in Chapter 4.

3.5 ETHICAL CONSIDERATIONS

Ethics means ensuring that the rights of participants and the companies participating in the research are respected. Results of the research should be made available to the participating companies in an appropriate manner.

Maintaining a high standard of expertise regarding information and methods used in the research means that all conclusions must be supported by evidence, and any limitations of the research design must be reported.

3.6 CHAPTER SUMMARY

In Chapter 3, data collection was is discussed as well as issues such as the validity of the data and population size. The factors were also identified. Key statistical concepts such as effect sizes and the t-test were explained. In Chapter 4 the data is presented in the light of existing research on these topics.

4. CHAPTER 4: EMPIRICAL RESULTS AND FINDINGS

4.1 INTRODUCTION

In this chapter, the results of the demographic profile, descriptive statistics as well as the factors identified are discussed. Out of the 37 independent retailers identified to complete the questionnaire, 30 completed the questionnaire. Correlations between variables are also discussed where these are found to be significant.

4.2 DEMOGRAPHIC PROFILE

The questionnaire was completed by 30 respondents although it was distributed to all 37 independent retail customers. This is 81.1% of the total intended population.

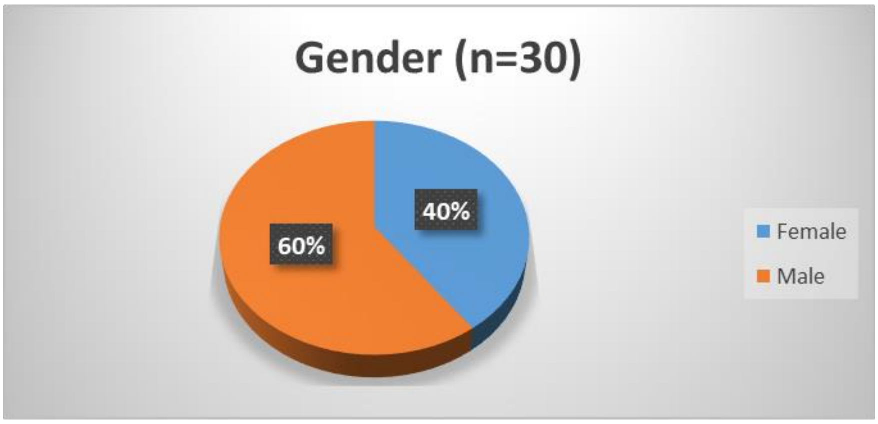


Figure 7 Gender

The gender responses equated to 60% male and 40% female.

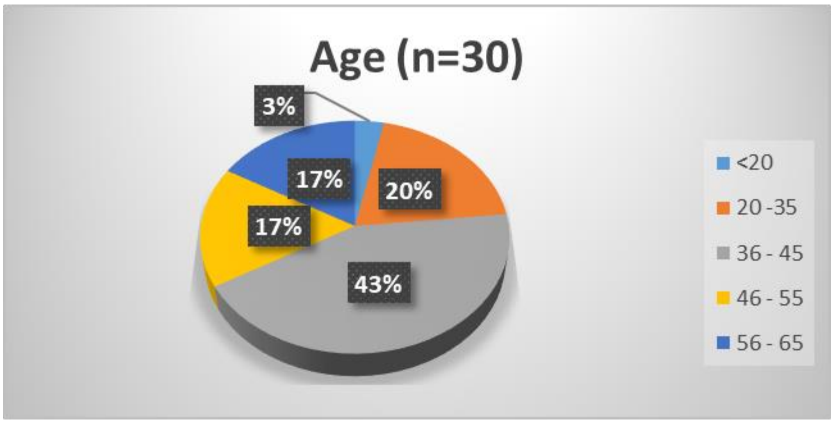


Figure 8: Age

The respondents were well-represented in all age groups with 43% being between 36 and 45 years old. 34% of the respondents were older than 46 years and only 3% below 20.

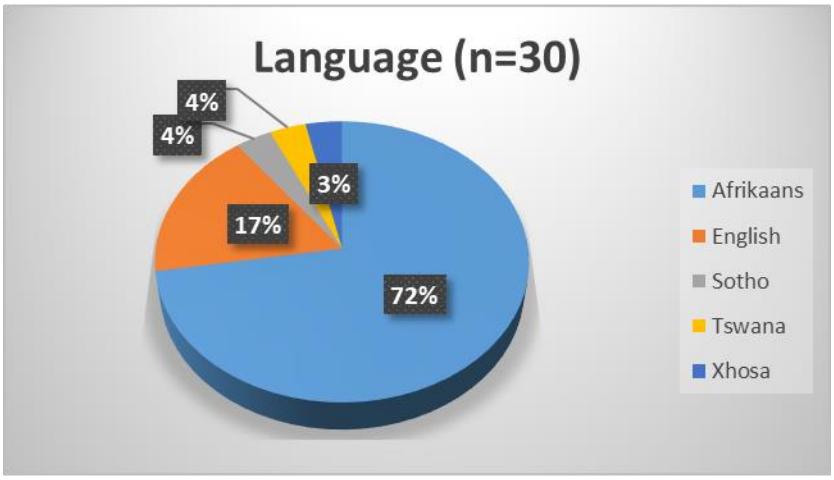


Figure 9: Language

The respondents were mainly Afrikaans-speaking with 72% of them indicating this. 17% were English-speaking and there were some respondents speaking Sesotho, Setswana and isiXhosa.

4.3 DESCRIPTIVE STATISTICS

Figure 10: New products launched

According to the study, the perceptions of the independent retailers are that new products were launched into the market by the company in the past six months. This is accurate because a range mid-tier range of products was launched in the market in quarter 2 of 2017.

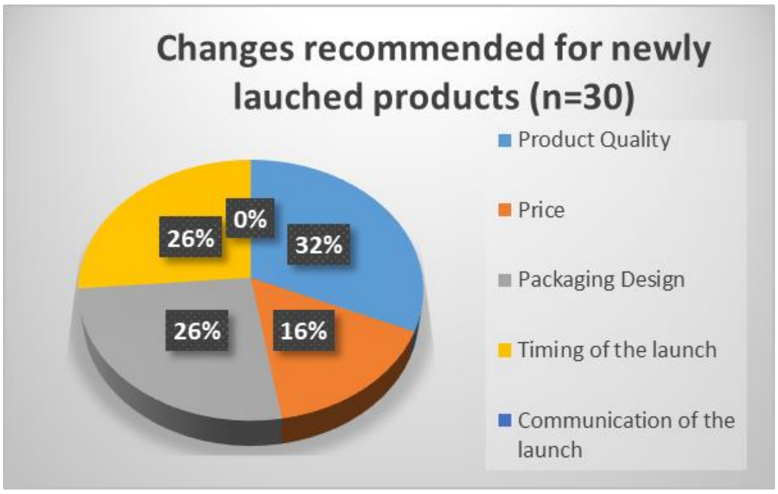


Figure 11: Changes recommended for newly launched products

According to above, descriptive statistics is among the changes recommended. Positive reactions of the target audience to newly launched products are mainly based on price followed by packaging design and the timing of the launches. This is supported by Cagen (The Top 12 Product Management Mistakes And how to avoid them, 2005) who states that some of the most common mistakes being made are not paying enough attention to the design and pricing of new products being launched.

