Analysing retailers' buying behaviour and loyalty of branded edible groundnuts in the North West Province and Gauteng

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ABSTRACT

South Africa is an exporter of groundnuts (*Arachis Hypogaea*). The domestic market reaps the spinoff advantage that export quality reaches store shelves, but unfortunately at a price that is directly linked to the price traders achieve on the export market. The local edible groundnut demand is relatively stable, but some processors saw a dramatic decline in the demand for groundnuts within the fast moving consumer goods (FMCG) industry. Businesses in the groundnut industry have a specific objective to create a turnaround strategy for groundnut production in South Africa, in an attempt to increase exports of locally produced groundnuts. This directly results that importance of the domestic market, compared to the export market is secondary.

Since retail buyers are the “gatekeepers of consumer choice”, it is important to understand buying behaviour and brand loyalty, as well as the factors that influence buyers’ decisions in a business to business context. Limited literature exists for the domestic South African that highlights or indicates specific buyer preferences towards branded edible groundnuts. Furthermore, a general conceptual model to measure or to provide insight on retailer buyer preferences and buying behaviour lack, or are generally unrelated.

An adapted model was used to analyse retail buyer behaviour, perceptions, and brand loyalty influences and data was collected by means of a self administrered questionnaire. Descriptive statistics as well as factor analysis were utilised to identify which factors influence retail buyers’ purchase behaviour and loyalty towards an edible groundnut brand. The Kaiser-Meyer-Olkin measure of sampling adequacy, Bartlett’s test of sphericity and Cronbach Alpha was used to determine whether the collected data was appropriate for factor analysis. Through the factor analysis the following ten factors were identified as having a significant influence on retailers’ buying behaviour as well as brand loyalty towards branded edible groundnuts:

- Long-term relationship with a preferred brand.
- Brand Loyalty.
- Brand trust.
- Brand performance.
- Satisfaction.

- Intentional repurchase.
- Brand affect.
- Company reputation.
- Involvement.
- Value for money.

More research on this topic is required to develop a single conceptual model in order to measure and analyse retail buyer behaviour and preference for a specific brand on a larger scale within the FMCG industry.

Key terms: Groundnuts, retail, buyer behaviour, brand loyalty.

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ABBREVIATIONS

B2B	Business to Business
BFAB	Bureau for Food and Agricultural Policy
FMCG	Fast Moving Consumers Goods
GN	Groundnuts
HB	House Brands
KMO	Kaiser-Meyer-Olkin
NDA	National Department of Agriculture
ROI	Return on investment
SPSS Inc.	Statistical Package for the Social Sciences Incorporated
SSA	Sub Sahara Africa
t/ha	Ton per hectare
USA	United States of America

TABLE OF CONTENTS

TABLE OF CONTENTS CONTINUED

TABLE OF CONTENTS CONTINUED

LIST OF FIGURES

LIST OF TABLES

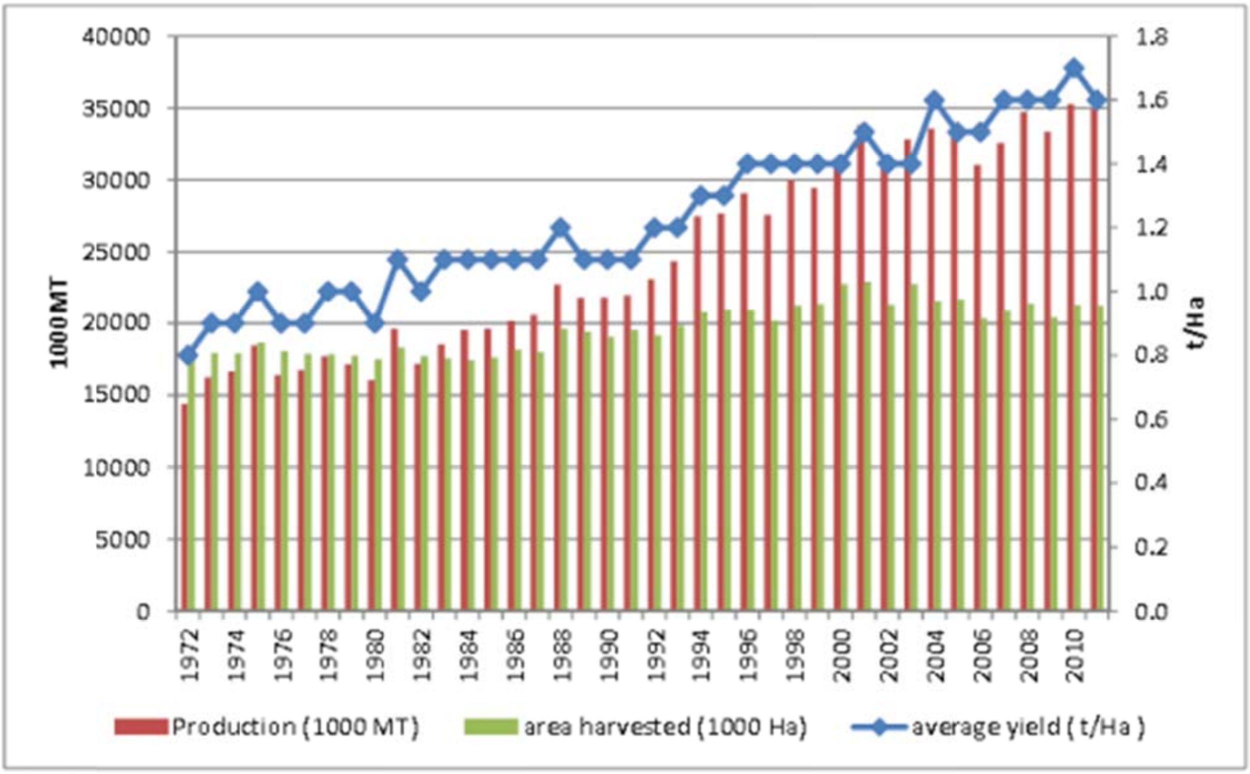
CHAPTER 1

AN OVERVIEW OF GROUNDNUTS IN THE SOUTH AFRICAN CONTEXT

1.1 INTRODUCTION

According to the Bureau for Food and Agricultural Policy (BFAP), global groundnut (*Arachis Hypogaea*) production remained relatively constant during 2008 to 2012, with just over 20 million hectares under production annually (Meyer, Van Der Burgh, 2012: 10). Average yields however increased significantly from 1990 to 2011, from 1 ton per hectare (t/ha) to 1.7 t/ha, mainly due to the development and introduction of new cultivars to the industry (Meyer, Van Der Burgh, 2012: 12).

Figure 1.1: Global groundnut production and average yields

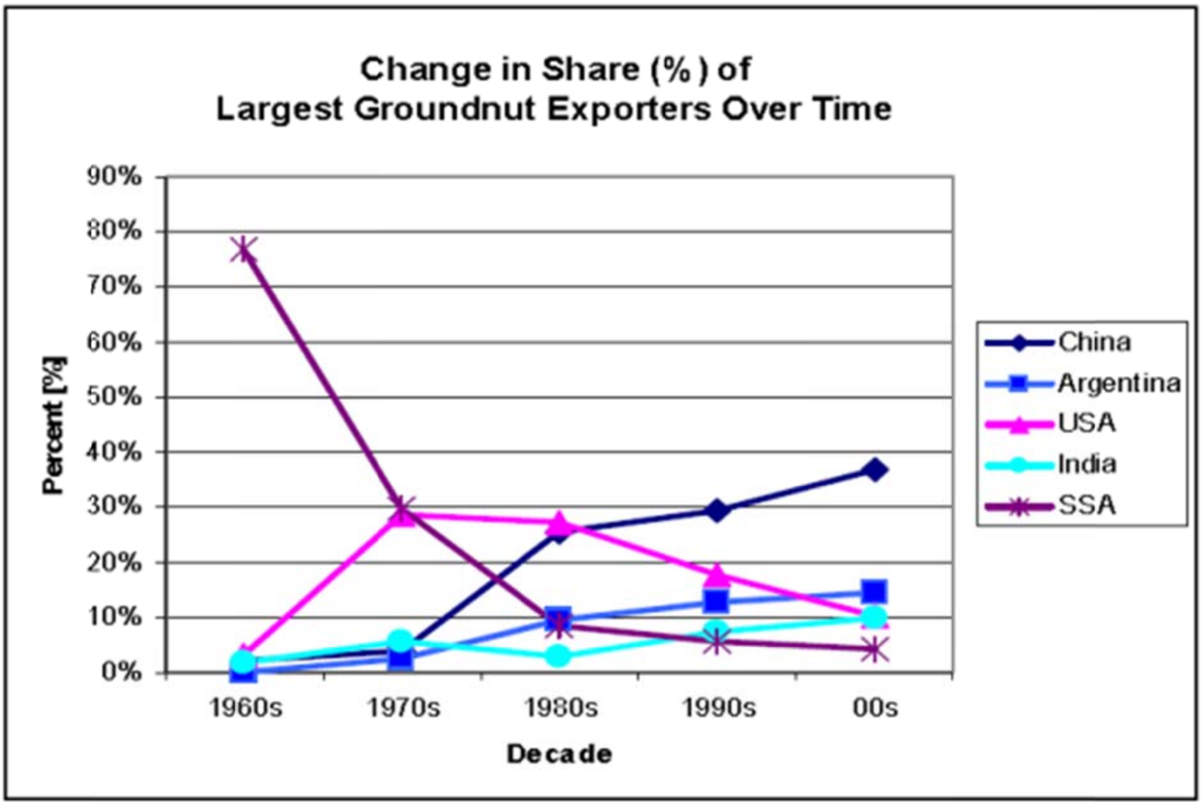


Source: Meyer and Van Der Burgh (2012: 11)

Figure 1.1 illustrates the significant increase in yield and production over the past 30 years. Currently the annual world groundnut production is 34.96 million tons. Despite this increased performance, there still seems to be insufficient stock worldwide. Pazderka and

Emmott (2010: 3) are of the opinion that Sub-Sahara Africa (SSA) dominated the export market on edible groundnuts up to the late 1960's as presented by Figure 1.2.

Figure 1.2: Export market performance for the last 40 years

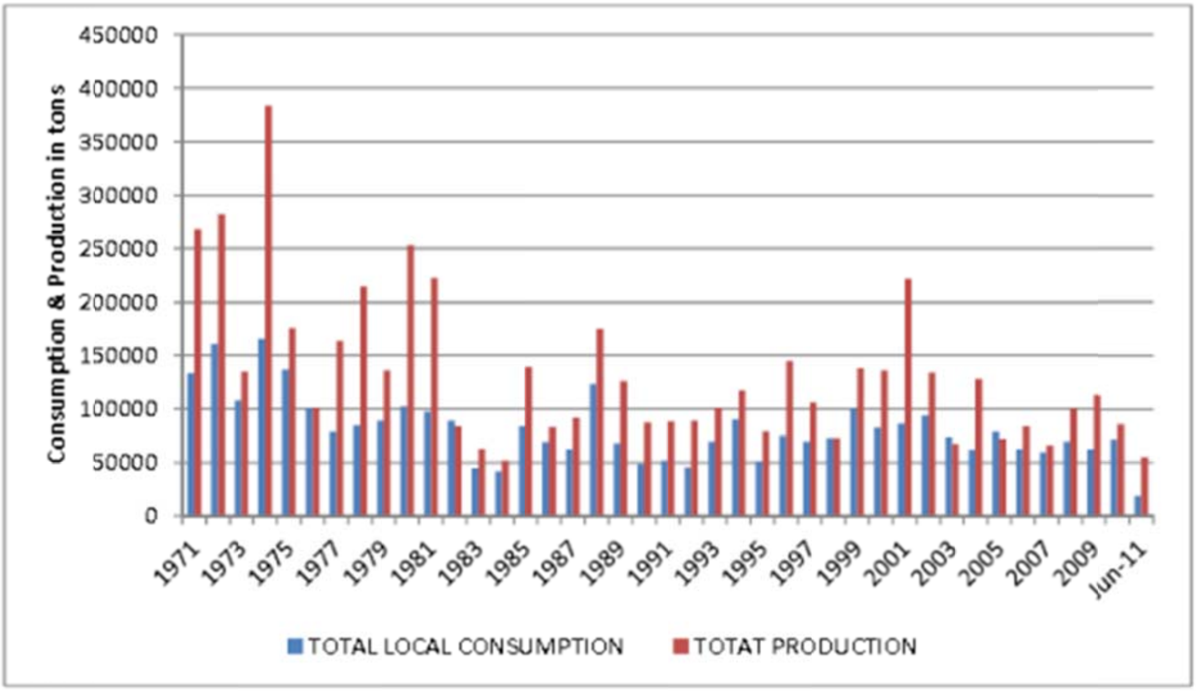


Source: Pazderka & Emmott (2010:3).

A dramatic decline occurred over the past four decades, as the contribution of SSA dropped from 77% in the 1960's to current levels where SSA is presently only contributing 4% to global exports. The sharp decline was mainly driven by low yields, quality, domestic policies, and reduced market pull (Pazderka & Emmott: 2010: 2). China became a key player in production and was the first ranked exported during the period 2001-2007, with 37% and 39% of the market share, respectively. China's rapid growth into the groundnut markets was mainly driven by: "*agricultural reforms in the late 70s, development of a market economy, increased inputs into groundnut production, and use of improved varieties with better techniques*" (Pazderka & Emmott: 2010: 4).

It is unlikely that SSA will recapture its dominance in the export market; some countries however have remained strong producers for the domestic market (Pazderka & Emmott: 2010: 3). Countries like Nigeria, Senegal and Ghana, for instance, are among the top ten global producers and occupy 12% of the market as groundnuts continue to be an important food staple in many households of these countries. In many Asian countries such as China, India, and Indonesia, which are ranked as the first, second and fifth largest producers, groundnuts play an important role in household consumption and these countries only export a small amount of production due to stable and strong domestic demand (Pazderka & Emmott: 2010: 4).

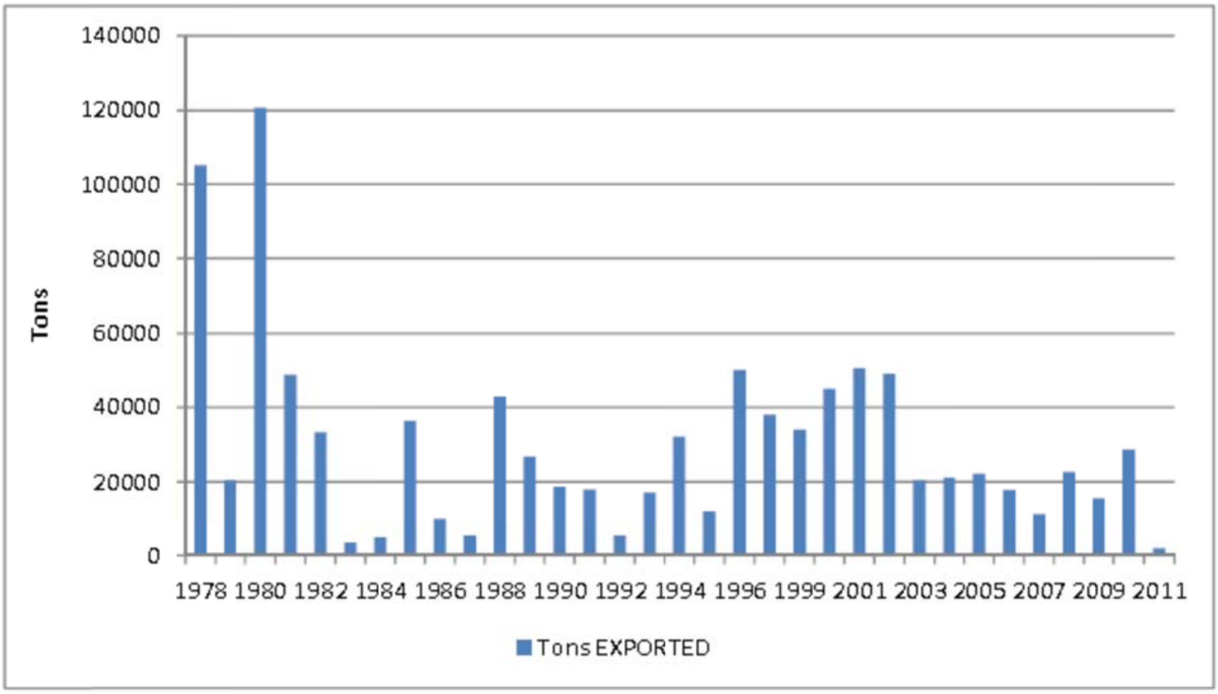
Figure 1.3: South African consumption compared to production



Source: Meyer and Van Der Burgh (2012:18).

Within the South African context, the country remains an exporter of groundnuts as production primarily exceeded domestic consumption and demand as illustrated in Figure 1.3. The main export destinations include: Japan, the Netherlands, Finland, Germany, Norway and Indonesia. Figure 1.4 provides a historical overview of the South African groundnut export market. Over the last two years, South Africa experienced some quality problems which had a negative impact on the filling of exciting export contracts, which in turn resulted in the current opinion that South Africa is an unreliable supplier within the global market (Meyer & Van Der Burgh, 2012: 30).