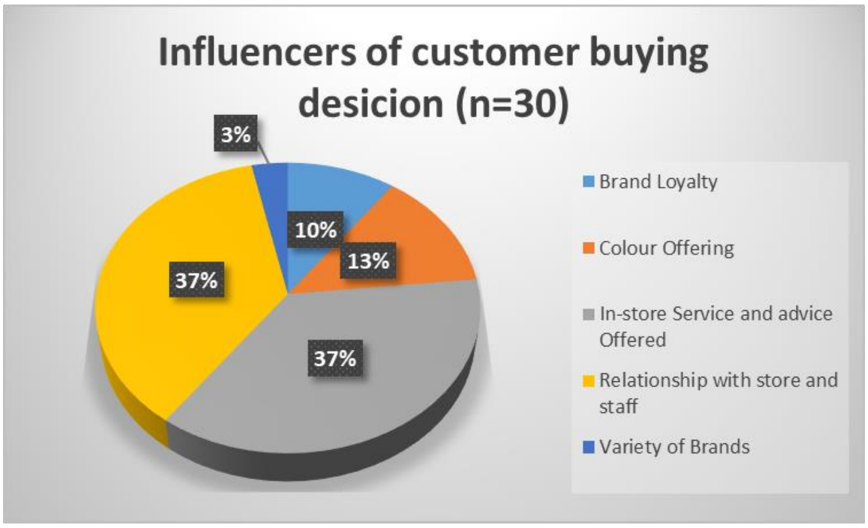


Figure 12: Influencers of customer buying decision

In-store service and advice showed with a close relationship with the store, and together with staff were identified as the main influencers of customer behaviour. Paint is a technical product and a grudge purchase; therefore, customers want to feel that they are getting the right advice to solve their paint problems and/or needs. According to Lessig (Consumer Store Images and Store Loyalties , 1973), store image relates directly to customer patronage, and therefore expert advice and in-store experience will influence a customer to come back to the store.

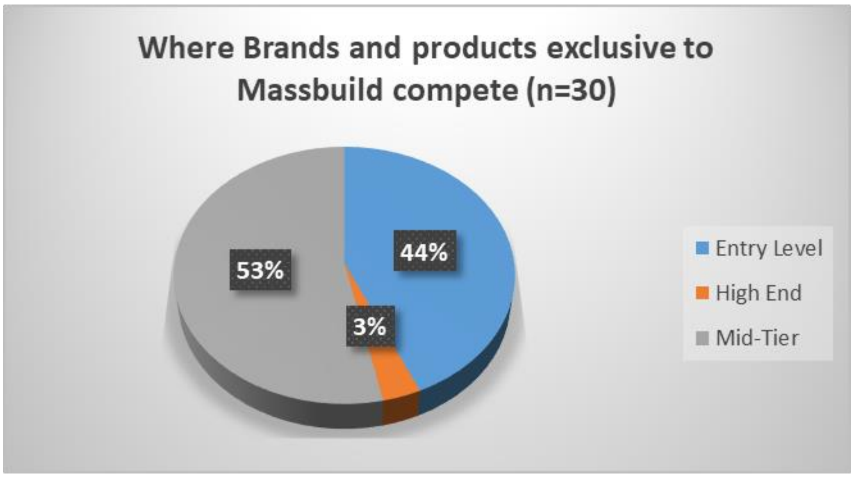


Figure 13: Area where brands and products exclusive to Massbuild compete

From the above, it is clear that the perception is that most of the paint products launched by Massbuild compete in the mid-tier and entry level ranges. Massmart's target LSM groups are between 5 and 10, whereas the Superstores' target LSM group is 2-6 (Massmart, 2013)

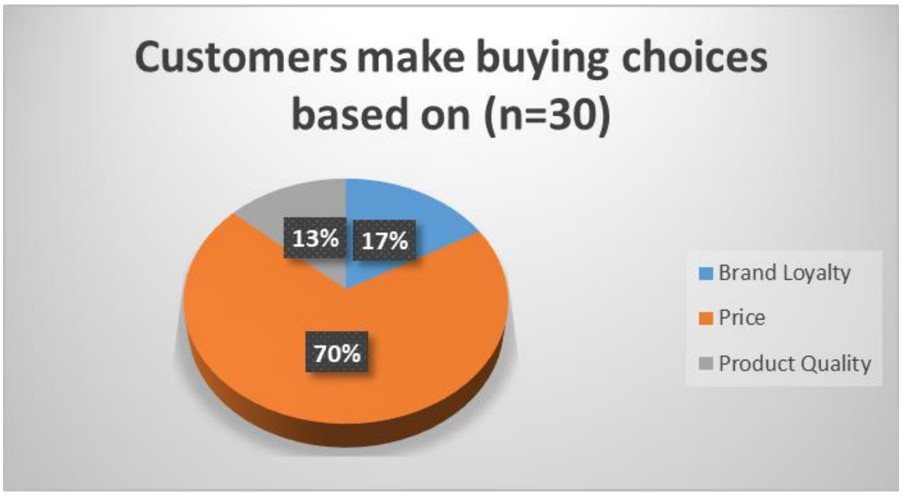


Figure 14: Factors influencing customers' buying choices

Prinsloo (How South Africa's Economy is changing the way we shop, 2016) notes price is an important factor when consumers make their buying decisions in the current South African economic conditions. This was reiterated by the independent retailers' perceptions who believe that more that 70% of the buying decisions of their customers are based on price.

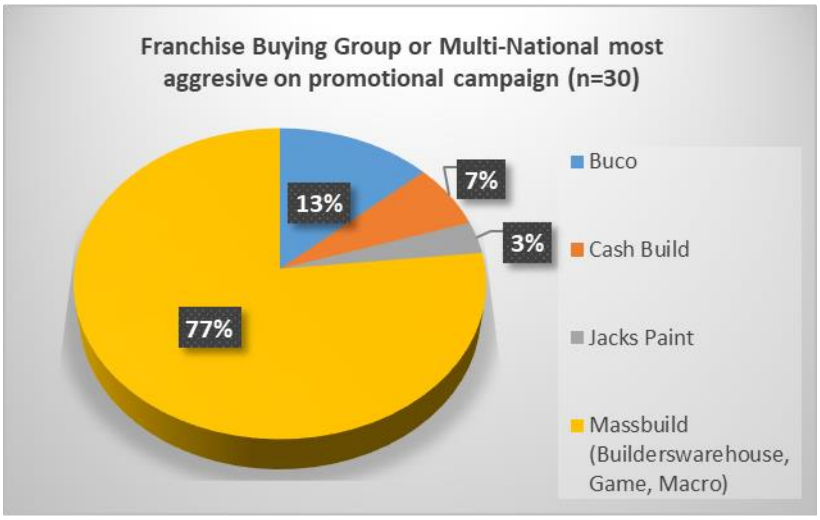


Figure 15: Most aggressive on promotional campaigns

A staggering 77% of respondents indicated that they perceive Massbuild as the most aggressive competition when it comes to promotional campaigns. According to Maponya, (Maponya, 2012) the Massmart group spends the third most on advertising and promotional activities among the top retail companies in South Africa. This data concurs with the perceptions of the independent retailers.

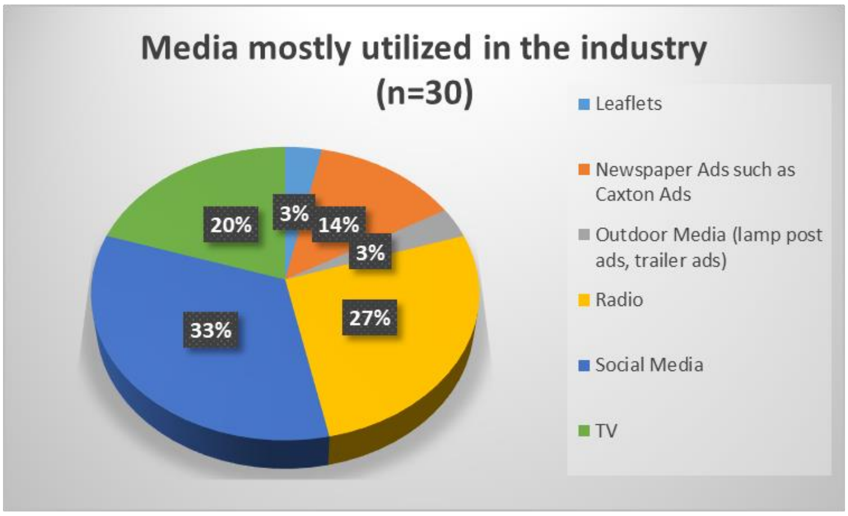


Figure 16: Media mostly utilised in the industry

In this research, the independent retailers indicated that the media they perceive as being mostly utilised currently is social media. In support of the above findings, Oginni and Moitui (Social Media and Public Process in Africa: Enhanced Policy Process in Digital Age, 2015, p. 169) found that South African's use social media use has escalated.

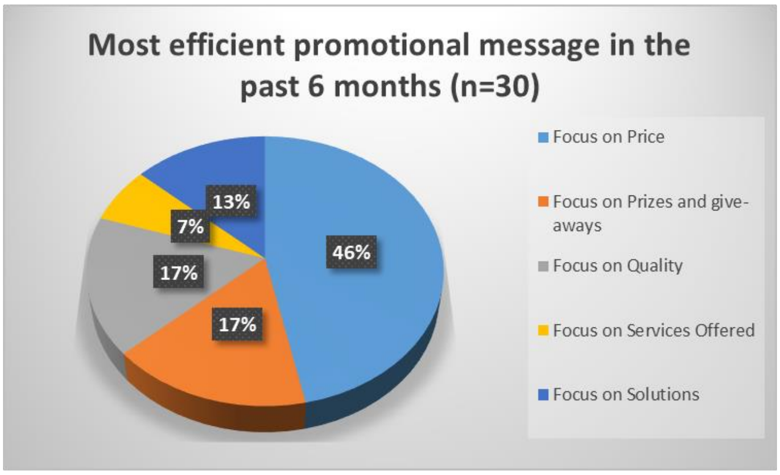


Figure 17: Most efficient promotional message in the past 6 moths

There is a clear perception amongst respondents that price is the most efficient promotional tool. According to Cao (Another Look at Price Promotion, 2011, p. 286), a test was conducted between discounted and non-discounted items, and price promotions were identified as a successful tool.

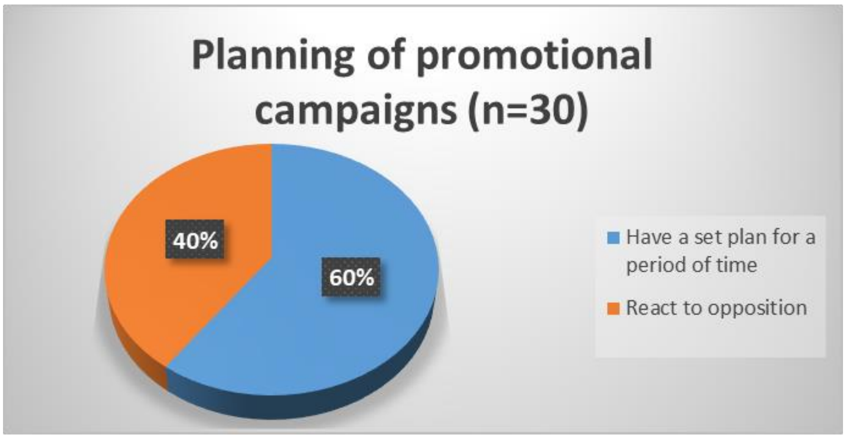


Figure 18: Planning of promotional campaigns

According to the study, 60% of respondents have a set plan for promotional campaigns, while 40% had no real plan and only reacted to opposition. In a study by Silva-Risso and Ionova (A Nested Logit Model of Product and Transaction-Type Choice for Planning Automakers' Pricing and Promotion, 2008, p. 564) it was found that preplanning for promotional campaigns is vital to ensure success.

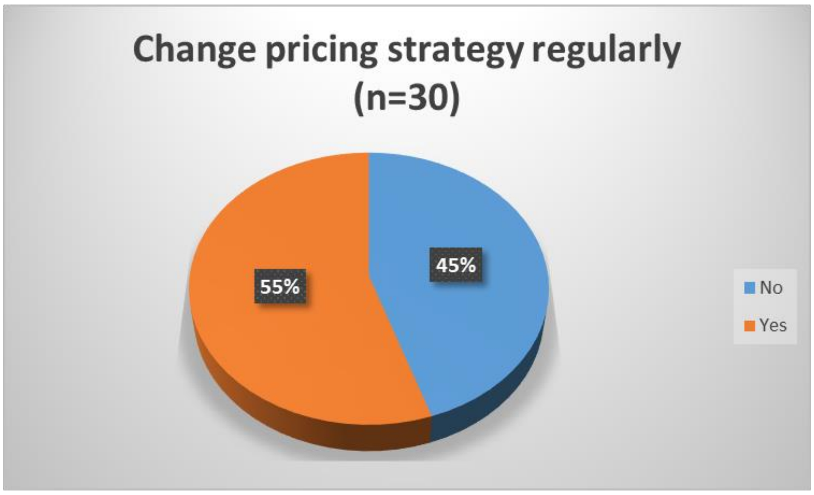


Figure 19: Change of pricing strategy

When prompted whether the respondents change their pricing strategy regularly, 55% indicated that they do this, while 45% indicated that they do not change that often. In a study by Ellickson and Misra (Supermarket Pricing Strategies, 2008, p. 826), it was found that demographics and firm characteristics are strong determinants of pricing strategy. With this as a guide, it is clear that pricing strategies have to be updated regularly.

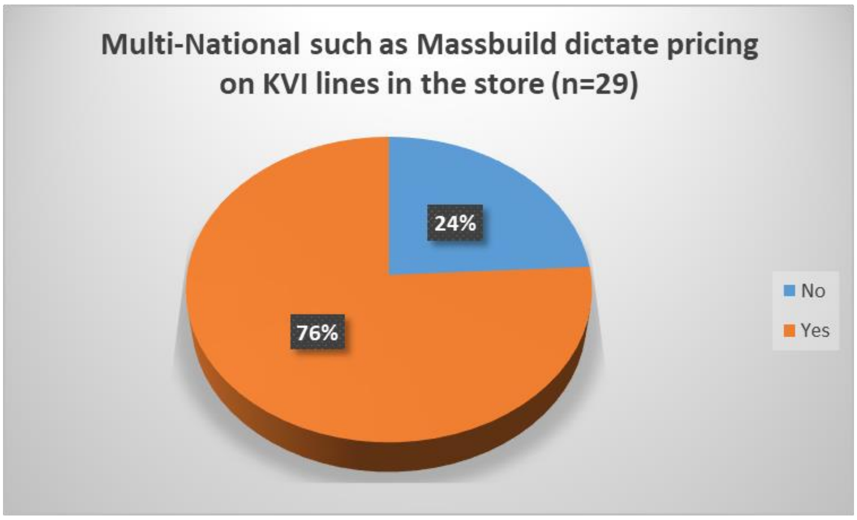


Figure 20: Pricing on KVI lines in store

Multi-National corporations such as Massbuild are perceived by respondents as dictating the pricing on fast-moving lines; 76% of respondents indicated as much. The respondents felt strongly that they are compelled to change their pricing and to lower profit margins because of the price pressures that Massbuild is putting in the market.