Figure 1.4: South African groundnut export volume history



Source: Meyer and Van Der Burgh (2012:20)

1.2 THE GROUNDNUT INDUSTRY IN SOUTH AFRICA

Within the domestic South African market, a relative small market exists for the use of groundnuts, compared to the global groundnut industry. The uses vary from raw nuts to value added product with the main categories being (NDA: 2008: 6):

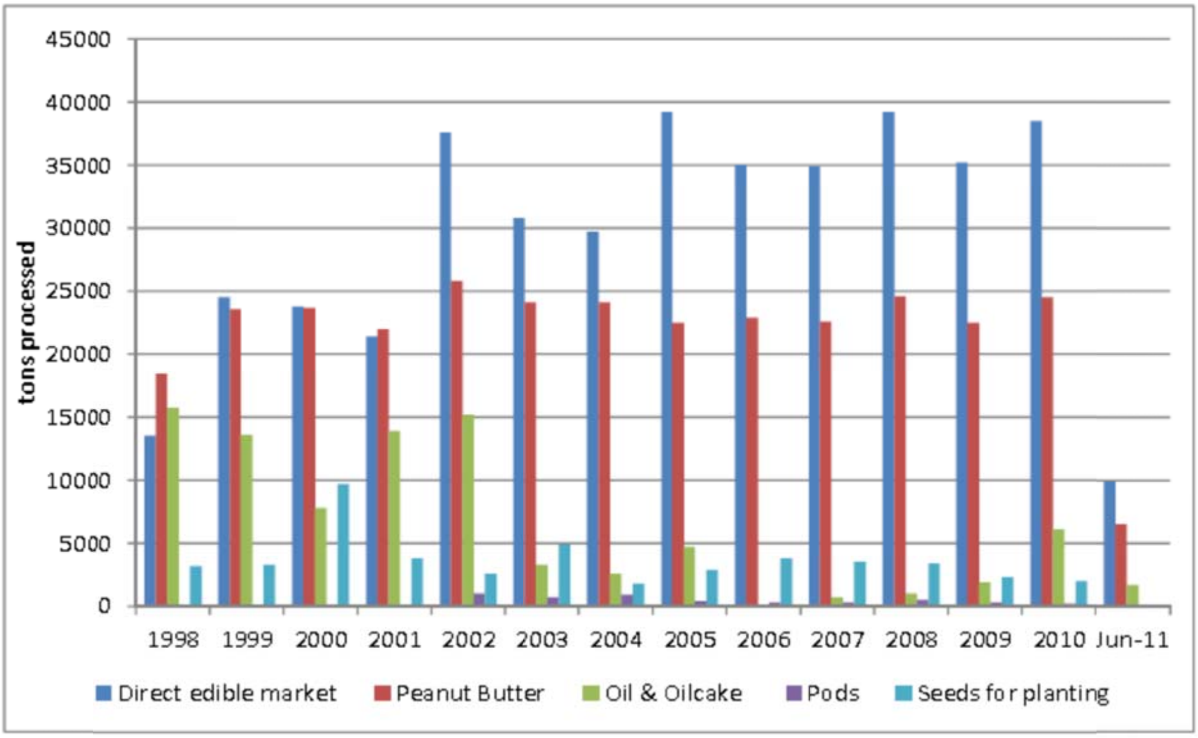
1) *Edible groundnuts*: Food product which include roasted groundnuts, peanut butter, peanut sauce, peanut flower and peanut milk.

2) *Crushed groundnut*: Groundnut Oil

3) *Feed*: Groundnut oilcake

Groundnuts are processed into a number of products for the domestic and export markets and Figure 1.5 provide a breakdown of different uses within the local South African market. According to Schoeman (2011: 68) the biggest part of local production is utilised in the edible market (49%), followed by peanut butter (29%).

Figure 1.5: South African consumption breakdown

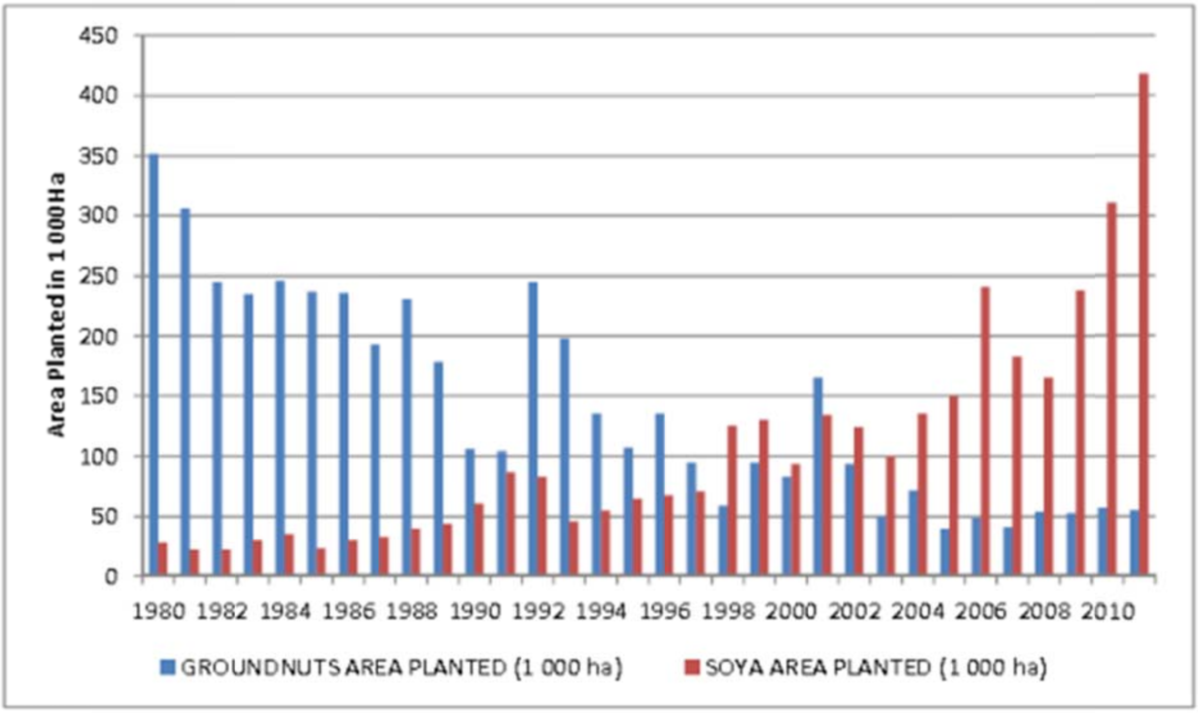


Source: Meyer and Van Der Burgh (2012:19).

Due to high competition and demand in the global market, a challenging reality is that an export contract would receive priority over a local contract (Schoeman, 2011: 69). As mentioned earlier, South Africa is an exporter of groundnuts and rightfully so, the local groundnut industry is export focused. The overall spinoff advantage is that export quality filters through to the South African domestic market. Unfortunately it comes at a price that is directly linked to the price Traders achieve on the export market.

Within the South Africa, groundnut production is in direct competition with the soybeans industry (Figure 1.6). Soybean production is on the increase, mainly due to a shift in profitability, the ease of production and available improved technology. Soybeans is seen as an alternative rotational crop, and as a legume it offers similar rotational benefits when produced in typical production cycle with summer crops such as maize (Meyer & Van Der Burgh, 2012: 20). As Figure 1.6 also illustrates, 1997 was the point where the change from groundnut to soybean production gained momentum and grew significantly to current levels which exceed the high 1980 areas previously used for groundnut production. The advantage of soybeans is that it trades as a commodity on the Futures Exchange (SAFEX), providing the industry with a transparent forward pricing mechanism, compared to the groundnut industry which lacks such transparency (Meyer and Van Der Burgh, 2012:21).

Figure 1.6: Competition between groundnuts and soybeans in South Africa



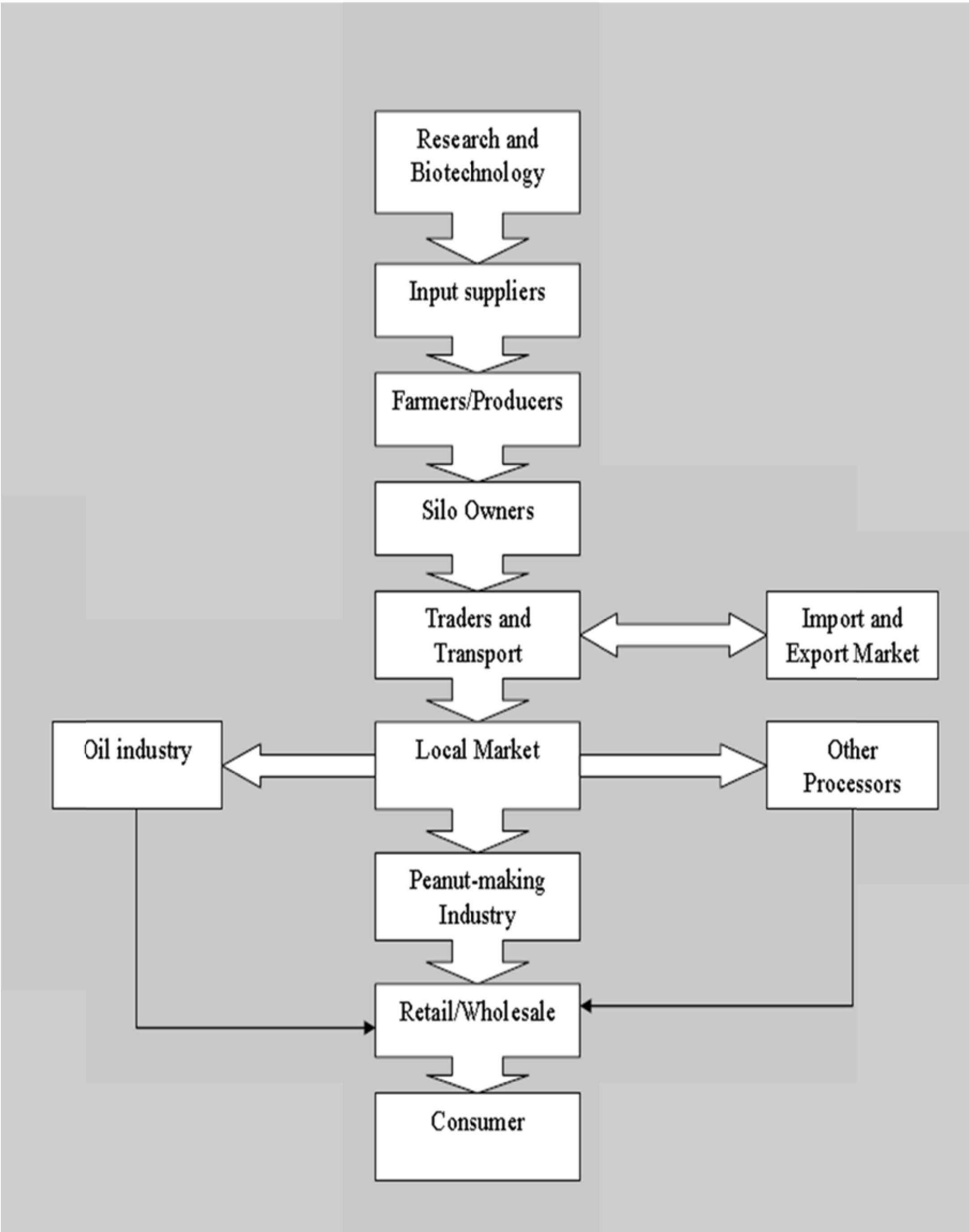
Source: Meyer and Van Der Burgh (2012:21)

1.3 PROBLEM STATEMENT

As illustrated by the Groundnut value chain (Figure 1.7), groundnuts are produced by the farmer, and then shelled, graded, and stored by a silo owner or a trader (that has the necessary equipment and facilities). The Trader either exports the product or sells it off to a processor within the groundnut snack making industry. The processor adds value by either producing peanut butter or roasting the groundnuts for the snack industry.

"*There is no single price level for groundnuts, as there is no stock market for it like for crude oil, grains, cocoa beans etc. It is therefore very tricky to link the South African market price to one specific reference point*" (Meyer & Van Der Burgh, 2012: 28). Since no transparent price determination mechanism exists, uncertainty and a "*significant amount* *of distrust amongst individuals throughout the entire value chain"* exist. (Meyer & Van Der Burgh, 2012: 66).

Figure 1.7: Market value chain for Groundnuts



Source: NDA (2012:28)

Volume and price contract negotiations take place on an individual basis between the producer and trader, and this process is mainly negotiated with an export contract in place, which the trader uses as a benchmark and leverage. In 2012 record high local prices were seen for choice grade groundnuts. External conditions contributing to these high prices were present mainly due to low international stock levels and availability (Schoeman, 2011: 69). Lack of transparency within the groundnut value chain is making contract price negotiations ever more difficult (Meyer & Van Der Burgh, 2012: 66).

The negotiated price between the trader and processor, will secure a base price and the required volumes for the Processor. Subsequently the price will filter through to the retail market and finally to the end user or consumer. Since the edible market carries the most weight in terms of the supply breakdown and distribution (Figure 1.5), it also has relevance to the end consumer. The local demand is relatively stable (Figure 1.3), but some Processors saw a dramatic decline in the demand for its groundnut products in 2012 within the snack industry. Consumers within the local South African snack market, reached a point where groundnuts were not on their shopping list anymore (Temple, Steyn, Fourie & De Villiers, 2011: 57).

Van Schalkwyk (2003: 45) conducted a study to determine the demand relations of oilseeds in South Africa. The price elasticity of groundnuts was the smallest in absolute terms, indicating that groundnuts are the least sensitive to changes in its raw state price. A possible explanation could be that very little of these products are used in their primary form and it is mainly processed. Van Schalkwyk (2003: 49) determined that the price of groundnuts is inelastic in its primary form and elastic in a processed state, indicating that it’s significant effect on consumption and demand. As indicated by Schoeman (2011: 68), edible groundnuts represent the largest portion of use distribution within the South African market, demonstrating that the retail selling price could have a significant effect on groundnut demand. Barda and Sardianou (2010: 138) analysed consumer’ activism in response to rising prices and concluded that consumers are affected in various ways and respond differently to price increases. By identifying consumer behaviour, it will be possible to determine the effect on issues and challenges currently facing the South African groundnut industry.

Limited information and literature is currently available for the determination of reasons why local consumers buy groundnuts. As indicated, local consumption contributes the largest portion of groundnuts uses, but there still is no clear indication of factors that drive sales and demand for branded edible groundnuts within the local retail market. This study will provide a better understanding of the behaviour that influences, and affects a buyer when buying groundnuts.

1.4 GOAL OF THE STUDY

1.4.1 Goal

The goal of the study is identify factors that motivate formal or informal buyers to purchase branded groundnuts for resale to consumers.

In order to achieve the presented goal, the following factors would be investigated to gain a better understanding of the relevant buyer perception when buying groundnuts for resale to a consumer:

1. Buyer repurchases intentions.
2. Buyer brand preference.
3. Buyer product attributes.
4. Quality.
5. Product offerings.

1.4.2 Objectives

Businesses in the groundnut industry such as the Protein Research Trust, the Groundnut Forum and BFAP, have a specific objective to create a turnaround strategy for groundnut production in South Africa. The main focus of the above mentioned businesses are to increase exports of locally produced groundnuts. On the other hand, the domestic market, and the effect of the export market on the South African groundnut consumer, is of lesser importance (Schoeman, 2011: 68).

The objectives of this study were to determine the factors which are important South African retail product buyers. No literature for the local South African market is available that highlights or indicates specific buyer preferences in order to satisfy the local consumer demand. The contribution of this study would be to highlight the importance of the domestic market for edible groundnuts. It would also provide insight to the local buyer preferences by investigating the effect of price, brand, quality and substitute product offerings with in the snack market.

This in turn would provide an indication of how to procure, and offer a solution to the buyer and consumer in such a way that it can benefit the groundnut industry as a whole, and add to industry role players' efforts to regain the presence of the South African groundnut industry in the local market.

1.5 RESEARCH METHODOLOGY

1.5.1 Literature study

For this study, a literature review was conducted and secondary data from published sources gathered and presented in an organised way to uncover the factors affecting purchasing behaviour. Literature highlighting the purchase behaviour of retailers, traders and wholesalers in branded groundnuts specifically is limited - the principles of other consumer behaviour and purchasing behaviour studies was adapted to fit this study. Sources include the Internet; and scientific databases such as EBSCO Host, JSTOR, Science-Direct, and journal articles.

1.5.2 Empiric survey

1.5.2.1 Research design and method of data collection

Welman, Kruger and Mitchell (2010:2) stated that research is a process where scientific knowledge is gathered by objective methods and procedures. There are various research methods and techniques available as research tools, but research methodology considers and explains the logic behind these methods and procedures (Welman *et al.* 2010:2). Brynard and Hanekom, (1997:28) define research methodology as the methods of collecting data, while Babbie and Mouton (2004:75) are of the opinion that it is the research process and the kinds of tools and procedures used to conduct research. The approach would be to conduct a literature review and to analyse the gathered data in such a manner that the identified research questions are answered.

The quantitative study was conducted by constructing a questionnaire (Appendix A) that was distributed to key finished product buyers within the groundnut industry, to gain insight into decision making and purchasing behaviour. Through a direct interview on a random basis, the target population mainly consisted of active buyers in the formal and non-formal retail environment within the Gauteng and North West areas. The completed questionnaire provided specific data towards factors that motivate formal or informal buyers to purchase branded groundnuts for resale to consumers.

1.5.2.2 Development of the sample plan

The target population consisted of current buyers of processed and finished product. On a random basis, buyers operating in the North West and Gauteng provinces were surveyed. Buyers consisted of retail store owners, corporate retail stores, wholesalers and informal traders. The sample size was 250.

1.5.2.3 Development of the questionnaire

The questionnaire started off with a section that determined certain demographical data of the respondents and was then be followed by information pertaining to socioeconomic factors, consumption, and purchasing habits. The questionnaire also included a 5-point Likert-type scale, which varied between disagree strongly (1), and agree strongly (5) and was constructed to measure the buyer’s perceptions of the groundnut industry as pointed out in the literature review. The questions were kept simple, short, and specific and in easy understandable terms to ensure that the respondents understand all the questions. This provided significant insight into retail buyer habits of purchasing, distribution, and frequency expectations.

1.5.2.4 Data analysis

The data was captured using Microsoft Excel-spread sheets and then submitted for statistical analysis by Statistical Services based at the University of the North West (Potchefstroom Campus). The following was determined:

- Descriptive statistics (mean and standard deviation) was used to establish the relevant baseline data.
- Cronbach Alpha was used to test the reliability of the data.
- The validity and reliability of the data was determined in order to give a level of stability, consistency, replicability, and objectivity.

1.6 CHAPTER CLASSIFICATION

The chapters in this mini-dissertation are presented as follows:

Chapter 1: Provided the reader with the relevant background and perspective of the study. It includes an introduction, background of the study, problem statement and objectives of the study, and research methodology

Chapter 2: Comprises of a literature review of the factors that could possibly influence retail buyer purchase behaviour and brand loyalty.

Chapter 3: The methodology utilised in this study is described and results from this study are also highlighted.

Chapter 4: The conclusions drawn from the results obtained in Chapter 3 are discussed, and relevant recommendations are also made during this chapter

CHAPTER 2

ANALYSING RETAILERS' BUYING BEHAVIOUR AND LOYALTY OF BRANDED EDIBLE GROUNDNUTS.

2.1 INTRODUCTION

A literature review was conducted to determine the factors affecting purchasing behaviour of retail buyers. Despite numerous attempts to construct comprehensive buying behaviour theories, none is accepted as a single working model and to answer specific questions on buying behaviour, the researchers have to rely on middle range theories (Horten, 1984: 25). This chapter will provide the reader with a background on branded groundnuts within the current marketplace, as well as a conceptual buyer behaviour model, and an adapted conceptual model to analyse retailer's buying behaviour and loyalty towards edible branded groundnuts.

2.2 BRANDED GROUNDNUTS IN THE RETAIL MARKETPLACE

The fast moving consumer goods (FMCG) industry is one of the most "competition driven" industries (Oraman, Azabagaoglu & Inan, 2011: 189). It generally consists of consumer packaged products that are meant for daily consumption with a high return on investment (ROI) and can be divided into one of the following categories: food and beverages, consumer durables, personal care, sports goods, apparel, household goods, luxury brands, or textiles (Oraman *et al*., 2011: 188). Bawa and Sidhu, (2003: 5322) state that snack foods are a substantial part of the food industry. The leading category is potato chips, tailed by extruded snacks, corn chips, nuts, meat snacks, pretzels, and popcorn. There is not a definite definition for the term 'snack' or 'snack food'. It can relate to anything from a small meal in the broadest sense that allow easy-to-handle consumption that need little or no preparation and are intended to immediately satisfy occasional hunger (Bawa & Sidhu, 2003: 5322).

A study by Wangchroen, Ngarmsak and Wilkinson (2005: 1) found that 66% of respondents purchased snacks in supermarkets, 46 % at larger retailers, 30% at informal markets, 18% at convenience stores and lastly 13% at hawkers. Within the FMCG environment and snack industry, nut-based snacks consist of roasted groundnuts, fried groundnuts, coated and fried groundnuts, toasted and salted pecans, roasted and salted almonds, sugared and spiced nuts, flavoured nuts and nut mixtures (Bawa & Sidhu, 2003: 5322). He, Fectcher and Rimal (2005: 85) found that despite the significant role groundnuts play within the snack food market, there is a definite decline in demand and a better understanding of the factors affecting demand is necessary.

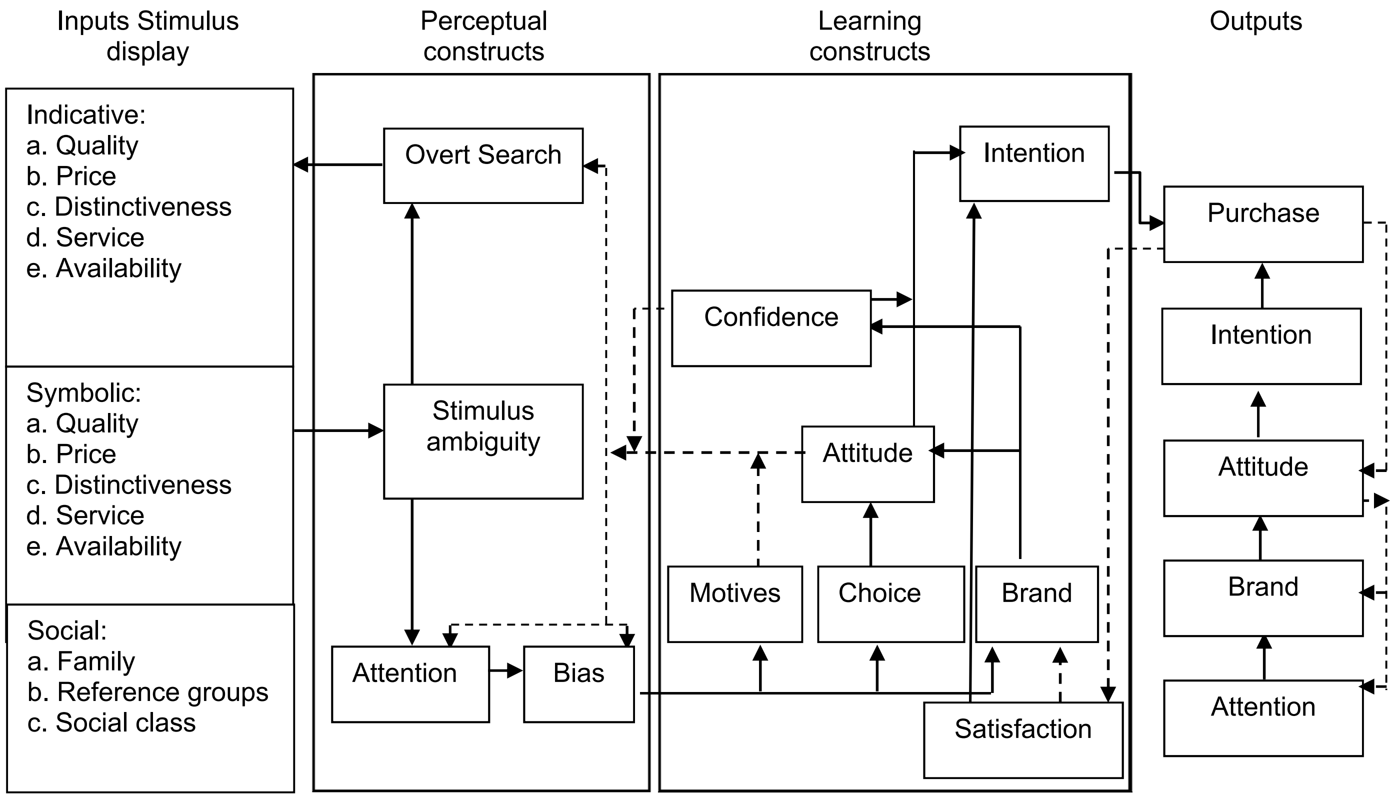
2.3 BUSINESS BUYING BEHAVIOUR

Within the literature a number of conceptual buying behaviour models exist: The Andreason model, Nicosia, Howard and Sheth, Howard, Engel-Kollat-Blackwell, Engel-Blackwell-Miniard, Task and Nontask orientated, Webster and Wind, Sheth, and Choffray and Lilien are just a few (Du Plessis, Rousseau & Blem, 1995: 355). It should be stated that literature focusing specifically on the purchasing behaviour of retailers, traders, and wholesalers is limited, especially compared to the principles of consumer purchasing behaviour (Skytte & Blunch, 2001: 133). In addition, Insch, Prentice and Knight (2011: 258) and Horten (1984: 393) highlights that limited attempts exist to rank factors or to develop a specific model of the retail buyer's decision making process with regards to branded products, as this decision making generally takes place in a dynamic environment and that buying methods vary both between and within businesses. Norton (1984: 392) states that existing retail buyer behaviour models tend to be very complex due to the larger business context in which it normally takes place.

Du Plessis *et al*. (1995: 357) state that buying behaviour models provide a basic framework for the buying process and that it is difficult to prove it accurate, as data to prove it exact is limited. However, Horten (1984: 392) highlights that significant similarities between consumer and retail buyer behaviour exists. Du Plessis *et al*., (1995: 357) describes the Howard-Sheth model (Figure 2.1) as a significant contributor to determine consumer behaviour, while Norton (1984: 32) highlights its limitations. The model is recognised as extensively tested as a comprehensive theory of buyer behaviour.

Despite criticism of being too complex to be of practical value, the Howard-Sheth model (Figure 2.1) helps to explain the buyer decision making process and contribute to a better understanding of buyer behaviour (Du Plessis *et al*., 1995: 357).

Figure 2.1: Howard-Sheth model of buyer behaviour



Source: Du Plessis, Rousseau and Blem (1995: 355).

Brown, Zablah, Bellenger, and Johnston (2011: 194) suggest that retail buying behaviour is characterised by the tendency of buyers to rely on objective factors when choosing between products and that potential influences, including a risk reduction purpose. Retail buyers are considered to be the gatekeepers of consumer choice, and consumers are only able to choose from a product range retail buyers have pre-purchased from suppliers or manufacturers (Insch, *et al*., 2011: 257). Consumers play a significant role through their food buying activity in shaping the retailer's product offering, but the decision on what is available for the consumers to purchase, remain with the retail buyer (Dawson, 2013: 339).

Glynn (2007: 64) also argue that literature has not generally considered the product category role of manufacturer-retailer relationships involving specific brands; this is particularly significant, taking into account that the brand marketing strategies of manufacturers often involve ranging brands into particular categories in order to enhance RIO for themselves as well as for retailers. Kotler and Armstrong (2012: 190) describe retail buyer behaviour as the process where businesses acquire goods and services with the main purpose to resell these purchased goods at a profit. Within the business buying process, the business buyer decides which products have to be acquired; source it; evaluate it; and selects a supplier as well as the relevant brand that should be offered to the end consumer (Kotler & Armstrong, 2012: 190). The business-to-business (B2B) marketer has to understand business markets, business buyer behaviour and consumer markets. The manufacturer also has to satisfy retailer' as well as the final consumer needs and expectations (Kotler & Armstrong, 2012: 190).

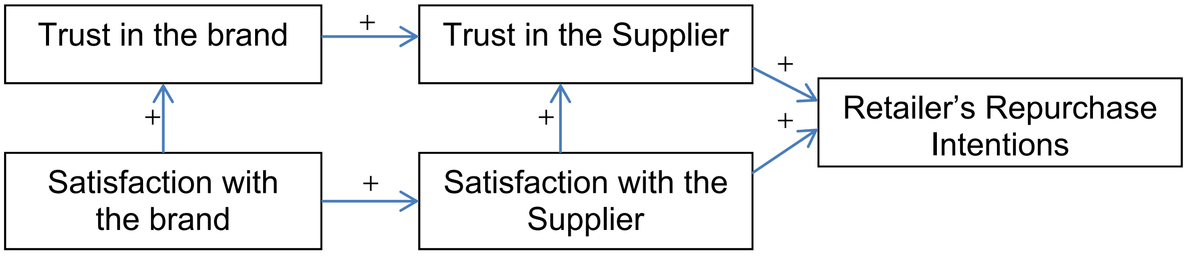
Perreault and McCarthy (2006: 178) highlight that numerous marketing managers focus on customers, who are not the end or final consumer. More purchases are made by businesses and organisations, compared to the end customer and so these business or business customers can be defined as any buyers who buy for the main purpose of reselling to the end consumer (Kotler & Armstrong, 2012: 194). To differentiate from end customers, businessl customers are referred to as either - business buyers, intermediate buyers or industrial buyers, all of which operate in the B2B market (Perreault & McCarthy, 2006: 178). According to Hansen and Skytte (1998: 279) a conceptual model for retailer buying behaviour appear to be scattered and relatively unrelated within the literature, but in general retail buying behaviour is characterised by the following

- Retailers are resellers of finished goods, but in addition also markets' retail experience to the consumer.
- Retailer buyers have to generate revenue as well as control costs.
- Retail buying decisions are guided by the marketing; logistical as well are merchandising functions.
- There are a limited number of suppliers to choose from.
- There is an increase in House Brands (HB) where the retailer is directly involved in product development, sales forecasting, and feasibility.

Sheth (1973: 56) states that industrial buyers often have to decide on factors other than rational or realistic criteria and, that a retailer buyer behaves more like a consumer in what he buys and more like a producer in how merchandise is purchased (Sheth, 1981: 181). Such buyers could be referred to in a sense as ''expert consumers'' (Insch *et al*., 2011: 258) and their decisions are characterised by speed, informality and volume; depending on the buyers' experience (Doyle and Weinberg, 1973: 46). The buying process is basically where buyers have to decide which products their business need, source it, evaluate it, select an appropriate supplier or brand, and finally purchase the product accordingly (Kotler & Armstrong, 2012: 194). However, Brown *et al.* (2011: 194) show that brands perform an important role in business markets as a representation of quality, as well as the expectation a customer has from a manufacturer or supplier. Should there be no significant differences between the product offerings, accountability as well as the economic factors drive or determines the final decision to purchase a product. Hence the B2B buying process is influenced and determined by internal business, interpersonal, individual, as well as external environmental factors (Kotler & Armstrong, 2012: 190). There is increasing evidence suggesting that buying behaviour is influenced by brands in the B2B context, in particular as a purchasing risk reducing tool (Brown *et al.*, 2011: 194). Kotler and Armstrong (2012: 195) states that business buyers are not only influenced by economic factors, but personal factors also have an effect before an order is placed with a manufacturer or supplier. When buyers have to make a decision between competing products, business requirements and personal factors contributes and has an influence on the final buying decision.

With the recent growth and expansion of large retailers, they gained power through volume buying, but this success was largely based on suppliers' successful branding strategies in the market and strong brand names (Zboja & Voorhees, 2006: 381). This increased trust and satisfaction in the market, and as illustrated by figure 2.2 a retailer's trust and satisfaction with a supplier has a direct effect on the retailer's repurchase intention of a specific supplier's brand.

Figure 2.2: A conceptual model between retailers' perceptions of brands and suppliers



Source: Adapted from Zboja and Voorhees (2006: 382).

Morgan and Hunt (1994: 23) explained that trust could only exist when one party has confidence in another party's consistent reliability and integrity. Glynn (2007: 55) also found that a retailer's assessment of a specific product brand's performance depends on the product category within the store environment, as well as satisfaction with the brand. Within the retail environment, retailers provide manufactures a means to sell their products to the end user effectively. Retailers however do attempt to change this and place an increased importance on HB's, resulting in consolidation into larger businesses, extending outside traditional national boundaries and the employment of category management. Manufacturers cannot rely much more on 'trade leverage' or brand loyalty and perceived quality, as retailers increasingly support their own in-house brands (Glynn, 2007: 55).

It must be stated the trade leverage of manufactures brands represent a number of benefits to the retailer. These benefits include pre-establish brand demand, retailer image enhancement, commitment from the manufacturer, higher retailer margins, positive customer relations, higher inventory turnover and lastly less associated costs (Glynn, 2007: 56; Perreault & McCarthy, 2006: 258). Dawson (2013: 340) argues that sales growth is essential for retailer's strategies and objectives in order to increase their bargaining power over suppliers. To add, retailers follow a buying power model that allows them to sell FMCG products to consumers, before the retailer is required to pay the supplier or manufacturer. There are three core features to the retailer buying power model (Dawson, 2013, 340):

- Rapid inventory rotation to reduce the retailer's period of ownership of the relevant product.
- Increased period between taking ownership of the items and settlement of suppliers or manufactures.
- Increasing the volume of sales to the end user.

The buyer power model guides the retailer's decision on what to buy from suppliers, as well as decisions for in-store merchandising practices that would maximise inventory rotation, supplier payments, and potential retailer margin opportunities (Dawson, 2013: 341). Table 2.1 illustrates ten identified influences that retail buyers consider when making a purchase form a particular manufacturer or supplier (Insch *et al*., 2011: 261).

Table 2.1: Factors retail buyers consider before purchase

Factor	Description
Financial return	What profit or margin could be achieved? Increasingly competitive environment and price wars.
Marketing capabilities (above the line)	Advertising and promotion capabilities – to create or stimulate consumer demand.
Marketing capabilities (below the line)	Marketing spend and merchandising capabilities – to provide in store support, opening deals, and new product launch support.
Fit	Product range and in store variety – there is limited store and shelf space available. Additional lines compete with existing product ranges and lines that might be more profitable.
Previous or current successes	Sales success of similar products and ranges already in other stores – will give merit to a supplier to use as leverage to justify shelf space.
Price	Maintaining competitiveness is important - price creates consumer perceptions that could be positive or negative for the retailer.
Supplier characteristics	The supplier's reputation, brand, experience, dedicated sales members, logistical performance, size - all factors that could lower costs, increase effectiveness, provide financial assistance, and lower risk for the retailer.
Visual appearance	The overall physical visual appearance of the product – an appealing appearance influences the buyer' decision making as well as the consumers evaluation of the product.
Uniqueness	Differentiation and uniqueness of the product offering - leads to potential category growth and fill product offering gaps that currently exists in the market place.
Health and Safety	Regulations and traceability – all requirements should be met in terms of health-, safety-, labelling regulation as well as all relevant food safety accreditations.

Source: Insch *et al*. (2011: 261), Doyle and Weinberg (1973: 51).