4.4 FACTOR IDENTIFICATION

Seven factors were identified in this study. Each of these was identified in different segments of the questionnaire. The factors were grouped and each group was named around the common theme amongst the questions in the groupings.

The factors identified are:
Factor 1: Quality and variety of products
Factor 2: New products and variety of products
Factor 3: Importance of promotional messaging
Factor 4: Importance of planning promotional messaging
Factor 5: Influence of place or product decisions
Factor 6: Importance of price in-store
Factor 7: Perception of change in the industry.

Each of the above factors was tested using Cronbach's Alpha to test for reliability and internal consistency. These factors and the results of the test are discussed below.

Table 16: Factor 1 data set

Factor 1		Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's Alpha if item deleted
	B4	6.34	2.020	0.198	0.101	-.402[a]
	B6	6.07	2.281	0.115	0.122	-.143[a]
	B8	5.31	3.293	-0.144	0.028	0.482

Table 17: Factor 1 Cronbach's Alpha

Cronbach's Alpha	Cronbach's Alpha based on standardised items	N of items
0.086	0.079	3

Factor one is made up of three criteria, namely B4, B6 and B8. All of these questions refer to products specifically, including the variety and quality of products. Factor 1 indicated a Cronbach's Alpha of 0.079, and this indicates a very low internal consistency and can therefore not be classified as statistically reliable.

Table 18: Factor 2 data set

Factor 2		Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's Alpha if item deleted
	B4	2.77	1.220	0.325	0.105	
	B6	2.50	1.224	0.325	0.105	

Table19: Factor 2 Cronbach Alpha

Cronbach's Alpha	Cronbach's Alpha based on standardized items	N of items
0.490	0.490	2

Factor 2, is made up of two criteria, namely B4 and B6. Both of questions test whether sufficient products are available to compete in the market. Factor 2 indicated a Cronbach's Alpha of 0.490, which is not statistically reliable.

Table 20: Factor 3 Data set

Factor 3		Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's Alpha if item deleted
	C3	14.13	2.809	0.219	0.377	-.340[a]
	C6	13.73	3.444	0.133	0.251	-.144[a]
	C7	14.00	6.138	-0.437	0.347	0.434
	C8	13.93	4.616	-0.040	0.094	0.076
	C10	14.33	2.920	0.239	0.165	-.346[a]

Table 21: Factor 3 Cronbach Alpha

Cronbach's Alpha	Cronbach's Alpha based on standardised items	N of items
0.034	-0.090	5

Factor three is made up of five criteria, namely C3, C6, C7, C8 and C10. All these questions relate to promotions and the importance of promotional messaging. Factor 3 indicated a Cronbach's Alpha of -0.090, and this indicates a very low internal consistency and can therefore not be classified as statistically reliable.

Table 22: Factor 4 Data set

Factor 4		Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's Alpha if item deleted
	C3	7.00	2.690	0.543	0.297	0.318
	C6	6.60	3.559	0.383	0.197	0.566
	C10	7.20	3.476	0.351	0.157	0.611

Table 23: Factor 4 Cronbach Alpha

Cronbach's Alpha	Cronbach's Alpha based on standardised items	N of items
0.613	0.610	3

Factor four is made up of three criteria, namely C3, C6, and C10. All the questions addressed planning of promotional messaging. Factor 4 indicated a Cronbach’s Alpha of 0.610. This indicates an acceptable internal consistency.

Table 24: Factor 5 Data set

Factor 5		Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's Alpha if item deleted
	D3	11.37	5.413	0.233	0.081	0.538
	D4	11.80	4.441	0.293	0.096	0.495
	D5	11.60	3.697	0.410	0.197	0.387
	D6	12.13	3.361	0.393	0.192	0.407

Table 25: Factor 5 Cronbach Alpha

Cronbach's Alpha	Cronbach's Alpha based on standardised items	N of items

0.540	0.536	4

Factor five is made up of four criteria, namely D3, D4, D5 and D6. The questions addressed place and the influence it has on product decisions. Factor 5 indicated a Cronbach's Alpha of 0.536. This indicates a very low internal consistency and can therefore not be classified as statistically reliable.

Table 26: Factor 6 Data set

Factor 6		Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation
	E1	3.73	0.823	0.255	0.065
	E3	4.33	0.299	0.255	0.065

Table 27: Factor 6 Cronbach Alpha

Cronbach's Alpha	Cronbach's Alpha based on standardised items	N of items
0.368	0.406	2

Factor six is made up of two criteria, namely E1 and E3. Both these questions tested the importance of price in-store. Factor 6 indicated a Cronbach's Alpha of 0.406. This indicates a very low internal consistency and can therefore not be classified as statistically reliable.

Table 28: Factor 7 Data set

Factor 7		Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's Alpha if item deleted
	F1	7.93	2.513	0.912	0.832	0.699
	F2	8.04	2.925	0.713	0.682	0.883
	F3	7.68	3.041	0.698	0.655	0.894

Table 29: Factor 7 Cronbach Alpha

Cronbach's Alpha	Cronbach's Alpha based on standardised items	N of items
0.882	0.881	3

Factor seven is made up of three criteria, namely F1, F2 and F3. All these questions test perceptions of change in the industry over a specific time period. Factor 7 indicated a Cronbach's Alpha of 0.881. This is the highest Cronbach's Alpha score in this study, and can be classified as statically reliable. This indicates that the respondents perceive that there has been change in the industry in terms of price, promotion and product. In an independent research y by IRL on the changing trends in the architectural coatings industry, it was found that the industry is in fact changing (The Global Paints and Coatings Market; South Africa Architectural Coatings Market, 2015, p. 33).

4.5 CORRELATIONS

According to McLeod (Mcleod, n.d.) correlation means association – more precisely, it is a measure of the extent to which two variables are related.

If an increase in one variable is associated with an increase in the other, this is known as a positive correlation. An example is height and weight: taller people tend to be heavier and thus weight correlates with height.

If an increase in one variable tends to be associated with a decrease in the other, this is known as a negative correlation. An example would be height above sea level and temperature. As one climbs a mountain (increase in height) it gets colder (decrease in temperature).

When there is no relationship between two variables, this is known as a zero correlation. For example, there is no relationship between the amount of tea drunk by a person and his or her level of intelligence.

A correlation can be expressed visually. This is done by drawing a scattergram – that is, one can plot the figures for one variable against the other.