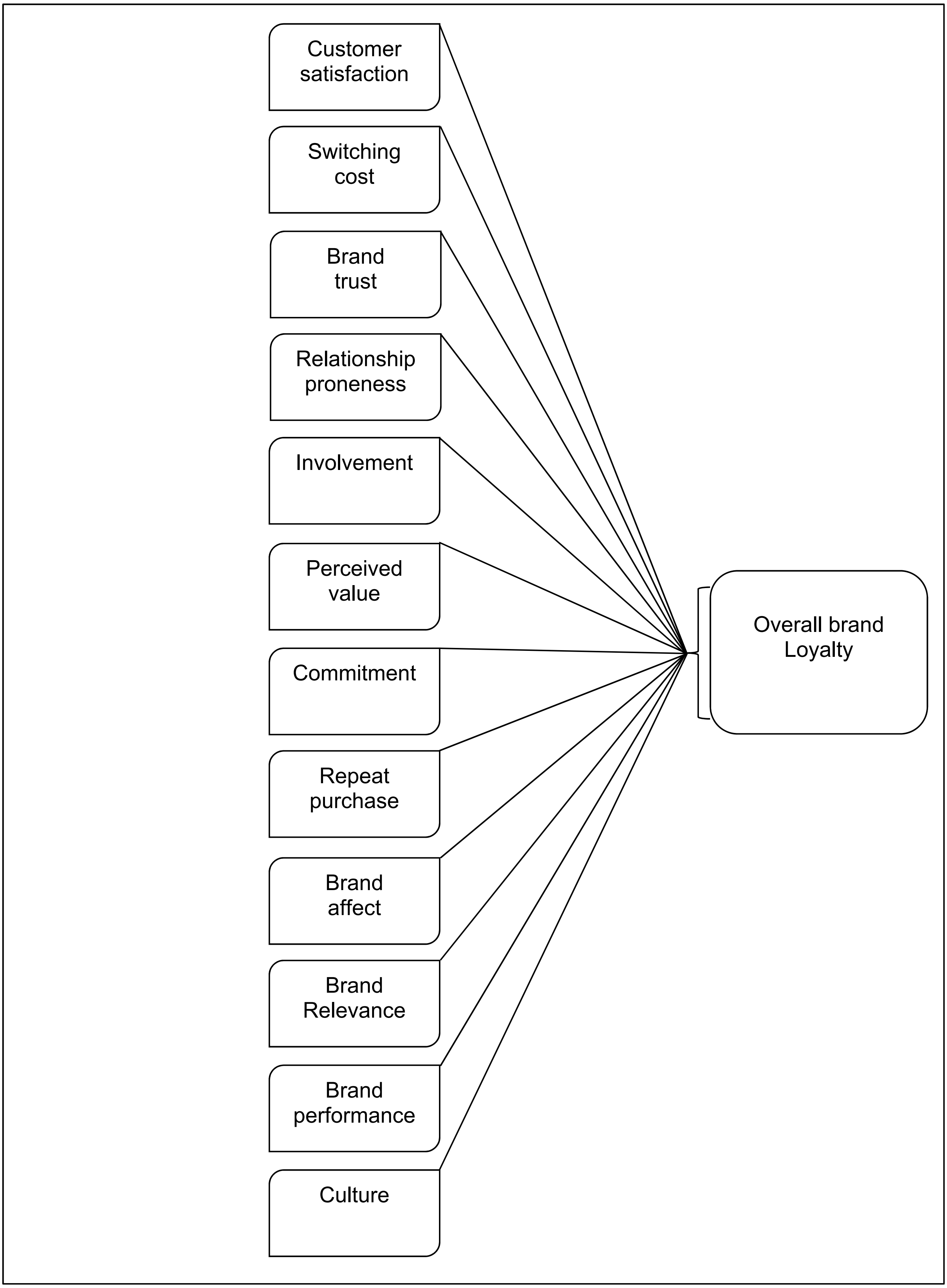
Zboja and Voorhees (2006: 383) argue behavioural intentions are characterised by repurchase intentions, loyalty, willingness to pay, word-of-mouth and lastly complaining. According to Ericş, Ünal, Candan and Yildirim (2012: 1399), B2B repurchase intentions are correlated with brand commitment, and a repeat purchase of a branded product could be explained on the basis that the product is more profitable than the rest or that no other brand is available.

Nelson, Jolly, Hinds, Donis, and Prophete (2005: 214) proved through a conjoint analysis that price was the most important feature for consumers' preferences for roasted groundnut products. Ericş *et al*. (2012: 1403) concluded that trust, satisfaction and affective commitment had the highest effect on reseller' repurchase intention and that a retailer is able to attract more consumer's by aligning itself with popular known brands (Zboja & Voorhees, 2006: 386). Cretu and Brodie (2007: 231) indicated that branding attributes such as how well known the supplier or manufacturer is, as well as the general reputation of the supplier contributes to the general loyalty towards specific supplier's brand.

Zboja and Voorhees (2006: 381) presented a conceptual model (Figure 2.1) of the relationship between retailer's perception of brands and suppliers, which would influence the reseller' repurchase intentions from the specific supplier. Furthermore buyer' repurchase intentions and loyalty are similar in nature, and a direct link between satisfaction, trust, repurchase intentions and loyalty is identified (Zboja and Voorhees, 2006: 383).

Goldsmith, Flynn, Goldsmith and Stacey (2010: 339) shows that marketers seek brand loyalty for their brands to maintain consistent repurchasing behaviour on a long-term basis. Moola and Bisschoff, (2012: 101) developed a conceptual model to measure brand loyalty within the FMCG environment as illustrated by Figure 2.3.

Figure 2.3: Key brand loyalty influences



Source: Moola and Bisschoff, (2012: 106).

2.4 BRAND IMAGE

Zboja and Voorhees (2006: 381) argue that few researchers have considered customer's perceptions and evaluations of a retailer, based on the brands the retailer offer to sell. Specific brands serve as a competitive advantage for manufactures as well as for retailers and a branded product can offer a tangible statement to the buyer (Jones & Kim, 2011: 1). Brands are a source of risk mitigation for B2B buyers by means of a set of expectations about the relevant product and its intrinsic value (Glynn, 2010: 1226). Within the B2B setting, branding has a multifunctional approach which includes physical product characteristics, brand image, company reputation, associated policies, support and distribution services (Brown *et al.*, 2011: 196). Through strong brands, manufactures are able to create trade leverage when dealing with retailers (Glynn, 2007: 55). As strong brands are a notable aspect of the retailer's business performance, and determine how retailers and manufactures approach the B2B relationship (Glynn, 2010: 1226).

As owners, manufactures or suppliers normally brand their products with a national brand label; retailers, wholesalers or distributors offer HB, store brands or own private labels (Dawes & Nenycz-Thiel, 2013: 60). HB follows a growing trend in and is outpacing the growth of manufacture brands in Europe and well as the United States of America (USA). Retailers also make use of HB's to differentiate themselves from other brands by offering value products that compete on price, as well as premium products that offer unique and high quality attributes (Dawes & Nenycz-Thiel, 2013: 60). According to Kotler and Armstrong (2012: 255) a brand identifies a manufacture of a product through a specific name, sign, symbol, design or any combination of these, and it adds value to the product, and stretches beyond the products physical attributes.

Zboja and Voorhees (2006: 386) explain that brand trust and satisfaction can have a definite impact on retailer repurchase intentions, but only if the feelings of trust and satisfactions the customer has, are positively portrayed onto the retailer. This implies that repurchase would continue should the consumer be satisfied with the retailer and the manufacturers' product. Cretu and Brobie (2007: 230) found that a specific brand has an influence on a consumers' perception of a product, while a retailers' reputation has an influence on a consumers' perception of value and loyalty.

Oliver (1997: 13) defines satisfaction as the pleasing level of consumption related fulfilment, resulting from a product's feature or the product itself. Furthermore Ericş *et al*. (2012: 1399) describe satisfaction as the positive attitude that is established as a result of evaluating a product after consumption, while Lombart and Louis (2012: 647) describe satisfaction as a positive post choice evaluative judgment.

Glynn (2007: 64) suggests that retailer trust of the supplier is imperative for category management realisation and that strong brands are purchased more frequently, have greater loyalty, and have lower price elasticity (Glynn, 2010: 1227). Ericş *et al*., (2012: 1399) argue that a buyer's satisfaction has a positive effect on brand commitment and Glynn (2007: 57) points out that satisfaction is a strong predictor of loyalty as well as repurchases intentions. Brand commitment is the enduring desire a buyer has to continue a relationship with a brand, and is divided into affective and continuance (Ericş *et al*., 2012: 1398):

- Affective Commitment is typically the emotional connection a buyer has with a specific brand, and is based on a strong sense of association and shared values with the brand.
- Continuance commitment refers to associated weak feelings with a buyer has to a specific brand, and represents brand change due to high switching cost and few available alternatives.

Jones and Kim (2011: 1) elaborate that branding elements establish product preference, while brand preference is based on the selection of a specific brand over other brands because of habit or favourable or satisfactory past experiences (Perreault & McCarthy, 2006: 257). Ericş *et al*. (2012: 1399) defines brand loyalty as the tendency to consistently choose a specific brand among numerous brands in the same product group and constantly purchase that specific brand. Buyers with brand loyalty are defined as those who continually buy a specific brand and feel strong commitment towards the brand (Jones & Kim, 2011: 3). Glynn (2007: 63) argues that brand equity in the market plays a significant role in a buyer's purchase decision, and that category management permits retailers to manage brands to optimise overall category profit.

Zentes, Morschett, and Schramm-Klein (2011, 233) argues that globally, food retailers are developing their own branded product ranges and that loyalty can more easily be built on HB than on manufacturer brands. Retailer's in-house brands have moved from being low priced, low quality copies of manufacturer brands, to where around 40% of sales are currently through retailer in-house branded products (Dawson, 2013: 343). According to Glynn (2007: 64) retailer category groupings reflect consumer preferences, competing brands, customer demand, and preference variations. Morgan, Kaleka and Gooner (2007: 514) suggest that a retailer's relationship with a supplier, category related capabilities and resources are key advantages for the relevant category's performance and profitability. Since consumers purchase branded groundnuts through a retailer and not through directly through a manufacturer, there is a tendency to develop trust and preference in a specific brand they purchase from the retailer (Zboja & Voorhees, 2006: 382).

2.5 COMPANY REPUTATION

Retailers must take note of consumer assessments regarding the brands they carry and that it can influence end consumer perceptions of their stores. This implies that retailers can increase customer satisfaction evaluations by carrying and offering strong brands (Zboja & Voorhees, 2006: 386). Retailers worldwide are making a definite effort to align themselves with high quality brands, in an attempt to differentiate, expand product range and to shape the choice of consumer preferences (Dawson, 2013: 342). Cretu and Brodie (2007: 230) point out that branding research generally focussed on consumer goods and that only recently attention was placed on B2B markets, where a business's reputation has a strong influence on the buying behaviour. According to Berry (2000: 128) the retailer becomes the brand, rather than the product and that the retailers' reputation is likely to have a significant influence on the buying process.

Brown *et al.,* (2011: 194) highlight that B2B consist of tangible and intangible attributes: the tangible includes the product, price, and the physical product specification; intangible attributes include the company's reputation as well as attainable services. Retailers can benefit by offering established popular brands, enhance their image, build trust and credibility with customers, and increase pre-establish demand (Zboja & Voorhees, 2006: 382). Dawson (2013: 343) explains that retailers increasingly make use of HB's to gain greater control over supply as well as in-store product ranges. This also results in more direct product development and category management for the relevant retailer (Glynn, 2007: 63). Subsequently retailers have more direct control to preference HB product offerings compared to manufactures brands. Dawes & Nenycz-Thiel, (2013: 64) found that HB compete more intensely with other HB's compared to manufactures brands, and also that consumers will buy a HB regardless of the retailer. This implies that HB does not create exceptional store loyalty for a retailer. Glynn (2010: 1227) argue that larger retailers are able to sell a wider range of brands, while smaller resellers reduce their risk by focusing on major or stronger brands.

2.6 LOYALTY

Moola and Bisschoff, (2012: 102) indicate that the concept *brand loyalty* became a well-researched topic since 1990, as it is cheaper and more convenient to retain an existing market than to create a new one. Manternach (2010: 28) points out that loyal customer will realise repeated purchases of a specific brand with minimal consideration of other options. If well managed and well positioned in the mind of the consumer (Aaker 1996: 136), brand loyalty represents a strategic asset for a retailer (Aaker 1991: 43). Branding is of significant importance in the retailing industry to influence consumer's perceptions about the specific retailer, store selection and increased loyalty towards the specific retailer. It also identifies the associated products offered by the retailer and differentiates the retailer from its competitors (Lombart & Louis, 2012: 644).

Zboja and Voorhees (2006: 382) explain that consumers have definite assessments of a specific product brand, as well as for the retailer. Furthermore the consumer also fosters a relationship with the retail outlet and the purchased brand. Retailers are in a position to exploit and leverage the popular brands they carry and to create the perception, with consumers, that they are likely to benefit by purchasing these brands at the specific retailer. Stronger brands thus have a better chance of being accepted by the retail buyer (Glynn, 2010: 1227). Hansen and Skytte (1998: 292) confirm that retailers are also more willing to buy a product from an established supplier and furthermore showed nine required factors that would foster cooperation between retailers and suppliers:

- Maintained high quality standards and consistency.
- Flexible responsiveness.

- Joint product development.
- Effective delivery systems.
- Frequent contact.
- Wide product range.
- Physical product differentiation.
- Strong brands.
- Limited number of suppliers.

2.7 PERCEIVED PRODUCT ATTRIBUTES (QUALITY, PRICES AND COST)

Lee and Resurreccion (2006: 877) indicate that market acceptance of roasted groundnuts are characterised by overall appearance, aroma, flavour, colour, and texture. In addition, a distinctive and intense nutty flavour, crunchiness, stale- / rancid- / oxidised favour and shelf-life contribute to significantly too the overall quality of roasted groundnuts. Skytte and Blunch (2001:134) consulted retail buyers as well as suppliers, and compiled a list of relevant product attributes most important for retail buyers. Retail buyers are focusing on more than the traditional marketing mix and are looking for more diverse attributes in order to satisfy the requirements of their consumers, as illustrated by Table 2.2 (Skytte and Blunch, 2001:144).

Table 2.2: Most important product attributes for food retail buyers

Product attribute	Description
Product quality	Product quality is consistent.
Traceability	Product can be traced back throughout the value chain.
Price	Competitiveness.
Supply	The suppliers are able to supply sufficient volume according to demand.
Promotional activities	The product is backed with sufficient in-store promotions and advertising support.
Product range	A broad product range should be available.
Long-term relationship	A long term orientation is beneficial for the manufacturer and the buyer.
Manufactures reputation	Does the manufactures uphold a good reputation

	within the broader market.
Footprint	A buyer prefers to buy and support a local manufactured product.

Source: Skytte and Blunch (2001:134).

Glynn (2010: 1227) showed that brands have to offer something distinctive in order to maintain its competitive advantage over moderate or less known brands. Sethuraman and Cole (1999: 342) found that consumers are willing to pay a premium price for a high quality product or if a positive quality differentiation exists compared to other brands. A premium price is the “maximum’ price consumers are willing to pay for a specific brand relative to a competing brand as the proportionate differential (Sethuraman & Cole, 1999: 340). Retail buyers are well aware of consumer tastes and preferences, but the consumer still has the ability to shape demand even within the constraint product offerings of the retailer (Dawson, 2013: 345). He, Fletcher and Arbindra (2005: 79) argue that groundnuts have lost market share in the snack industry due to increased competition from alternative product snack offerings such as potato chips, popcorn, and pretzels.

In addition Nelson *et al.* (2005: 215) confirm that the expected market share of a potential new groundnut product would be able capture the market at various price levels, and concluded that a definite correlation exists between price increases and a declining market share. He *et al.* (2005: 79) argues that consumers have unfound health risks perception of groundnuts by indicating the benefit of unsaturated fat, which complimented a low-carbohydrate diet. With the improvement of consumers knowledge regarding the nutritional attributes associated with groundnuts, snack groundnuts could see a renewed rise in demand (He *et al.*, 2005: 80). Jekanowski, *et al*. (2000: 50) also highlighted that consumers with higher education levels became more likely to differentiate products on tangible quality characteristics and price, and are less susceptible to advertising and branding initiatives. He *et al.* (2005: 80) conducted a study on snack groundnuts consumption behaviour and type preference, and the respondents’ behaviour with regards to groundnut consumption cumulated to:

- 82% consumes groundnuts at home
- 29% consumed groundnuts at someone else’s home
- 17% often consumes groundnuts at the workplace

- 61% drank a soft drink while eating groundnuts
- 14% drank beer while eating groundnuts
- Less than 1% are consumed with breakfast
- Less than 3% are consumed with lunch
- Less than 3% with dinner
- 3 % are consumed during mid-morning
- More than 35 % are consumed mid-afternoon
- More than 49 % are consumed after-dinner

The preferred type is directly associated with the choices available, but consumers chose groundnuts according to taste and personal preference. He *et al.* (2005: 80) illustrates that consumer's age, gender, ethnic status, and education influence consumers tastes and preferences.

2.8 SUMMARY

A literature review was conducted to determine the factors affecting purchasing behaviour of retail buyers, but a single general conceptual model to measure retailer buying behaviour is lacking and is unrelated. Retail buyers are the "gatekeepers of consumer choice" and consumers can only choose from a product range a retailer has on shelf. Buying behaviour as well as the factors that influence buyer's decisions was described in a B2B context.

A conceptual model for buyer behaviour, consumer's perceptions of brands and retailers as well as a key brand loyalty influences model was illustrated. Manufactures are able to create trade leverage when dealing with retailers and these brands determine how retailers and manufactures approach their B2B relationships. It was also illustrated how the reputation of the retailer can have a strong influence on the buying behaviour, as the retailer rather than the product becomes the brand in the long run.

Branding is of significant importance in the retailing industry to influence consumer's perceptions about the specific retailer, store selection and increased loyalty towards the retailer and brand. Lastly a list of product attributes most important to the retailers was discussed and a list of consumption habits was highlighted. In the next chapter the data gathered by means of an adapted research instrument developed by Moola and Bisschoff (2012: 106) will be discussed.

CHAPTER 3

RESEARCH METHODOLOGY AND RESULTS

3.1 INTRODUCTION

This chapter provide the exploratory research methodology used to determine which factors influence retail buyer's behaviour and loyalty of branded edible groundnuts. An explanation of the research methodology deployed and the results obtained are discussed accordingly. Data collected have been analysed by means of the following statistical methods:

- Descriptive statistics
- The Kaiser-Meyer-Olkin measure of sampling adequacy
- Bartlett's test of sphericity
- Exploratory factor analysis
- Cronbach Alpha

A demographic profile overview of the respondents is given, and descriptive statistics is then assessed relating to the different influences of retail buying behaviour and brand loyalty. The Kaiser Meyer Olkin measure, Bartlett's test of sphericity and Cronbach Alpha was used in an attempt to determine whether the data is appropriate for factor analysis. The factor analysis was employed to get a clearer understanding of which factors are the most important, and will have a significant effect or influence on retailers buying behaviour as well as brand loyalty toward branded edible groundnuts.

3.2 RESEARCH METHODOLOGY

Data was collected by using a questionnaire (Appendix A). The collected data represented the response of retail buyers to questions, and was utilised to determine which factors influence their purchase behaviour and loyalty towards a brand. The questionnaire used was developed based on the following models:

- Key brand loyalty influences (Figure 2.3) (Moola & Bisschoff, 2012: 106).

- Howard-Sheth model of buyer behaviour (Figure 2.1) (Du Plessis, Rousseau & Blem, 1995: 355).
- A conceptual model between retailers' perceptions of brands and suppliers (Figure 2.2) (Zboja & Voorhees, 2006: 382).
- Factors retail buyers consider before buying (Table 2.1) (Insch et al., 2011: 261; Doyle and Weinberg, 1973: 51).
- Product attributes most important for food retail buyers (Table 2:1) (Skytte and Blunch, 2001:134)

The sample consisted of buyers of branded groundnuts within the Gauteng and North-West provinces'. A total of 250 questionnaires were distributed and 143 questionnaires were completed. This realised in a 58% response yield rate. All questionnaires were distributed through a distribution company delivering a range of snacks to various retailers in both the North West and Gauteng provinces.

3.3 STATISTICS

The Statistical Package for the Social Sciences Incorporated (SPSS Inc), version 21, was employed to statistically analyse collected data. The following statistical applications were used to analyse and validate the data:

3.3.1 Kaiser Meyer Olkin measure of sampling adequacy

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was deployed to determine whether the samples used were satisfactory. The KMO measure of sampling adequacy returns a value of between 0 and 1 of the fraction of variance between the variables (Darlington 2004:13). According to Field (2009: 647), a value near to 1 indicates that patterns of correlations are relatively close and that the factor analysis should yield distinctive and reliable factors. Values between:

- 0.5 and 0.7 are regarded as average, and
- values between 0.7 and 0.8 are regarded as good,
- values between 0.8 and 0.9 are excellent, and

- values above 0.9 are outstanding

Field (2009: 647) states that values of the KMO that measure closer to 1.0 indicates that factor analysis may be performed and that a higher value will ultimately result in more reliable factor analysis of the sample. Field (2009: 659) also states that a larger measure of sample adequacy will result in better data analysis and furthermore, should the KMO measure of sample adequacy be less than 0.5, the data is not acceptable for factor analysis purposes.

3.3.2 Bartlett's test of sphericity

The Bartlett test of sphericity is a statistical test that is associated with factor analysis and it examines the hypothesis that the variables in the population are uncorrelated. It is an indicator of the strength of the relationship among variables, and is also an indicator of whether the data is suitable for factor analysis (Field 2009: 782). In other words, the Bartlett test of sphericity tests the null hypothesis. Thus each variable correlates with itself (r = 1) but has no correlation to other variables (r = 0). A significance level of 0.0000 is small enough to reject the hypothesis and it can be concluded that the strength of the relationship among variables is strong, this justify that the data could be employed to factor analysis (Field, 2009: 660).

3.3.3 Factor analysis

Factor analysis could be described as a collection of methods examining how underlying constructs influence the responses on a number of measured variables, and could be defined as a process that test whether a specified set of constructs influence responses in a predicted way (DeCoster, 1998: 1). According to Field (2009: 673) exploratory factor analysis with factor loadings of ≥0.4 could be considered to validate the items that measure each of determined factor constructs, and that a cumulative variance of ≥60% could be regarded as a good fit of the data.

3.3.4 Cronbach Alpha

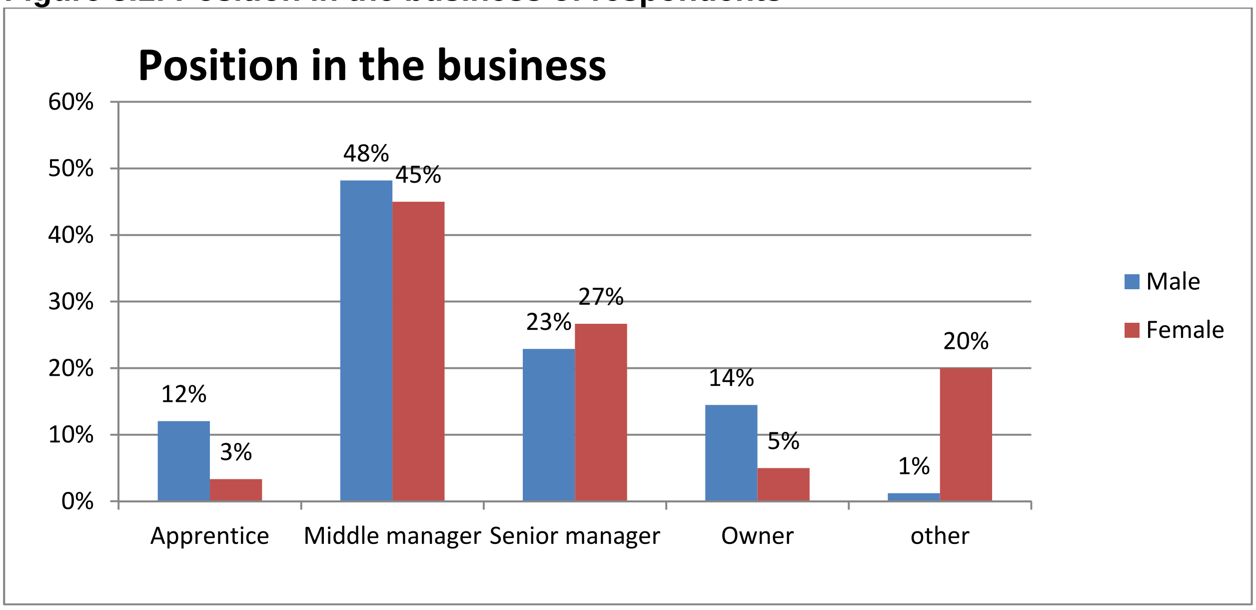
Peterson (1994: 381) defines reliability as the degree to which measures are free from error and yield consistent results. Peterson also states that for a scale to be valid and practical, it must be reliable. Cronbach Alpha was utilised to determine the reliability of each of the buying behaviour and brand loyalty influences from the data. Field (2009: 668) states that the reliability is regarded to be satisfactory when the Alpha coefficient is ≥0.70. Cortina (1993: 102) indicate that for exploratory research, levels of ≤.58 can still be regarded as acceptable. It should be noted however that the results of repeated studies might differ at these low levels.

3.4 RESULTS

3.4.1 Demographic profile

The demographic profile of the respondents who are actually responsible for purchasing edible groundnuts includes gender, store type, position in the business, educational background, and the current trading area. More males 83 (58%), compared to female 60 (42%) participated in the survey. 77 (54%) of the respondents are employed within a corporate retail chain, and 66 (46%) are employed within an independent retail chain (Figure 3.1).

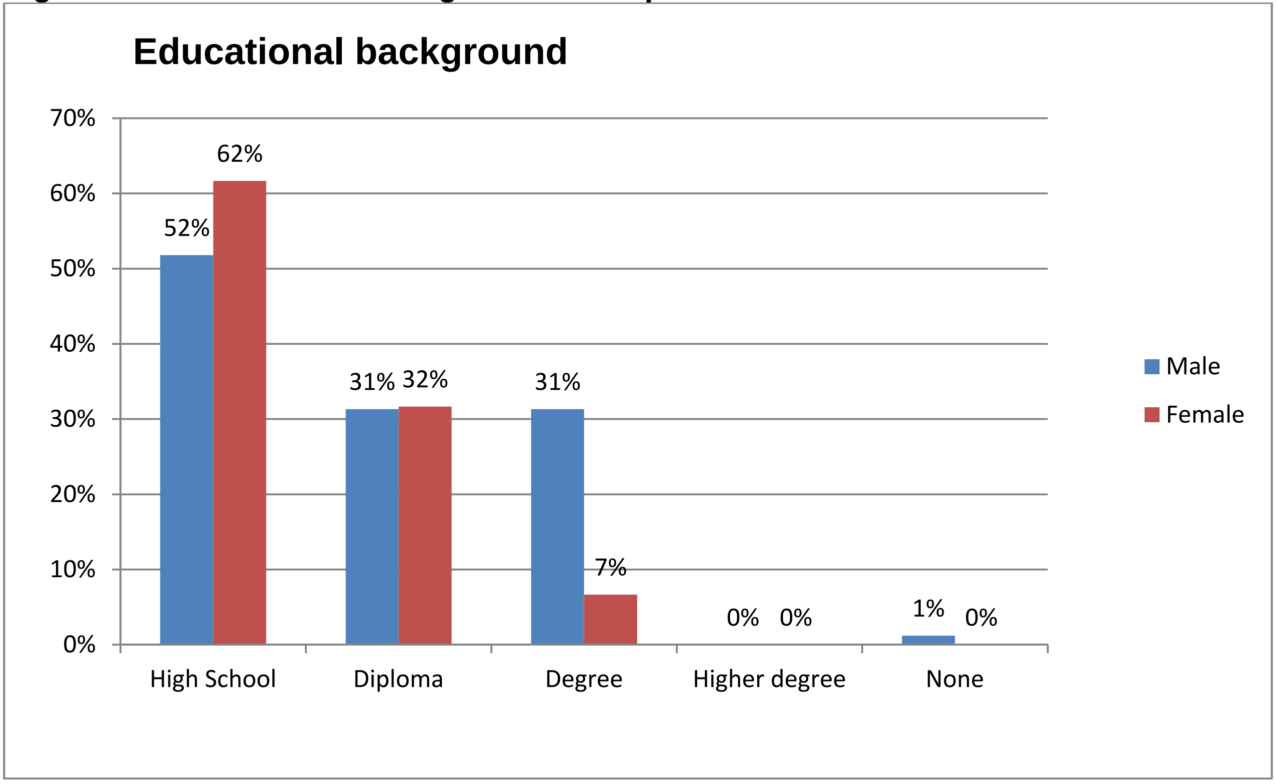
Figure 3.1: Position in the business of respondents



Of the respondents, majority are currently employed as middle or senior managers in their respective businesses. It is interesting to note that when compared to females, 28% more males are employed as apprentice's, 3% more as middle managers and that 9% more own their own businesses. Compared to males, there are 4% more females employed as senior and 19% more females operate in other types of FMCG businesses (Figure 3.1).

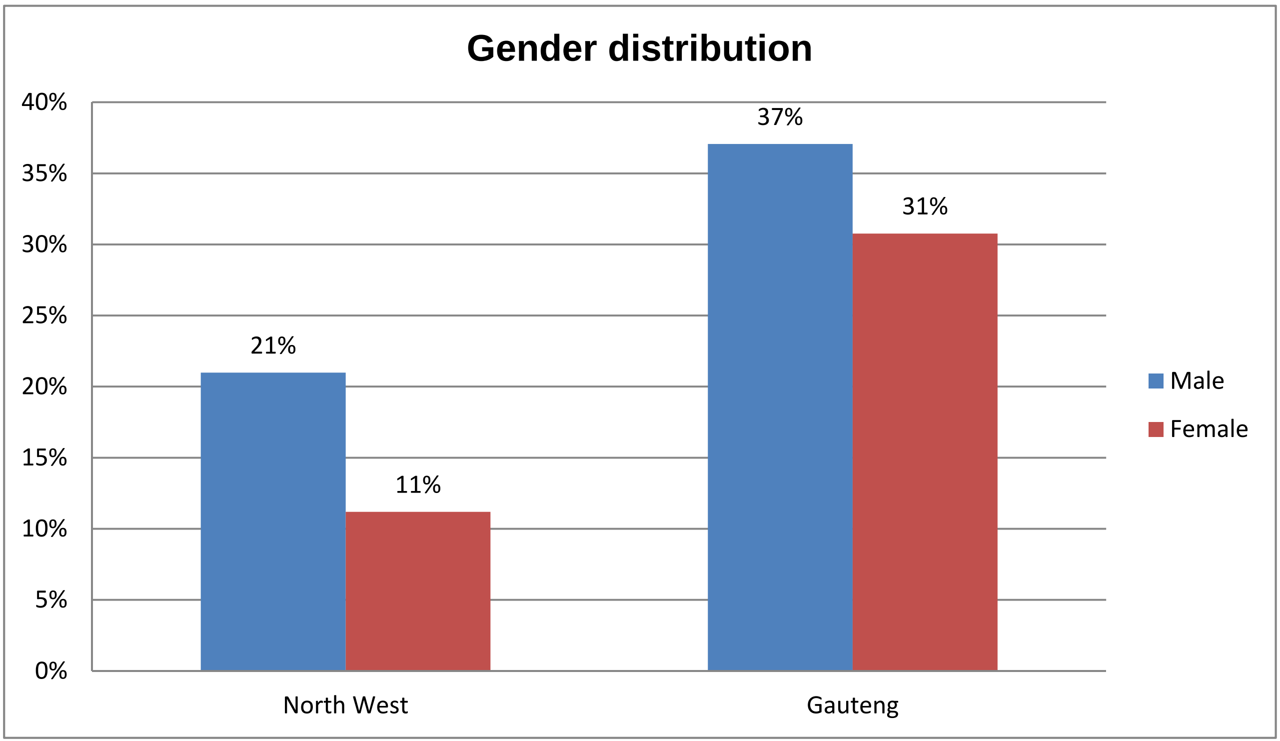
The education profile of the sample indicated that compared to females, 24% more males have a degree and 1% actually had no formal qualification. Compared to males, females have 10% more high school and 1% more diploma qualifications (Figure 3.2).

Figure 3.2: Educational background of respondents



The survey was conducted within the trading areas of two provinces. From the North West 46 (32%) questionnaire were completed and from Gauteng, 97 (68%). There were 47% more males in the North West and 17% more in the Gauteng province, compared to females (Figure 3.3).

Figure 3.3: Respondents Gender distribution per trading area



3.4.2 Descriptive Statistics

3.4.2.1 Groundnut brand perceptions

In order to better understand retail buyer brand perceptions with regards to groundnuts that is currently available in the market; the key brands represented in the majority of retail chains was identified and given to respondents as an option to choose from as a preferred brand as well as a perceived quality offering. The survey was based on a 5-point Likert scale and the results are presented in Table 3.1 and Table 3.2. The reliability of the data was also determined by employing the coefficient of Cronbach Alpha (Table 3.3).

Table 3.1 provides the results from the survey in an attempt to indicate which current brand respondents would prefer to purchase and offer for resale. There is a significant preference towards Simba and Safari. Simba is marginally ahead of Safari, but both brands are the preferred choice compared other brand offerings (Figure 3.4). It is also noteworthy that only 24 respondents included "other" brands, and still did not regard them as a preferred choice. "Other" brands also had the lowest mean, indicating that new entrants have to compete with the two leading brands, and that the current formal retail environment is very competitive.

Table 3.1: Brand Preference mean

Code	**Brand name**	**N**	**Min**	**Max**	**Mean**	**Standard Deviation**
BP 1	Champ	142	1	3	2.105	.721
BP 1	House Brand	143	1	4	2.335	.701
BP 3	Messaris	142	1	4	2.5	.702
BP 4	Safari	143	2	5	4.118	.707
BP 5	Simba	143	2	5	4.398	.618
BP 6	Snack Factory	143	1	3	2.209	.626
BP 7	Other Brand	24	1	3	1.75	.793