		F_CHANGE	C_3610	D_3TOT6	B4	B6	B8	C3	C6	C7	C8	C10	D3	D4	D5	D6	E1	E3
F_CHANGE	Correlation Coefficient	1.000	-0.028	0.058	-0.323	-0.230	0.310	0.001	-0.131	0.180	0.243	-0.110	-0.175	.465*	-0.182	-0.015	-0.090	0.293
	Sig. (2-tailed) P		0.886	0.771	0.094	0.239	0.116	0.998	0.508	0.359	0.214	0.579	0.374	0.013	0.355	0.941	0.650	0.130
	N	28	28	28	28	28	27	28	28	28	28	28	28	28	28	28	28	28
C_3610	Correlation Coefficient	-0.028	1.000	-0.146	0.193	0.277	-0.106	.804**	.704**	-.590**	-0.104	.608**	-0.266	0.049	-0.240	-0.140	.402*	0.204
	Sig. (2-tailed)	0.886		0.441	0.306	0.139	0.583	0.000	0.000	0.001	0.584	0.000	0.155	0.799	0.201	0.461	0.028	0.280
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
D_3TOT6	Correlation Coefficient	0.058	-0.146	1.000	-0.345	-0.095	0.352	-0.195	-0.116	0.227	0.026	-0.165	0.334	.381*	.722**	.812**	0.067	0.308
	Sig. (2-tailed)	0.771	0.441		0.062	0.618	0.061	0.301	0.543	0.228	0.890	0.383	0.072	0.038	0.000	0.000	0.725	0.098
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
B4	Correlation Coefficient	-0.323	0.193	-0.345	1.000	0.341	-0.042	0.089	0.277	-0.276	-0.091	0.256	-0.284	-0.147	-0.196	-0.293	0.075	0.052
	Sig. (2-tailed)	0.094	0.306	0.062		0.065	0.830	0.639	0.138	0.141	0.634	0.171	0.128	0.439	0.299	0.116	0.694	0.784
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
B6	Correlation Coefficient	-0.230	0.277	-0.095	0.341	1.000	-0.109	0.316	0.277	-0.309	0.061	0.091	-0.085	-0.049	-0.123	-0.223	-0.326	0.028
	Sig. (2-tailed)	0.239	0.139	0.618	0.065		0.574	0.089	0.139	0.097	0.749	0.634	0.654	0.796	0.517	0.235	0.079	0.882
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
B8	Correlation Coefficient	0.310	-0.106	0.352	-0.042	-0.109	1.000	0.137	-0.128	0.159	0.033	-0.341	0.078	0.184	0.065	0.359	0.218	0.079
	Sig. (2-tailed)	0.116	0.583	0.061	0.830	0.574		0.480	0.507	0.411	0.863	0.071	0.686	0.340	0.737	0.056	0.256	0.684
	N	27	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29
C3	Correlation Coefficient	0.001	.804**	-0.195	0.089	0.316	0.137	1.000	.445*	-.524**	-0.150	0.270	-0.168	0.047	-0.308	-0.183	.444*	0.111
	Sig. (2-tailed)	0.998	0.000	0.301	0.639	0.089	0.480		0.014	0.003	0.428	0.149	0.375	0.806	0.097	0.332	0.014	0.560
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
C6	Correlation Coefficient	-0.131	.704**	-0.116	0.277	0.277	-0.128	.445*	1.000	-.462*	-0.188	0.128	-0.220	-0.050	-0.187	-0.078	0.285	0.199
	Sig. (2-tailed)	0.508	0.000	0.543	0.138	0.139	0.507	0.014		0.010	0.320	0.501	0.244	0.794	0.323	0.683	0.126	0.291
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
C7	Correlation Coefficient	0.180	-.590**	0.227	-0.276	-0.309	0.159	-.524**	-.462*	1.000	0.353	-0.286	-0.095	0.207	0.209	0.255	-0.096	0.021
	Sig. (2-tailed)	0.359	0.001	0.228	0.141	0.097	0.411	0.003	0.010		0.056	0.125	0.619	0.273	0.268	0.174	0.613	0.911
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
C8	Correlation Coefficient	0.243	-0.104	0.026	-0.091	0.061	0.033	-0.150	-0.188	0.353	1.000	0.061	-0.199	0.180	-0.053	0.141	-0.294	0.142
	Sig. (2-tailed)	0.214	0.584	0.890	0.634	0.749	0.863	0.428	0.320	0.056		0.748	0.292	0.340	0.780	0.457	0.115	0.453
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30

Table 30: Correlations of study

		F_CHANGE	C_3610	D_3TOT6	B4	B6	B8	C3	C6	C7	C8	C10	D3	D4	D5	D6	E1	E3
C10	Correlation Coefficient	-0.110	.608**	-0.165	0.256	0.091	-0.341	0.270	0.128	-0.286	0.061	1.000	-0.335	-0.011	-0.062	-0.185	0.133	-0.031
	Sig. (2-tailed)	0.579	0.000	0.383	0.171	0.634	0.071	0.149	0.501	0.125	0.748		0.071	0.953	0.743	0.328	0.485	0.872
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
D3	Correlation Coefficient	-0.175	-0.266	0.334	-0.284	-0.085	0.078	-0.168	-0.220	-0.095	-0.199	-0.335	1.000	0.176	0.212	0.101	-0.015	-0.198
	Sig. (2-tailed)	0.374	0.155	0.072	0.128	0.654	0.686	0.375	0.244	0.619	0.292	0.071		0.353	0.260	0.597	0.939	0.294
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
D4	Correlation Coefficient	.465*	0.049	.381*	-0.147	-0.049	0.184	0.047	-0.050	0.207	0.180	-0.011	0.176	1.000	0.002	0.158	0.088	0.082
	Sig. (2-tailed)	0.013	0.799	0.038	0.439	0.796	0.340	0.806	0.794	0.273	0.340	0.953	0.353		0.993	0.406	0.643	0.667
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
D5	Correlation Coefficient	-0.182	-0.240	.722**	-0.196	-0.123	0.065	-0.308	-0.187	0.209	-0.053	-0.062	0.212	0.002	1.000	.430*	0.060	0.289
	Sig. (2-tailed)	0.355	0.201	0.000	0.299	0.517	0.737	0.097	0.323	0.268	0.780	0.743	0.260	0.993		0.018	0.751	0.122
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
D6	Correlation Coefficient	-0.015	-0.140	.812**	-0.293	-0.223	0.359	-0.183	-0.078	0.255	0.141	-0.185	0.101	0.158	.430*	1.000	0.083	0.257
	Sig. (2-tailed)	0.941	0.461	0.000	0.116	0.235	0.056	0.332	0.683	0.174	0.457	0.328	0.597	0.406	0.018		0.662	0.170
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
E1	Correlation Coefficient	-0.090	.402*	0.067	0.075	-0.326	0.218	.444*	0.285	-0.096	-0.294	0.133	-0.015	0.088	0.060	0.083	1.000	0.165
	Sig. (2-tailed)	0.650	0.028	0.725	0.694	0.079	0.256	0.014	0.126	0.613	0.115	0.485	0.939	0.643	0.751	0.662		0.385
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30
E3	Correlation Coefficient	0.293	0.204	0.308	0.052	0.028	0.079	0.111	0.199	0.021	0.142	-0.031	-0.198	0.082	0.289	0.257	0.165	1.000
	Sig. (2-tailed)	0.130	0.280	0.098	0.784	0.882	0.684	0.560	0.291	0.911	0.453	0.872	0.294	0.667	0.122	0.170	0.385	
	N	28	30	30	30	30	29	30	30	30	30	30	30	30	30	30	30	30

From above table, it is clear that no significant correlations were found in this study. For that reason, a T-test was also conducted to further investigate possible correlations between questions

There were no significant correlations found between the various questions.

The single correlation found between the questions was:

- A strong negative correlation was found between questions C7 and C3 ($p<=0.1$; $r= -0.524$).
- The significance value (p) was measured at $p<=0.1$ due to the small sample size.
- Question C3 deals with the notion that promotional and advertising campaigns have significantly changed over the past two years.
- Questions C7 suggests that the most important messages used in promotional campaigns are services offered, and technical support and advice.
- This strong negative correlation indicates that technical support and advice have not played a significant part in the advertising campaigns and changes to these over the past two years.

A T-test is used to test the simplest experimental design. It has two conditions: an experimental condition in which subjects receive a certain treatment, and a control condition in which they do not. A T-test is conducted when one wants to compare performance between the two conditions (Research Skills, 2009, p. 1). In some cases, the difference between two conditions are clear-cut while in others they are not.

According to Hole, (Research Skills, 2009, p. 1) it is more often in psychology that the difference between the conditions is not so obvious; in such circumstances, using a T-test can help to decide whether the difference between the conditions is "real" or whether it is due to chance fluctuations from one time of testing to another. In other words, a T-test enables the researcher to decide whether the mean of one condition is really different from the mean of another.

In this study, a T-test was conducted to determine the difference between the means of conditions.

Massbuild	N	Mean	Std. deviation	Std. error mean	Effect sizes

B4	Other	7	3.00	1.000	0.378	0.59
	Massbuild	23	2.35	1.112	0.232	
B6	Other	7	2.86	1.069	0.404	0.10
	Massbuild	23	2.74	1.137	0.237	
B8	Other	7	4.00	0.577	0.218	0.50
	Massbuild	22	3.41	1.182	0.252	
C3	Other	7	3.57	0.976	0.369	0.18
	Massbuild	23	3.35	1.229	0.256	
C6	Other	7	3.71	0.951	0.360	0.10
	Massbuild	23	3.83	1.072	0.224	
C7	Other	7	4.00	0.577	0.218	0.68
	Massbuild	23	3.39	0.891	0.186	
C8	Ander	7	4.00	0.000	0.000	0.66
	Massbuild	23	3.48	0.790	0.165	
C10	Ander	7	3.29	0.756	0.286	0.09
	Massbuild	23	3.17	1.193	0.249	
D3	Other	7	4.14	0.378	0.143	0.23
	Massbuild	23	4.30	0.703	0.147	
D4	Other	7	4.00	0.577	0.218	0.21
	Massbuild	23	3.78	1.043	0.217	
D5	Other	7	3.86	1.069	0.404	0.21
	Massbuild	23	4.09	1.083	0.226	
D6	Other	7	3.43	0.976	0.369	0.07
	Massbuild	23	3.52	1.275	0.266	
E1	Other	7	4.43	0.535	0.202	0.22
	Massbuild	23	4.30	0.559	0.117	
E3	Other	7	3.43	0.976	0.369	0.41
	Massbuild	23	3.83	0.887	0.185	
F_CHANGE	Other	6	3.7778	0.27217	0.11111	0.23
	Massbuild	22	3.9848	0.91129	0.19429	
C_3610	Other	7	3.5238	0.46576	0.17604	0.08
	Massbuild	23	3.4493	0.91347	0.19047	

D_3TOT6	Other	7	3.8571	0.34932	0.13203	0.09
	Massbuild	23	3.9239	0.70885	0.14781	

From the above T-test some conclusions can be made. From the results it can be said that the independent retailers that felt that Massbuild is aggressive in their promotional campaigns and their biggest competition, most of them felt that they don’t have enough brands and products to compete with Massbuild in the market with the effect size of 0.59. With an effect size of 0.50, most of the retailers that felt that Massbuild is aggressive in their promotional campaigns and a threat also felt that the company in questions does not provide enough quality and variety of products to them. Further effect sizes to comment on is C7 and C8 where most of the customers that felt Massbuild is aggressive and a threat also felt that important promotional messaging is price as well as technical advice and service.

5. CHAPTER FIVE: CONLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTIONIS

This chapter sets out to provide conclusions and recommendations for future research based on the findings presented in Chapter 4.

This study aimed to analyse whether there have been changes in the promotional mix in the Architectural Coatings Manufacturing Industry with the entry of MNCs such as Massbuild into the industry. Significant findings were found with regards to the respondents' perceptions of changes in the industry over the past five years pertaining to product, price and promotions. It was also clear that independent retailers regard these MNCs, specifically Massbuild, as a key factor to consider when planning promotions as well as pricing for specifically fast-moving products in their product ranges.

There was also a strong negative correlation that indicated that technical support and advice have not played a significant role in advertising campaigns and changes in these over the past few years.

5.2 RESEARCH OBJECTIVES ADDRESSED

The research objectives of these study were to:

1. Develop an understanding and definitions of the key concepts relevant to the Architectural Coatings Industry as well as the marketing mix.
2. Empirically asses the changes, if any, in the marketing mix of Architectural Coatings manufacturer.
3. Determine whether retailers feel that they compete with MNCs such as Massbuild.
4. Determine the statistical correlations between the various hypothesis and constructs.
5. Make recommendations regarding the change, if any, in the marketing mix of Architectural Coatings Manufacturers.

5.2.1 **Research objective 1:**

Develop an understanding and definitions of the key concepts relevant to the Architectural Coatings Industry as well as the marketing mix.

This research objective was addressed in Chapter 2 where a literature review was presented. In this literature review, the notion of the marketing mix was explained in detail with reference to its components, namely place, promotion, product and price. These were discussed individually. The background and history of the Architectural Coatings Manufacturing industry were provided and a number of anticipated trends was highlighted. This created the theoretical framework for the study.

5.2.2 **Research objective 2:**

Empirically asses the changes, if any, in the marketing mix of Architectural Coatings manufacturer.

In the questionnaires, respondents indicated that they felt that there have been significant changes over the past five years in the Architectural Coatings industry. These changes pertained to price, promotion as well as products. This was evident in section F of the questionnaires as indicated below in the summary of descriptive statistics of questions in section F of the questionnaire. Based on this data, this research objective was addressed.