Figure 3.4: Respondents preferred groundnut brands

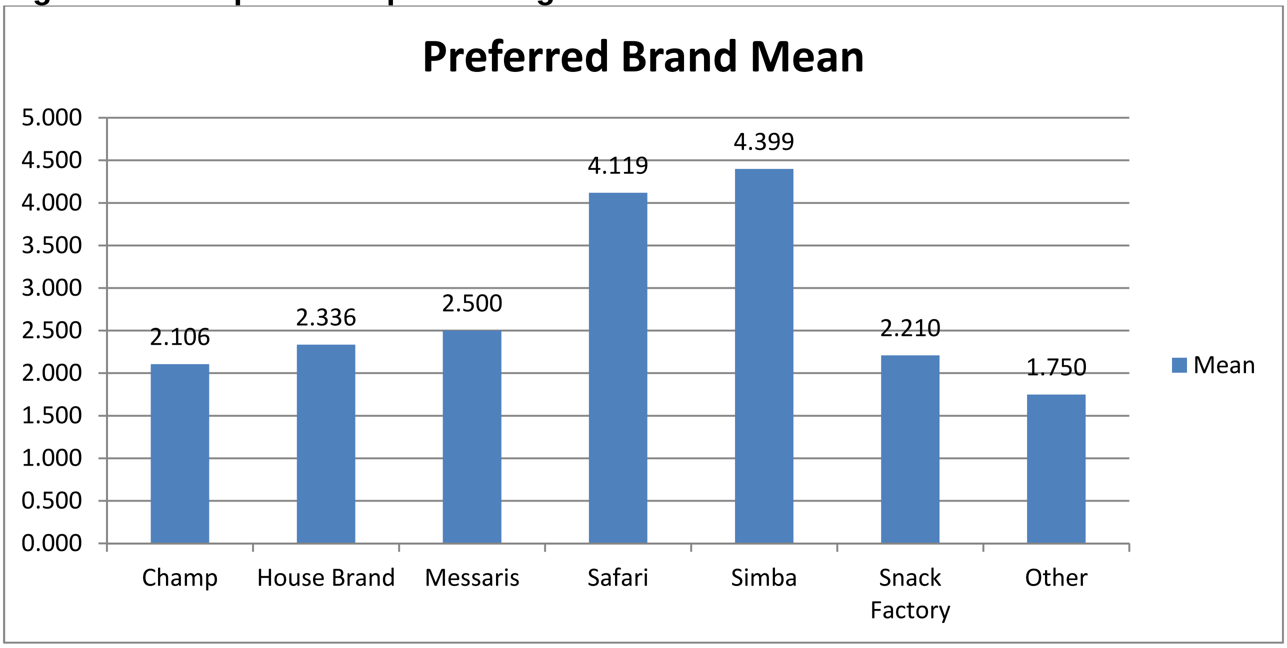


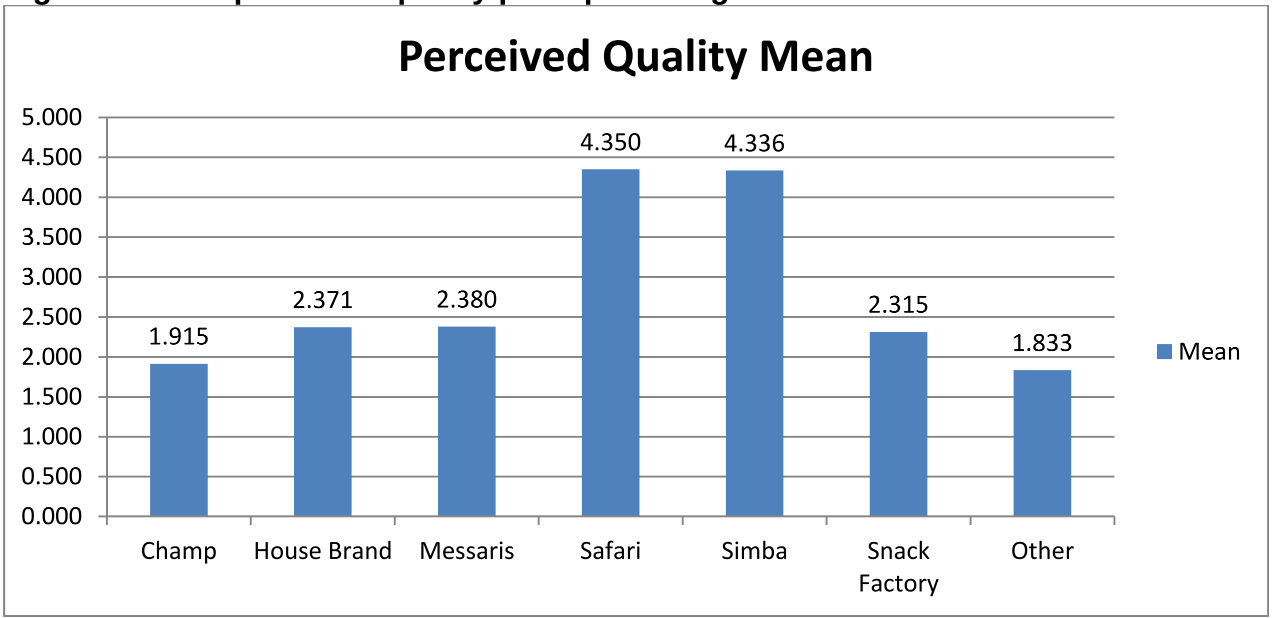
Table 3.2 illustrates the survey results of which current groundnut brand is currently regarded by the respondents as a better quality product. There is also significant preference towards Simba and Safari. Safari seems to be marginally ahead of Simba, but similar as with the aforementioned brand preference, both brands are highlighted by

respondents to be better in terms of perceived quality, compared other competing brand offerings (Figure 3.5).

Table 3.2: Brand perceived quality mean

Code	Brand name	N	Min	Max	Mean	Standard Deviation
BP 1	Champ	142	1	3	1.915	.635
BP 1	House Brand	143	1	4	2.370	.657
BP 3	Messaris	142	1	4	2.380	.760
BP 4	Safari	143	4	5	4.349	.478
BP 5	Simba	143	2	5	4.335	.555
BP 6	Snack Factory	143	1	4	2.314	.654
BP 7	Other Brand	24	1	3	1.833	.816

Figure 3.5: Respondents quality perception of groundnut brands



To validate the reliability of the data, the coefficient of Cronbach Alpha was employed. This tested the reliability of the questions within the questionnaire, by confirming the formulated questions do measure both brand preference (.630) and perceived brand quality (.637) of groundnuts. Table 3.3 indicates that both dimensions were just below the 0.7 cut-off, but still provided acceptable results for explanatory research (Cortina, 1993: 103). When question 5, which negatively influence the preferred – and perceived quality brands is deleted, the results increase to a much more satisfactory level of .705 (Preferred brand) and .694 (Perceived quality). It can be concluded the data is reliable and that the questions posed in the questionnaire are valid.

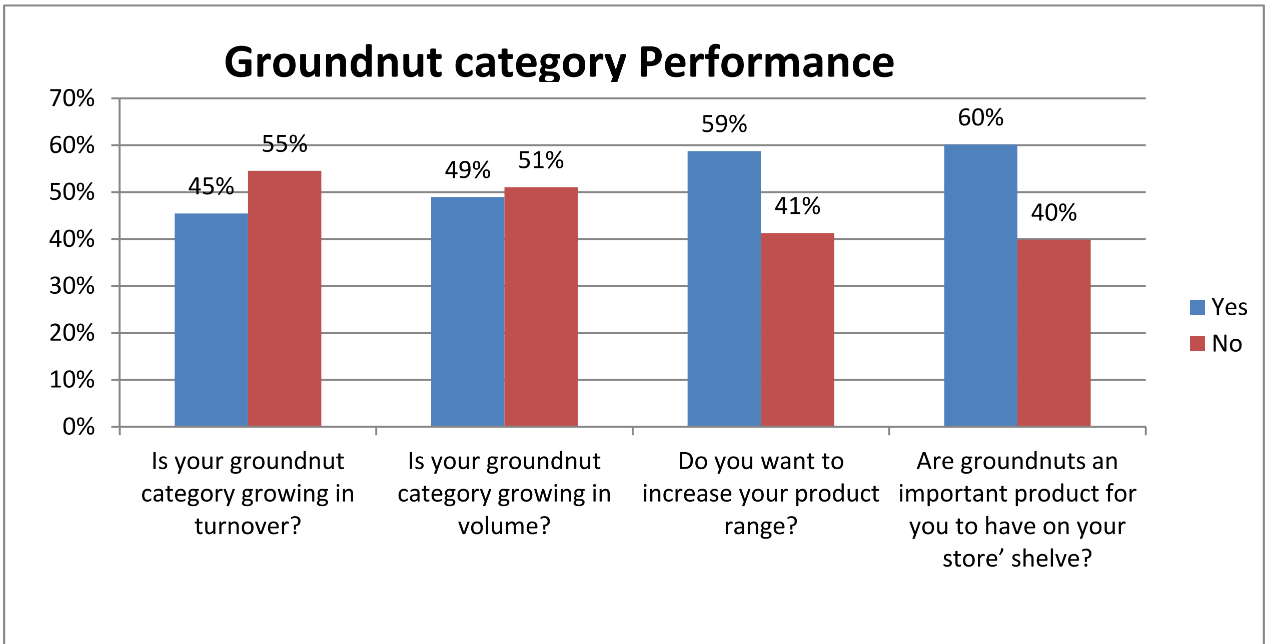
Table 3.3: Validated Questions reliability per dimension

Dimension	Cronbach Alpha	Questions Validated	Cronbach Alpha (after deleting questions)
Preferred Brand	.630	1,2,3,4,(5),6,7	.706
Perceived Brand Quality	.637	1,2,3,4,(5),6,7	.694

3.4.2.2 Groundnut category performance

As illustrated by Figure 3.6, 55% of respondents indicated that their current groundnut category is not growing in turnover and, 51% indicated that their groundnut category is not growing in volume. Respondents also confirmed that should there be a wider range of product offerings available, 59% would buy more. This pose an opportunity for manufactures and suppliers of groundnuts, as 60% of respondents regards groundnuts as an important product in their stores.

Figure 3.6: Respondents groundnut category performance



3.4.3 Buying behaviour mean values

The mean values of all questions posed in the questionnaire, are illustrated in table 3.4. Field (2009: 35) showed that mean values could be interpreted as follows:

- Less than 3 can be regarded as unacceptable
- Between 3 and 3.5 can be regarded as acceptable
- More than 3.5 can be regarded as very satisfactory

Table 3.5 highlights all factors that measured mean values of 3.5 and higher. As indicated, a mean value of 3.5 and higher could be regarded as satisfactory. These factors could be seen as having an effect on retail buying behaviour. The factors presented in Table 3.5 are important and subsequently could have an effect on retailer groundnut buying behaviour as well a brand loyalty. An interpretation of the identified factors could be:

- Retailers are generally satisfied with the groundnut brands they purchase.
- Distinctive attributes keep retailers from buying more groundnuts.
- A retailer will not repeat a purchase if they are dissatisfied with a particular groundnut brand.
- Prevailing economic conditions will make retailer to switch groundnut brands.
- Retailers trust the groundnut brands they normally buy.
- Retailers buy groundnut brands that show consistent high quality.
- The reputation of a groundnut brand is a key factor for a retailer to continue buying it.
- Retailers have a preference to maintain a long term relationship with a specific groundnut supplier.
- Continuous focus and communication is important for the retailer.
- Greater involvement with a specific groundnut brand increases the retailer’s preference towards that specific brand.
- Perceived product quality is important for a retailer’ preference towards a groundnut brand.
- Price worthiness is a key influence when retailers buy a groundnut brand.
- Purchased groundnut brands should enhance retailer’s reputation with their customers.
- Retailers buy groundnut brands that portray freshness and positive significance.

- Retailers prefer groundnut brands that are constantly updating, innovation and improving to stay relevant in the market.
- Retailers evaluate groundnut brands based on perceived performance in the category.
- Should a better performing groundnut be available, the retailer will switch to that brand.
- Retailers buy the top performing groundnut brand.
- The company the retailer buys their groundnuts from must have a good reputation.
- The company the retailer buys their groundnuts from must have a strong brand.

This is a very simplified interpretation based on the mean values, and a further more advance analysis must be conducted to elaborate on retailers buying behaviour in general.

Table 3.4: Mean values of all survey questions

Measurement Category	Statement	N	Min	Max	Mean	Standard Deviation	Grand Mean
Customer Satisfaction	I am satisfied with the GN brand I purchase.	143	2	3	4.125	.669	
	Distinctive GN attributes keep me buying more.	143	3	2	3.818	.774	
	I do not repeat a purchase if I am dissatisfied about a particular GN brand.	143	5	5	3.944	.909	3.96
Switching Cost Risk	I do not switch GN brands because of the high cost implications.	143	1	5	3.363	.923	
	I do not switch GN brands because of the effort required to find a replacement.	143	1	5	2.965	.930	
Aversion	I avoid switching GN brands due to the risks involved.	143	1	5	2.538	.969	
	I switch GN brands according to the prevailing economic conditions.	143	2	5	3.748	.809	3.153
Brand Trust	I trust the GN brands which I purchase.	143	1	5	3.993	.899	
	The GN brands I purchase have consistently high quality.	143	3	5	4.244	.571	
	The reputation of a GN brand is a key factor for me to continue buying it.	143	2	5	4.286	.677	4.174
Relationship Proneness	I prefer to maintain a long term relationship with a GN supplier.	143	3	5	4.349	.652	
	I maintain a relationship with a GN supplier that focuses and communicates with me continuously.	143	2	5	3.552	.728	3.951
Involvement	My preference towards a GN brand increases the more I am involved	143	2	5	3.503	.739	

	with it.						
	I consider other GN brands when my involvement with a particular brand diminishes.	143	1	5	3.139	.835	3.321
Perceived Value	My preference for a GN brand is based on product quality.	143	3	5	4.223	.665	
	Price worthiness is a key influence when I buy a GN brand.	143	2	5	4.265	.768	
	The GN brands that I purchase enhance my reputation with my customers.	143	2	5	4.111	.661	4.200
Commitment	I do not purchase/sample other GN brands if my preferred GN brand is unavailable.	143	1	5	3.153	.898	
	I remain committed to a GN brand even through price increases.	143	1	5	2.769	.969	
	I remain committed to a GN brand even through declining popularity.	143	1	5	2.979	.907	2.967
Repeat Purchase	I do not necessarily purchase the same GN brand all the time.	143	1	5	2.587	.973	
	I always sample new GN brands as soon as they are available.	143	2	5	2.888	.904	
	I establish a GN brand purchasing pattern and seldom deviate from it.	143	1	5	2.902	.874	2.792
Brand Affect	I am distressed when I am unable to purchase a particular GN brand.	143	1	5	3.440	.924	3.440
Brand Relevance	The GN brands that I purchase have freshness about them and portray positive significance.	143	2	5	3.937	.724	
	My preferred GN brands are constantly updating, innovation and improving so as to stay relevant in the market.	143	1	5	3.720	.867	3.828
Brand Performance	I evaluate a GN brand based on perceived performance in the category.	143	2	5	3.678	.900	
	I will switch GN brands should a better performing GN brand be	143	2	5	3.846	.771	

	available.						
	I only buy the top performing GN brand.	143	1	5	3.517	.894	3.680
Company Reputation	The company I buy my GN brands from has a good reputation.	143	3	5	4.251	.598	
	The company I buy my GN brands from is a strong brand.	143	3	5	4.139	.576	4.195
Product Attribute	I rather buy other snacks, because GN is too expensive.	143	1	5	3.111	1.163	
	All GN brands are the same quality.	143	1	5	2.818	1.032	
	I see whole groundnuts as better quality than split nuts.	143	1	5	3.279	.988	
	If there were more flavours, I would buy more.	143	1	5	3.027	1.100	3.059

Table 3.5: Mean values higher than 3.5

Measurement Category	Statement	Mean
Customer Satisfaction	I am satisfied with the GN brand I purchase.	4.125
	Distinctive GN attributes keep me buying more.	3.818
	I do not repeat a purchase if I am dissatisfied about a particular GN brand.	3.944
Switching Cost Risk Aversion	I switch GN brands according to the prevailing economic conditions.	3.748
Brand Trust	I trust the GN brands which I purchase.	3.993
	The GN brands I purchase have consistently high quality.	4.244
	The reputation of a GN brand is a key factor for me to continue buying it.	4.286
Relationship Proneness	I prefer to maintain a long term relationship with a GN supplier	4.349
	I maintain a relationship with a GN supplier that focuses and communicates with me continuously.	3.552
Involvement	My preference towards a GN brand increases the more I am involved with it.	3.503
Perceived Value	My preference for a GN brand is based on product quality.	4.223
	Price worthiness is a key influence when I buy a GN brand.	4.265
	The GN brands that I purchase enhance my reputation with my customers.	4.111
Brand Relevance	The GN brands that I purchase have a freshness about them and portray positive significance.	3.937
	My preferred GN brands are constantly updating, innovation and improving so as to stay relevant in the market.	3.720
Brand Performance	I evaluate a GN brand based on perceived performance in the category.	3.678
	I will switch GN brands should a better performing GN brand be available.	3.846
	I only buy the top performing GN brand.	3.517
Company Reputation	The company I buy my GN brands from has a good reputation.	4.251
	The company I buy my GN brands from is a strong brand.	4.139

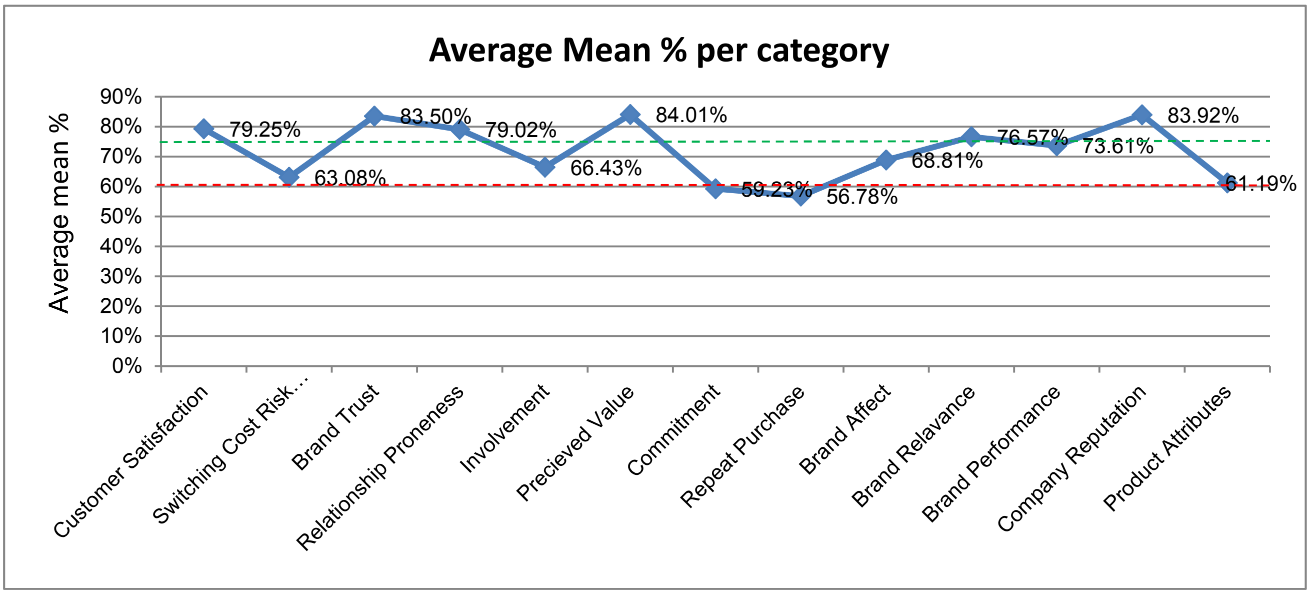
3.4.3.1 Grand mean values per category

In order to present the category means, it was converted to a percentage format as presented in Figure 3.7. It was done by converting each category average mean values of the 5-piont Likert scale to a percentage, and divided it by 5. For interpretation purposes, Bisschoff and Haasbroek (2009: 24) indicate that:

- A level of less than 60% can be regarded as unimportant
- 60% to 75% can be regarded as acceptable or important
- 75% and higher can be regarded as excellent or very important.