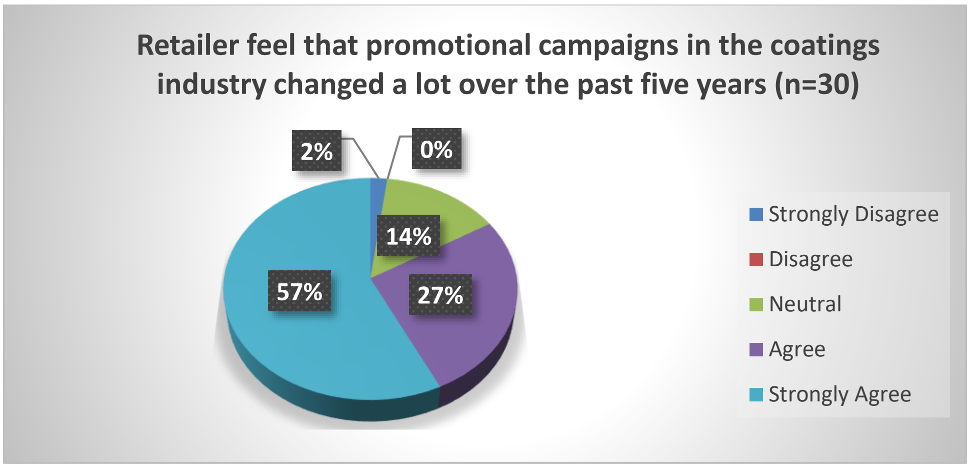


Figure 21: Changes in promotional campaigns

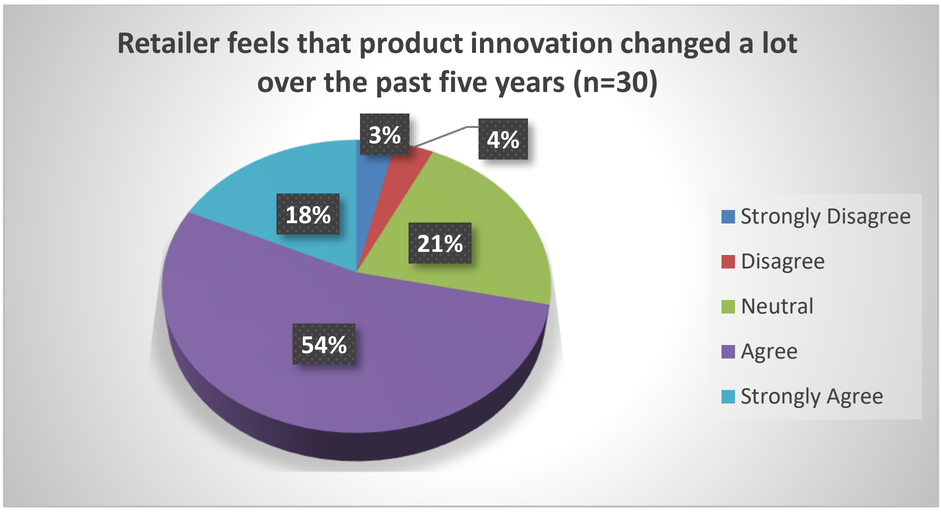


Figure 22: Changes in product innovation

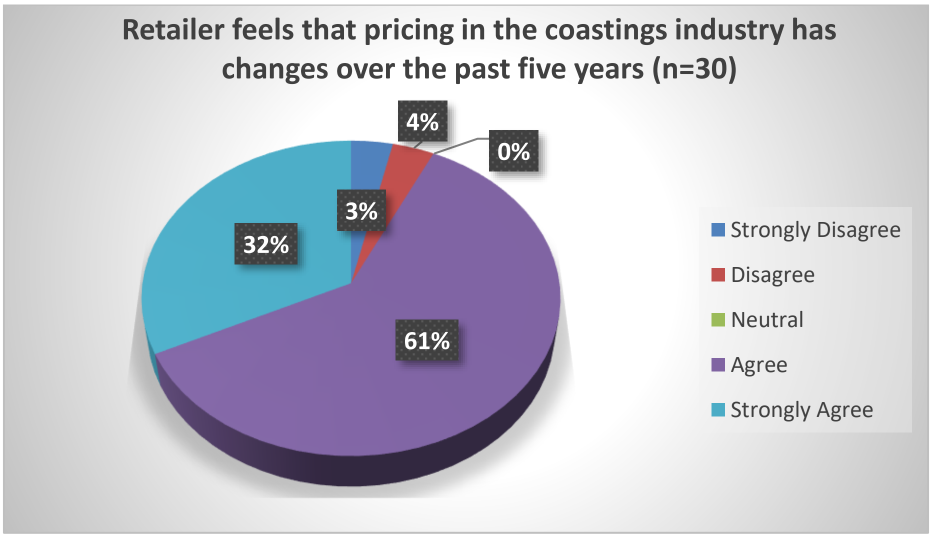


Figure 23: Changes in pricing

5.2.3 **Research objective 3:**

Determine whether retailers feel that they compete with MNCs such as Massbuild.

Below are two clear indications that indicate that respondents felt that Massbuild is central in terms of dictating pricing on key product lines as well as the fact that this firm is perceived as the most aggressive in their promotional campaigns.

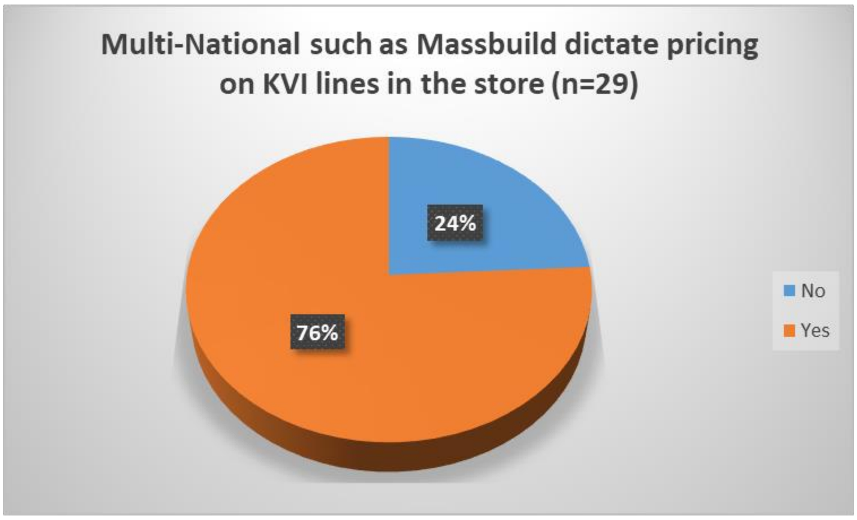


Figure 24: Massbuild dictating pricing

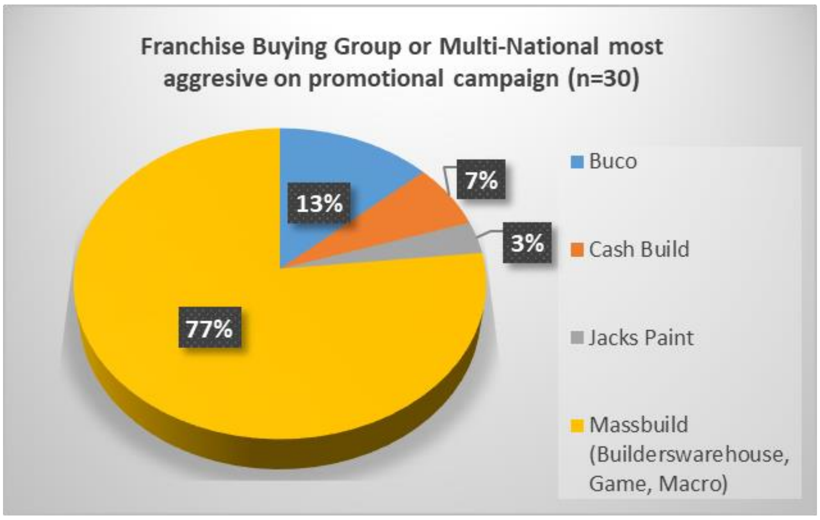


Figure 25: Most aggressive in promotional campaigns

5.2.4 **Research objective 4:**

Determine the statistical correlations between the various hypothesis and constructs.

There were no significant statistical correlations found in this study. The only significant correlation was that technical advice and service did not play a very significant role in promotional campaigns, and this situation has not changed over the past few years. Correlations that can be researched in future include correlations between price and promotion, as well as correlations between product and price in the context of the Architectural Coatings Manufacturing Industry.

5.2.5 **Research objective 5:**

Make recommendations regarding changes, if any, in the marketing mix of Architectural Coatings Manufacturers.

In this chapter, recommendations regarding future studies on the subject as well as the current study were made. There are improvements that can be made to statistical correlations in this study as well as the population size. Correlations that can researched in future include correlations between price and promotion, as well as correlations between product and price within the context of the Architectural Coatings Manufacturing Industry.

5.3 CONCLUSIONS

Based on the study, it is clear that the entry of MNCs has changed a number of the elements in the marketing mix of Architectural Coatings Manufacturing industry.

Key changes pertaining to the marketing mix concerned to products, promotions as well as pricing. Independent retailers indicated that the felt that these MNCs dictate the way they conduct their business, specifically in terms of their pricing strategy, and also regard to key value-added lines in their product ranges.

The descriptive statistics of this specific study proved to be informative, since correlations were not very strong. However, there was a negative correlation between technical service and advice in promotional campaigns and changes in these over the past few years.

5.4 RECOMMENDATIONS

Each of the research objectives yielded useful information in this study. The study found that the Architectural Coatings Industry has changed over the past few years. A great deal of valuable information surfaced in the study, and the particular coatings manufacturer could and should use this in future promotional and marketing campaigns. The insights pertaining to price promotions as being perceived as the most effective promotional message is one element that can be explored in future research in the industry. A strong focus should be on planning promotional activities.

Another key finding was the perception that Plascon is regarded as the manufacturer that promotes aggressively and most successfully. Key insights can be gleaned from this observation. The Architectural Coatings Manufacturer should investigate and observe this competitor's activities and should design a marketing plan with these insights in mind. Price seems to be the most important promotional element and should be considered when planning promotional and other messages.

This information will be useful together with other descriptive statistics that highlight the importance of in-store customer relationships.

5.5 RECOMMENDATIONS FOR FUTURE RESEARCH

This study did not produce a great deal of statistically reliable results, but it yielded some guiding factors for future studies. In future, research the elements highlighted below should further explored:

- The sample of the population needs to be increased, to include not only independent retailer's feedback, but also franchise buying groups.
- In the current study, it was found that respondents indicated that there was definite change in the industry over the past five years. Changes with regard to price, promotion and product were highlighted. The extent of the change per category could be the subject of future research.
- Another focus point could also be to determine the importance of the promotional message.
- Correlations to be researched in future include correlations between price and promotion, as well as correlation between product and price in the context of the Architectural Coatings Manufacturing Industry.

- A key finding of the study was that MNCs dictate the price promotions, and further studies could explore which products ranges or single products are most sensitive to this finding.
- Another finding of the study was that MNCs, Massbuild specifically, are most aggressive in their promotional campaigns. Further studies can be conducted to explore the media that are mostly used, the frequency of advertising, as well as the products and or brands that are promoted.

5.6 LIMITATIONS

The following factors were potentially limiting to this research:

- The sample size of the study was very small and only represented key customers of one Architectural Coatings Manufacturer in South Africa.
- This study relied on global data for researching a South African-based context.
- The focus was mostly on MNC, namely Massmart in the South African context.
- Cronbach's Alphas were seldom above 0.7, which means that the correlations were not statistically significant in most cases.

5.7 SUMMARY

This study explored the Architectural Coatings Manufacturing industry and the impact of the entry of MNCs into the market with reference to the marketing mix. The marking mix comprises product, price, promotion as well as place. Of all the promotional mix elements tested in the questionnaires, price was the determining factor. Price related to the most effective promotional messages over the past six months, and it was also found that respondents perceived that MNCs dictate the pricing of key independent retailers' products.

It is clear that the Architectural Coatings Manufacturing Industry has changed over the past five years as indicated in the findings of section F of the questionnaire. This insight will assist with planning for strategic marketing in the industry.

This study has identified numerous aspects where retailers need guidance and assistance to grow their business. Marketing campaigns and support need to be created and tested with these retailers to ensure that support is given is in line with needs.

Any manufacturer in the Architectural Coatings Industry can use this study as a guide for their innovation and marketing strategy. Although the factor analysis and correlations did not deliver significant results in this study, the questionnaire data and descriptive statistics provided useful information that can be considered for planning purposes.

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7. APPENDICES

7.1 QUESTIONNAIRE

B. Product	
B1	Was any new products launched into the market in the last 6 months by the company?
	Yes
	No
B2	What changes if any would you recommend to any of the newly launched products (you may mark more than one)
a	Product Quality
b	Price
c	Packaging Design
d	Timing of the launch
e	Communication of Launch
B3	What influences your current customer base buying decision most
	In-store Service and advice
	Variety of Brands Offered
	Brand Loyalty
	Colour offering
	Relationship with store and staff
B4	As a retailer, do you feel that you have enough brands and product offerings to compete with Multi-National Corporations such as MASSBUILD?
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree

B5	Where are the brands and products available exclusively to MNCs such as Massbuild mostly compete?
	Entry Level
	Mid-Tier
	High End
B6	The company is prompt and proactive in launching new & innovative products
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree
B7	Do customers coming into your store make choices based on (Choose 1)
	Price
	Product Quality
	Brand Loyalty
B8	I (Retailer) am satisfied with the quality and variety of paint offered by the company
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree
C. Promotion	
C1	Which manufacturer in the market is the most aggressive in terms of promotional campaigns? (Choose 1)
	Dulux

	Top Paints
	Medal
	Plascon
	Prominent Paints
	Excelsior
	Duram
C2	Which Franchise Buying Group or Multi National in the market has the most aggressive promotion campaigns? (Choose 1)
	Buco
	EST
	Build It
	Cash Build
	Massbuild (Builders' Warehouse, Macro, Game)
	Leroy Merlin
	Jack's Paint
	Mica
	Essential Hardware
C3	Have you adjusted your promotional and advertising campaigns in recent years?
	Yes
	No
C4	Which media do you think is mostly being utilized in the industry at the moment?
	Radio
	Newspaper ads such as Caxtons
	Leaflets
	Social Media

	Outdoor Media (Lamp pole ads, trailer ads)
	TV
C5	What was the most efficient promotional message of a campaign in the past six months?
	Focus on Price
	Focus on Quality
	Focus on Solutions
	Focus on Services offered
	Focus on Technical expertise
	Focus on Prizes and give-aways
C6	The most important promotional message for a promotional campaign is price
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree
C7	The most important promotional message for a promotional campaign is services offered and technical support and advice
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree
C8	The most important promotional message for a promotional campaign is the quality of the product
	Strongly Disagree
	Disagree

	Neutral
	Agree
	Strongly Agree
C9	When planning promotions do you:
	Have a set plan for a period of time
	React to opposition
C10	As a retailer I have a promotional budget
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree
D. Place	
D1	What percentage of your customers is Trade (Contractors) customers?
	0-20%
	21 - 40%
	41 - 60%
	61 - 80%
	81-100%
D2	What percentage of your customers is DIY/BIY customers?
	0-20%
	21 - 40%
	41 - 60%
	61 - 80%
	81-100%
D3	The area where my store is situated influences my product offering
	Strongly Disagree

	Disagree
	Neutral
	Agree
	Strongly Agree
D4	The competitors in my area influences my product offering
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree
D5	Do you feel that Multi-National Corporations, such as Massbuild are a threat to you in your area to your business?
	Yes
	No
D6	Do you feel that you have area exclusivity from the company?
	Yes
	No
E. Price	
E1	Price Benchmarking is very important for my business
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree
E2	Do you regularly change your pricing strategy?
	Yes
	No

E3	In my experience customers base their buying decision in-store mostly on pricing
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree
E4	At what price was your top selling product sold for 1 year ago R________p/litre and at what price is that product selling for today R________p/litre?
E5	Do Multi-National corporations such as Massbuild dictate pricing on KVI lines in your store
	Yes
	No
F. **OTHER**	
F1	As a retailer I feel that promotion campaigns in the coatings industry changed a lot over the past 5 years?
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree
F2	As a retailer I feel that product innovation in the coatings industry changed a lot over the past 5 years?

	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree
F3	As a retailer I feel that pricing in the coatings industry changed a lot over the past 5 years?
	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree

7.2 PERMISSION FOR QUESTIONAIRRE

PROMINENT PAINTS

11 Dan Jacobs Street,
Alrode, Alberton, 1449
P.O. Box 136166,
Alberton North 1456

T +27 (11) 389 4600
F +27 (11) 864 2407 (Finance)
F +27 (11) 389 4654 (Commercial)
W www.prominentpaints.co.za

17 June 2017.

To whom it may concern

This letter serves to confirm that Lani Elizabeth Carstens, student number 12296775, has sent questionnaires to the top 37 independent retail customers of Prominent Paints.

In her capacity as Brand Marketing Manager she has the written confirmation from the company, Prominent Paints to distribute these questionnaires to assist in completing her study.

The questionnaires and the information gathered will be shared with the independent retailers that participated.

Kind regards,

Paul-Alban Riche
Managing Director

Reg. No. 1997/006763/07
Directors: Olivier Bouin – Chairman (French), Paul-Alban Riche – Managing (French),
Robert Resseguier (French), Nico Bonthuyzen

PPG