As illustrated by Figure 3.7, the following categories: perceived value (84.01%), company reputation (83.92%), brand trust (83.50%), customer satisfaction (79.25%), relationship proneness (79.02%), brand relevance (76.57%) are all seen as very important factors and the potential interaction between them will have an effect on retail buying behaviour. Brand Performance (73.61%), brand affect (68.81%), involvement (66.43%), switching cost (63.08%), product attribute (61.19%), all measured between 60% and 75% and can be regarded as important range that will affect the buying behaviour of retailers. both commitment (59.23%), repeat purchase (56.78%) below 60% and to extend can be regarded as unimportant with a relative small influence on retail buying behaviour and brand loyalty.

Figure 3.7: Average mean values, per measured category



3.4.4 Sample adequacy and Sphericity

In order to determine whether the sample was adequate, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was performed. The Bartlett's test of sphericity was used to determine whether the variables are uncorrelated in the sample. The results are presented in Table 3.6.

Table 3.6: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.721
Bartlett's Test of Sphericity	Approx. Chi-Square	3037.920
	Df	595
	Sig.	0.000

The KMO measured at 0.721, which fall in the range of 0.7 and 0.8 and thus can be regarded as good. The data is acceptable for factor analysis purposes. Bartlett's test of sphericity yielded a significant value of 0.000 and is small enough to reject the hypothesis and it could be concluded that there is a strong relationship between the variables. This value is acceptable to subject the data for factor analysis.

3.4.5 Factor Analysis

The factor analysis determined that 10 factors could be extracted from the data. Table 3.7 illustrates the total variance explained by al ten factors. Factor 1, in the factor analysis explains 24.80% of the variance. A cumulative variance 62.52% is explained by the factor analysis, and represents a good fit of the data with regard to the buying behaviour of retailers (Field, 2009: 647). Table 3.8 is a component pattern matrix which groups the determined factors explained and also shows the percentage explained of each factor.

Table 3.7: Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.683	24.808	24.808	8.333	23.810	23.810
2	3.356	9.588	34.396	3.008	8.595	32.405
3	2.773	7.921	42.317	2.435	6.957	39.362
4	2.162	6.177	48.494	1.832	5.234	44.596
5	1.837	5.248	53.742	1.414	4.040	48.636
6	1.622	4.634	58.375	1.217	3.477	52.113
7	1.504	4.297	62.673	1.126	3.218	55.330
8	1.412	4.034	66.707	1.055	3.015	58.345
9	1.189	3.396	70.104	.815	2.330	60.675
10	1.017	2.905	73.009	.646	1.846	62.522

The identified factors have been named and are interpreted as follows:

Factor 1: Long-term relationship with a preferred brand.

Factor 1 is an important factor and it has been identified as *long-term relationship with a preferred brand*. There are four items loaded into this factor and it explains 24.80% of the variance. The items loaded into the factor points to a required long-term relationship with the manufacturer and that there is a tendency that preference towards the brand increases with direct communication, involvement and the reputation of the groundnut brand.

Factor 2: Brand Loyalty

Factor 2 is labelled as *brand loyalty*. Four items are loaded in this factor and it explains 9.58% of the variance. Retailers do form a sense of loyalty with a specific brand and stay committed to the brand, even if price increases are imposed. There are a few retailers that will maintain a routine order. A perception exists that there is a relative risk involved by switching to an alternative brand, and the retailer would rather have less stock than bringing in a new groundnut brand.

Factor 3: Brand trust

Factor 3 is labelled as *brand trust*. Three items are loaded in this factor and it explains 7.92% of the variance. As long as a groundnut brand continues to perform in the marketplace, retailers will continue to buy it based on the opinion that the right choice was made. Even with replacement suppliers and brands available, there is still a preference to support the leading brand, as the retailer perceive it to be the best brand.

Factor 4: Brand performance

Factor 4 is labelled as *brand performance*, two items are loaded in this factor and the factor explains 6.17% of the variance. Retailers base their decisions to purchase after evaluating the groundnut brand performance in the category. Should a better performing groundnut brand be available in the marketplace compared to current brands, the retailer will buy the better performing brand as an addition to their current snack category.

Factor 5: Satisfaction

Factor 5 is labelled as *satisfaction*; with three items loaded in this factor it explains 5.24% of the variance. Retailers are satisfied with constant brand improvements to maintain the competitive advantage. Retailers also prefer to buy a product that portrays a distinct freshness. Should the requirements not be met, an alternative brand would be considered.

Factor 6: Intentional repurchase

Factor 6 could be identified as *Intentional repurchase*. Two items is loaded in this factor and explains 4.63% of the variance. Retailers are determined to have a preferred brand on shelve, and will attempt maintain their specific chosen groundnut product range.

Factor 7: Brand affect

Factor 7 is labelled as brand affect and is explained by a variance of 4.29%. Three items are loaded in this factor and it shows that retailers perceive a groundnut brand to be just as good as its last encountered experience. Though the retailer will remain loyal towards a specific brand, they still see groundnuts in general as the same, and will sample a new groundnut brand should it be presented.

Factor 8: Company reputation

Factor 8 is identified as *company reputation* and is explained by a variance of 4.03%. Six items are loaded in this factor. Retailers prefer to buy from a company that has a good reputation with a strong or well-known brand offering. Quality must be consistent and an extended product range is preferred.

Factor 9: Involvement

Factor 9 explains a variance of 3.39% and is labelled as *involvement*. There is only a single item loaded in this factor. As a Retailers' involvement in the brand decline, the retailers' interest in a brand also declines.

Factor 10: Value for money

Factor 10 is labelled as *value for money* and explains a variance of 2.90%. Three items are loaded in this factor. It is evident that retailers do consider price worthiness when buying a specific groundnut brand. Should there be an economic constraint, cheaper brand would be considered, as long as the brand is accepted by the retailer's customers.

Table 3.8: Component Pattern Matrix per question

No.	Behaviour factors	Factor: 1	2	3	4	5	6	7	8	9	10
12	I maintain a relationship with a GN supplier that focuses and communicates with me continuously.	.671									
10	The reputation of a GN brand is a key factor for me to continue buying it.	.600									
13	My preference towards a GN brand increases the more I am involved with it.	.538									
11	I prefer to maintain a long term relationship with a GN supplier.	.523									
19	I remain committed to a GN brand even through price increases.		.676								
6	I avoid switching GN brands due to the risks involved.		.675								
18	I do not purchase/sample other GN brands if my preferred GN brand is unavailable.		.515								
23	I establish a GN brand purchasing pattern and seldom deviate from it.		.506								
8	I trust the GN brands which I purchase.			.798							

29	I only buy the top performing GN brand.			.634							
5	I do not switch GN brands because of the effort required to find a replacement.			-.448							
27	I evaluate a GN brand based on perceived performance in the category.				-.826						
28	I will switch GN brands should a better performing GN brand be available.				-.695						
26	My preferred GN brands are constantly updating, innovation and improving so as to stay relevant in the market.					.700					
25	The GN brands that I purchase have a freshness about them and portray positive significance.					.647					
3	I do not repeat a purchase if I am dissatisfied about a particular GN brand.					.457			-.446		
24	I am distressed when I am unable to purchase a particular GN brand.						.692				
21	I do not necessarily purchase the same GN brand all the time.						-.484				
20	I remain committed to a GN brand even through declining popularity.							-.736			
33	All GN brands are the same quality.							-.624			
22	I always sample new GN brands as soon as they are available.							-.516			

2	Distinctive GN attributes keep me buying more.							-.413			
30	The company I buy my GN brands from has a good reputation.								-.627		
31	The company I buy my GN brands from is a strong brand.								-.568		
15	My preference for a GN brand is based on product quality.								-.507		
9	The GN brands I purchase have consistently high quality.	.440							-.500		
35	If there were more flavours, I would buy more.								-.452		
1	I am satisfied with the GN brand I purchase.								-.444		
14	I consider other GN brands when my involvement with a particular brand diminishes.									-.827	
16	Price worthiness is a key influence when I buy a GN brand.										.658
7	I switch GN brands according to the prevailing economic conditions.										.567
17	The GN brands that I purchase enhance my reputation with my customers.										.500

3.4.6 Reliability

Cronbach Alpha coefficients were employed to statistically determine the reliability of the data. The reliability measures appear in Table 3.9. As mentioned before, reliability is regarded to be satisfactory when the Cronbach Alpha coefficient is higher than 0.70. The overall data measured .877 and could be regarded as reliable.

Table: 3.9: Reliability Statistics

Cronbach Alpha	N of Items
.877	35

The validation of the questions is illustrated in Table 3.10. All questions correspond with the questionnaire (Appendix A). The dimension column refers to Cronbach Alpha for each group of questions when it is entered into the factor analysis. If a low reliability is displayed, the identified individual low reliability coefficients of the questions are considered and deleted in an attempt to increase the reliability. The individual deleted questions are indicated by the brackets. The improved reliability coefficients are then displayed in the last column where the target reliability coefficient of ≥0.70 is highlighted accordingly. It should be noted that as this is exploratory research, and the lower value as of 0.58 can also be regarded as acceptable (Moola & Bisschoff, 2012: 106).

The following was determined:

- Customer satisfaction measured an unsatisfactory coefficient of .432; even with question number 3 deleted the reliability increased to a marginally higher .476 which is still regarded as unacceptable.
- Switching cost risk aversion also measured a final unsatisfactory level of .530.
- Brand trust is regarded unacceptable at .527.
- Relationship proneness measured acceptable for exploratory research at .589.
- Involvement was found unacceptable at .220.
- Perceived value measured satisfactory at .736.
- Commitment measured unacceptable at .468
- Repeat purchase measured .493, when questions 21 were deleted, reliability increased to .585.
- Brand relevance measured very satisfactory at .861.

- Brand performance measured .622, and increased .684 to after question 29 was deleted.
- Company reputation measured acceptable at .692.
- Product attribute measured .434 and significantly increased to .604 after the deletion of question 32.

From of table 3.10 it is evident that Relationship Proneness, Perceived Value, Company Reputation are reliable and that these influences have been measured by all the relevant questions, and that there is no need to change these sections of the questionnaire.

Table 3.10: Validated Questions per Dimension

Dimension	Cronbach Alpha	Questions Validated	Cronbach Alpha (after deleting questions)
Customer Satisfaction	.432	Q1,Q2,(Q3)	.476
Switching Cost Risk Aversion	.485	(Q4),Q5,Q6,Q7	.530
Brand Trust	.358	(Q8),Q9,Q10	.527
Relationship Proneness	**.589**	Q11,Q12	**.589**
Involvement	.220	Q13,Q14	.220
Perceived Value	**.736**	Q15,Q16,Q17	**.736**
Commitment	.468	Q18,Q19,Q20	.468
Repeat Purchase	.493	(Q21),Q22,Q23	**.585**
Brand Relevance	**.861**	Q25,Q26	**.861**
Brand Performance	**.622**	Q27,Q28,(Q29)	**.684**
Company Reputation	**.692**	Q30,Q31	**.692**
Product Attribute	.434	(Q32),Q33,Q34,Q35	**.604**

Note: Deleted questions are indicated by brackets

With the deletion of questions 4, 8, 21, and 32; switching cost risk aversion, brand trust, repeat purchase, and product attribute showed improvement in reliability respectively. These questions do have a significant negative effect on measuring buyer behaviour and brand loyalty, and should be considered to be removed from the questionnaire. Customer satisfaction, switching cost risk aversion, brand trust, are all just below the .58 mark. Cortina (1993: 102) indicated that for exploratory research, a level lower that .50 can still be acceptable. It must be noted that the results might differ should the study be repeated in such cases. Both involvement and commitment measured as unreliable and further investigation is determine the reasons of the failure.

The Component Pattern Matrix (Table 3.8) identified 10 factors that could be extracted from the data. After the relevant questions have been grouped, the Cronbach Alpha coefficients were again used to statistically determine the reliability of the data. Table 3.11 illustrates the data accordingly.

Table 3.11: Validated of 10 new factors

Dimension	**Cronbach Alpha**	**Questions Validated**	**Cronbach Alpha (after deleting questions)**
Factor 1	**.782**	Q1,Q10,Q11,Q12	.**782**
Factor 2	**.683**	Q6, Q18, Q19, Q23	**.683**
Factor 3	.250	Q8,Q9,(Q5)	**.763**
Factor 4	**.684**	Q27,Q28	**.684**
Factor 5	.733	(Q3),Q25,Q26	**.861**
Factor 6	-.724	Q21,Q24	-.724
Factor 7	**.751**	Q2,Q20,Q22,Q33	**.751**
Factor 8	**.777**	Q1,Q15,Q30,Q31,Q35	**.777**
Factor 9	.220	Q14	.220
Factor 10	**.685**	(Q7),Q16,Q17	**.693**

A high level of reliability was achieved from the new contracted data and the factors measured the following:

- Factor 1 measured satisfactory at .782
- Factor 2 measured satisfactory at .683

- Factor 3 measured unsatisfactory at .250, when question 5 was deleted a significant higher .763 was measured.
- Factor 4 measured satisfactory at .684.
- Factor 5 measured satisfactory at .733. But with the removal of question 3, it increased to a very satisfactory .86.
- Factor 6 measured negative at -.724, and was the only factor regarded as unreliable.
- Factor 7 measured satisfactory at .751.
- Factor 8 measured satisfactory at .777.
- Factor 9 measured unsatisfactory at .220 and is regarded as unacceptable. It should be noted that this factor only consist of one question.
- Factor 10 measured satisfactory at .685, with the removal of question 7, a marginal improvement of .693 was realised.

3.5 SUMMARY

This chapter is the basis of the research project. It was determined that two brands, Simba and Safari, are significantly favoured by retail buyers over other groundnut brands. Descriptive statistics showed that brand performance, brand affect, involvement, switching cost/ risk aversion, and product attribute, are all important factors that have an effect the buying behaviour and brand loyalty of retailers.

The KMO measured at 0.721, and the Bartlett's test of sphericity yielded a significant value of 0.000, indicating that the data is suitable to subject to factor analysis. The factor analysis identified ten factors from the data and with a cumulative variance of 62.52%, the data represents a good fit to explain the buying behaviour of retailers.

The ten factors identified were named as follows:
Factor 1: Long-term relationship with a preferred brand, and explains a variance of 24.80%.
Factor 2: Brand Loyalty, and explains a variance of 9.58%.
Factor 3: Brand trust, and explains a variance of 7.92%.
Factor 4: Brand performance, and explains a variance of 6.17%.

Factor 5: Satisfaction, and explains a variance of 5.24%.
Factor 6: Intentional repurchase, and explains a variance of 4.63%.
Factor 7: Brand affect, and explains a variance of 4.29%.
Factor 8: Company reputation, and explains a variance of 4.03%.
Factor 9: Involvement, and explains a variance of 3.39%.
Factor 10: Value for money, and explains a variance of 2.90%.

Chapter four is the last chapter of this research report and concludes the project accordingly. Conclusions and recommendations from analysed data are presented as well as areas for future research with regards to retail buying and brand loyalty is provided.

CHAPTER 4

CONCLUSION AND RECOMMENDATIONS

4.1 INTRODUCTION

Conclusions and recommendations are based on the literature and empirical research results. Findings from chapter three will be discussed in this chapter. The chapter attempts to provide a framework for manufactures of branded edible groundnuts to get a better understanding of retail buyer's behaviour and their loyalty towards the brands they support.

4.2 CONCLUSIONS

The primary objective of this study was to analyse retail buying behaviour and brand loyalty of branded edible groundnuts. Through the factor analysis, ten factors have been identified to have a significant influence on both buyer behaviour and brand loyalty, and these factors also corresponds with literature on buying behaviour and brand loyalty.

Literature shows that a single conceptual model for specifically on the purchasing behaviour of retailers lack, compared to models measuring consumer purchasing behaviour (Skytte & Blunch, 2001: 133). Based on existing conceptual models for buyer behaviour, retailer's perceptions of brands and as well as a key brand loyalty influences were measured as part of exploratory research to determine whether it correspond with literature.

There were several factors identified through the study, which could have an influence on retailer buying behaviour. The study showed that retail buyers have specific preferences for specific edible groundnut brands. Both the Safari and Simba brands are clear market leaders, compared to competing brands. Retail buyers also support groundnut brands that they are satisfied with, and can trust to maintain the require quality and service levels. Buyers have a preference for groundnut brands that show consistent high quality and that portray freshness as well as a positive significance. Retailer buyers regard distinctive product attributes and value for money as factors keeping them satisfied and loyal. Should a retailer be dissatisfied with a particular groundnut brand, a repeat a purchase will not be guaranteed. Retailers evaluate groundnut brands based on perceived performance within their snack category. Since there are limited in-store shelf spaces available, there is a tendency to focus purchases from the top performing groundnut brands in an attempt to realise the highest category profitability. If a better performing groundnut brand is available, the retailer will switch to that brand

Value for money, for the customer as well as for the retailer, is a key influence when retailers have to decide which groundnut brand to purchase. To add to this, prevailing economic conditions will make a retailer switch between groundnut brands in an effort to maintain profitability and volume sales. In an attempt to remain competitive, a retail buyer prefers to support the market leader. Therefore the manufacturer or supplier the retailer buys groundnuts from, must have a strong brand as well as a good standing reputation. Retailers also have a preference to maintain a long term relationship with a specific groundnut supplier, and continuous focus and communication from the suppliers' side is an important factor to maintain the B2B relationship.

It should also be noted that since retailers are associated with the brands they offer to the final consumer, retailers purchase groundnut brands that enhances their reputation with their customers. Therefore the reputation of a groundnut brand is a key factor when a retailer has to decide to buy it or not. Furthermore, retailers prefer to support groundnut brands that stay relevant in the market through constantly updating, innovating and improving their product or brand image. Should the retail buyer have greater involvement with a specific groundnut brand, the retailer's preference towards the specific brand increases.

A study performed by Moola and Bisschoff (2012), provided the platform for this research project. Literature showed and confirmed that buyer behaviour and brand loyalty are determined and influenced by several aspects and it can be concluded that:

- Perceived value, company reputation, brand trust, customer satisfaction, relationship proneness, and brand relevance are all seen as very important factors that can have a significant effect on retail buying behaviour.

- Brand performance, brand affect, involvement, switching cost, and product attributes, are also regarded as factors that will have some effecting the buying behaviour and loyalty of retail buyers.
- Both commitment and repeat purchase can be regarded as unimportant and seem to have a relative small influence on retail buying behaviour and brand loyalty.

After performing a factor analysis, factors were identified that are regarded as to be important towards both buying behaviour and brand loyalty. It can be concluded that:

- A retailer wants to build a long-term relationship with a brand manufacturer, by means of direct, focused and frequent communication by a groundnut supplier. Retailers are forced to be more involved with a specific brand. Direct involvement adds to the retailer' brand preference, as well as the buyer's overall brand perception.

- Retailers are of the opinion that there is a relative risk involved by switching their trusted brand to an alternative brand. By having trust and satisfaction in their chosen brand, the retailer would rather have less stock on shelf, than listing a new groundnut brand. There are a few retailers that will maintain a routine order and by forming this loyalty with a specific brand, the retailers will stay committed to the brand, even when price increases are imposed.

- Brand trust in a brand is strengthened by its positive and continuous performance in the market place. As long as consumers buy it, the retailer will offer it as part of its category product offering. As long as the retailer perceive the brand as being the best, even with replacement suppliers and brands available, they will support the specific brand.

- Category performance is how retailers measure their performance. This could be broken down further into specific line items, which represent a specific product and brand. Retailers make their decisions to purchase a groundnut brand, after evaluating its performance within the category. Should a groundnut brand be performing satisfactory, there would be no need to search for an alternative or a replacement product. But, should a better performing groundnut brand be available in the marketplace compared to current brands, the retailer will buy the better performing brand to add it to their snack category.

- There is a preference towards brands that constantly improve and offer a distinct difference compared to other brands. Retailer buyers also want to purchase a product that portrays a distinct freshness. This allows retailers to maintain a competitive advantage and it contributes to the retailer's overall satisfaction. Should this not be met, the retailer will investigate what other brands are available to considered as an alternative.

- Retailers are determined to have a preferred brand on shelve, and will attempt to maintain their specific chosen groundnut product range. This will result in intentional repurchases by both retailer buyers and consumers. This action will ensure that consumers are able to buy the leading market brands from the retailers who have it available for sale.

- Retail buyers see groundnuts, in general as the same, therefore every purchase the retail buyer make should fully adhere to the retailer's expectations. Should a groundnut brand not meet the expectations, the brand could easily be perceived, by the retail buyer, as not meeting the required performance. This brand affect is all based on the retailer's last encountered experience, hence be it positive or negative. Should it be positive, the retailer will remain loyal towards the brand, but should it be negative, the retail buyer will sample a new groundnut brand from an alternative supplier.

- Companies with a good standing reputation or a well-known brand name are preferred by retail buyers. It allows the retailers to choose from a larger product range offering. It also provides the buyer with a sense of assurance that product quality and associated services will remain consistent. This reduces risk for the retail buyer, as there is a sense of certainty the groundnut brand they purchase would consistently adhere to the required specifications.

- It is evident that retailers do consider price worthiness when buying a specific groundnut brand. Should there be an economic constraint, a cheaper brand would be considered, as long as the brand meets the retailer’s requirements and is accepted by the retailer’s customers.

4.3 RECOMMENDATIONS

From the literature discussed and the identified factors that have an effect on retail buyer behaviour and brand loyalty, the following recommendations can be made for a manufacture or supplier of branded groundnuts to the retail market:

- Long-term relationship with a preferred brand

The manufacturer of a groundnut brand should place emphasis on the relationship with the retailer (Skytte and Blunch, 2001:134). A positive relationship with the retailer buyers will contribute towards brand loyalty and trust. A long-term relationship holds advantages for both the retailer and the manufacturer. As retailers are the gatekeepers of consumer’s choice, a positive relationship will ensure the respective groundnut brands representation on the retailers’ shelves. It is recommended to manufacturers to foster a long-term relationship with retail buyers in order to maintain, and grow the groundnut brands market share.

- Brand Loyalty

Brand loyalty, as indicated in the literature, leads to repurchases with little regard to available alternatives (Manternach, 2010: 28). This becomes a strategic asset for the retailer, as it also fosters a relationship and positive brand perception with the end consumer. Manufactures must ensure that retail buyers are satisfied with their product and brand performance. This will contribute to increased brand loyalty, trust and commitment towards the relevant brand.

- Brand trust

Brand trust is more than just trust in a particular brand. A retail buyer would support a manufacturer or suppliers that consistently deliver a product that adheres to the retailer’s expectation in terms of quality, service and value for money (Ericş *et al*., 2012: 1403).

Branded groundnut suppliers must ensure that they adhere to retail buyers required expectations continuous, in an attempt to maintain satisfaction and ultimately contribute to brand trust. This will ensure that the specific groundnut brand does have a competitive advantage over competing alternative brands in the retail market.

- Brand performance

A retail buyer measures a brand in terms of its performance per category (Glynn, 2007: 55). Groundnuts are part of the retailers snack category and compete with other types of snacks, as well as other groundnut brands. Since retailers are associated with the brands they offer to the consumer, manufacturers should also manage and grow the loyalty of the end consumers as well. In order to increase brand awareness, a focused advertising strategy should be utilised to promote the relevant groundnut brand and to communicate with the end consumer. By creating demand pull, retailers are inclined to replenish their stock levels in order to fill the required demand by the end consumer. Manufactures should utilise this opportunity to consistently fill the retail buyer' orders, with a product that maintain the required category profitability.

- Satisfaction

As literature indicated, satisfaction is a strong predictor of loyalty as well as repurchases intentions (Zboja & Voorhees, 2006: 381). Manufactures need to be aware of the retailer's requirements to fill their expectations consistently. Satisfaction will strengthen trust between the retailer buyer and the manufacturer. As showed in the research results, there are two leading groundnut brands. This forms the benchmark for competing brands in the South African edible groundnut market. As long as retail buyers are satisfied with these brands, they will maintain the majority market share. It is recommended that manufacturers ensure that their brands and products are distinctly different from those of competitors, in order to keep retail buyers satisfied in terms of product offering, service, value for money, and quality.

- Intentional repurchase

Repurchase intentions show that the buyer is satisfied with the product (Zboja & Voorhees, 2006: 381). Intentional repurchase is an indicator of the retailer buyer approval of the product and an indicator of strong brand loyalty. Repeat purchases are also proof that the final consumer demands the respective product, which strengthens the retail buyers' intention and positive attitude towards the groundnut brand. It is therefore recommended that the groundnut manufacture provides continuously a product that differentiates itself from other competing FMCG brands in an attempt to fulfil the retail buyers' demand.

- Brand affect

Brand affect does have an effect on retail buyers' behaviour and loyalty. This will influence the decision for future purchases or repurchase the groundnut brand. Buyers remember the last purchasing experience with the manufacture or of the manufacturer' or brand, whether it is positive or negative (Perreault & McCarthy, 2006: 257). A positive experience may be sufficient to alter perceptions of more than one preceding negative experience, and vice versa. This directly correlates with customer satisfaction. Manufactures have to take notice of brand affect and support it with a positive customer experience. This includes all the aspects of the value chain. Retail buyers will support a groundnut supplier that have the relevant capacity to deliver, provide all associated services to deliver a consistent positive purchasing experience. Again, this will increase the brand trust that can be related to experience. Positive, honest business principals and a transparent business approach will contribute to retail buyers becoming loyal towards a groundnut brand.

- Company reputation

Retailers prefer to buy from a company that has a good reputation with a strong or well-known brand offering (Dawson, 2013: 342). Quality must be consistent and a range of offerings is preferred in order to maintain a good standing reputation. A positive company reputation will add to the willingness of a retail buyer to make a purchase or not, especially compared to a company (or brand) that is unknown. Manufactures of well-known brands can utilise the opportunity by using their brand name as leverage through marketing campaigns to increase end customer demand and ultimately retail sales demand.

- Involvement

Though it measured relatively low in the factor analysis, manufactures should be aware of the fact that involvement does have an effect on buyer behaviour and brand loyalty (Moola

& Bisschoff, 2012: 106). Retail buyers do regard their direct involvement with a product as a factor to trigger interest in the product or not. Suppliers or manufactures must ensure that retail buyers are kept informed about the product, and also keep them involved through new product development or promotional activities in an attempt to ensure continued support and increased interest and brand loyalty.

- Value for money

Profitability is a key concern for any retailer (Insch *et al.,* 2011: 261). The brand with the highest margin and sales value will be a valued asset in their snack category. Manufactures must source groundnuts at competitive prices, in an attempt to fulfil the retail buyer' overall final product requirement. Manufactures have to source groundnuts consistently, at the most competitive price, which adheres to the minimum quality specifications of the retail buyer. Retail buyers are responsible to manage, and increase their relevant product category's profitability. It is recommended that the manufacture determine the retailer's required margin levels and provide them with a product that meets this requirement. Neither the retail buyer, nor the end consumer will purchase a groundnut brand that is not competitively priced.

4.4 AREAS OF FUTURE RESEARCH

This study gives an outline for the development of a conceptual model to measure retail buyer behaviour and preference for a specific groundnut brand. Through the ten factors identified, a model could be constructed, and tested against the results achieved, to reflect typical retail buyer behaviour.

With the distribution of the questionnaires, all respondents were involved in a specific retail store. Care should be taken to extend the study to include wholesale buyers, providing final product to a range of retail outlets. This group should also be targeted in an attempt to test the outcomes achieved in this study. This will reflect the perceptions, as well as the factors affecting retail buyers behaviour (and loyalty) of groundnuts that are sold in the broader and diverse retail value chain.

4.5 SUMMARY

The objective of this study was to analyse retail buying behaviour and brand loyalty of branded edible groundnuts. A factor analysis was performed to identify factors that are regarded as important towards both buying behaviour and brand loyalty. The results obtained were tested against literature and it can be concluded that:

- A retailer wants to build a long-term relationship with a brand manufacturer or supplier.
- Switching between brands does involve a relative risk for the retailer.
- The retailers trust in a brand is strengthened by its positive and continuous performance in the market.
- Retailers base their decisions on category performance.
- There is a preference towards brands that allow retailers to maintain a competitive advantage over its competitors.
- Retailers prefer to offer leading market brands on sale.
- Suppliers should fully adhere to the retailer's expectations and requirements.
- Retailers prefer to deal with suppliers that have a good standing reputation or a well-known brand.
- Price worthiness is regarded as important, as long as the brand meets the retailer's requirements and is accepted by the retailer's customers.

Based on the literature and the identified factors, the following recommendations can be made for a manufacture or supplier of branded groundnuts to the retail market:

- The supplier of a groundnut brand should place emphasis on a positive relationship with the retailer. This will contribute towards brand loyalty and trust, as well as a long-term relationship holds advantages for both the retailer and the manufacturer. This will contribute towards the growth of a groundnut brands' market share.

- Brand loyalty leads to retail repurchases. Suppliers must ensure that retail buyers are satisfied with their product and performance, as it will contribute to increased brand loyalty, trust and commitment towards the relevant brand.
- Branded groundnut suppliers must adhere to retail buyer's requirement and expectations. It will result in buyer satisfaction and ultimately contribute towards increased brand trust.
- Groundnuts are part of the retailers snack category and compete with other types of snacks, and other groundnut brands. Supplier should utilise focused advertising strategies to promote their relevant groundnut brand to maintain the required category profitability.
- Manufactures need to be aware of the retailer's requirements to fill their expectations consistently. Suppliers have to ensure that their brands and products are well differentiated from competitors, in order to keep retail buyers satisfied in terms of product offering, service, value for money, and quality.
- Intentional repurchase is an indicator of the retailer buyer approval of the product and an indicator of strong brand loyalty and repeated purchases are also proof that the final consumer demands the respective groundnut brand. It is therefore recommended that the groundnut manufacture provides continuously a product that differentiates itself from other competing FMCG brands in an attempt to fulfil the retail buyers' requirements.
- Brand affect does influence retail buyers for future purchases of a groundnut brand based on the last purchasing experience with the supplier or of the manufacturer' or brand, whether it is positive or negative. This directly correlates with customer satisfaction and supplier has to take notice of brand affect and support it with a positive customer experience.
- Retailers prefer to buy from a company that has a good reputation, that supply the required quality and that offer a range of products. Supplier of well-known brands can use their brand name as leverage through marketing campaigns to increase end customer demand and increased retail demand.
- Retail buyers do regard their direct involvement with a product as a factor to trigger interest in the product. Suppliers must ensure that retail buyers are kept informed about the product, new product developments and promotional activities in an attempt to ensure continued support and increased interest and brand loyalty.

- Profitability is a key concern for any retailer and manufactures have to source groundnuts consistently, at the most competitive price, while still maintaining minimum quality specifications. This will result in adhering to the retailers required profit margin level and a product that meets this requirement.

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APPENDIX A

Section A - Demographic details

The following section is about the demographical distribution in your specific area

Please indicate the following by making an X in the appropriate box

1. GENDER

Male	1
1.2 Female	2

2. Store information

a. Type:

Corporate Retail	1
Independent retail	2
Informal trader	3
Wholesaler	4

b. Store name:________________

3. POSITION IN THE BUSINESS

Apprentice	1
Middle Manager	2
Senior Manager	3
Owner	4
Other:________________	5

4. EDUCATION BACKGROUND

High School	1
Diploma	2
Graduate	3
Post Graduate	4
None	5

5. TRADING AREA (province)

North-West	1
Gauteng	2

No	Code	Section B: Current groundnut (GN) / peanut brand preference. Please mark with a X.	Strongly disagree	Disagree		Agree	Strongly agree
1	**BP**	**Which GN brands do you prefer to buy:**					
	BP 1	Champ	1	2	3	4	5
	BP 2	House brand (If applicable)	1	2	3	4	5
	BP 3	Messaris	1	2	3	4	5
	BP 4	Safari	1	2	3	4	5
	BP 5	Simba	1	2	3	4	5
	PB 6	Snack Factory	1	2	3	4	5
	PB 7	Other brand (please fill in):	1	2	3	4	5
2	**BQ**	**Which GN brand offer the best quality:**					
	BQ 1	Champ	1	2	3	4	5
	BQ 2	House brand (If applicable)	1	2	3	4	5
	BQ 3	Messaris	1	2	3	4	5
	BQ 4	Safari	1	2	3	4	5
	BQ 5	Simba	1	2	3	4	5
	BQ 6	Snack Factory	1	2	3	4	5
	BQ 7	Other brand (please fill in):	1	2	3	4	5

No	Code	Section C: What is your current stance when you are buying groundnuts (GN). Please mark with a X.	Strongly disagree	Disagree		Agree	Strongly agree
1	CUS 1	I am satisfied with the **groundnut (GN)** brand I purchase	1	2	3	4	5
2	CUS 2	Distinctive GN attributes keep me buying more	1	2	3	4	5
3	CUS 3	I do not repeat a purchase if I am dissatisfied about a particular GN brand	1	2	3	4	5
4	SCR 1	I do not switch GN brands because of the high cost implications	1	2	3	4	5
5	SCR 2	I do not switch GN brands because of the effort required to find a replacement	1	2	3	4	5

			Strongly disagree	Disagree		Agree	Strongly agree
6	SCR 3	I avoid switching GN brands due to the risks involved	1	2	3	4	5
7	SCR 4	I switch GN brands according to the prevailing economic conditions	1	2	3	4	5
8	BTS 1	I trust the GN brands which I purchase	1	2	3	4	5
9	BTS 2	The GN brands I purchase have consistently high quality	1	2	3	4	5
10	BTS 3	The reputation of a GN brand is a key factor for me to continue buying it	1	2	3	4	5
11	RPR 1	I prefer to maintain a long term relationship with a GN supplier	1	2	3	4	5
12	RPR 2	I maintain a relationship with a GN supplier that focuses and communicates with me continuously	1	2	3	4	5
13	INV 1	My preference towards a GN brand increases the more I am involved with it	1	2	3	4	5
14	INV 2	I consider other GN brands when my involvement with a particular brand diminishes	1	2	3	4	5
15	PVL 1	My preference for a GN brand is based on product quality	1	2	3	4	5
16	PVL 2	Price worthiness is a key influence when I buy a GN brand	1	2	3	4	5
17	PVL 3	The GN brands that I purchase enhances my reputation with my customers	1	2	3	4	5
18	COM 1	I do not purchase/sample other GN brands if my preferred GN brand is unavailable	1	2	3	4	5
19	COM 2	I remain committed to a GN brand even through price increases	1	2	3	4	5
20	COM 3	I remain committed to a GN brand even through declining popularity	1	2	3	4	5
21	RPS 1	I do not necessarily purchase the same GN brand all the time	1	2	3	4	5
22	RPS 2	I always sample new GN brands as soon as they are available	1	2	3	4	5
23	RPS 3	I establish a GN brand purchasing pattern and seldom deviate from it	1	2	3	4	5

			Strongly disagree	Disagree		Agree	Strongly agree
24	BAF 1	I am distressed when I am unable to purchase a particular GN brand	1	2	3	4	5
25	BRV 1	The GN brands that I purchase has freshness about them and portray positive significance	1	2	3	4	5
26	BRV 2	My preferred GN brands are constantly updating, innovation and improving so as to stay relevant in the market	1	2	3	4	5
27	BPF 1	I evaluate a GN brand based on perceived performance in the category	1	2	3	4	5
28	BPF 2	I will switch GN brands should a better performing GN brand be available	1	2	3	4	5
29	BPF 3	I only buy the top performing GN brand	1	2	3	4	5
30	CR 1	The company I buy my GN brands from has a good reputation	1	2	3	4	5
31	CR 4	The company I buy my GN brands from is a strong brand	1	2	3	4	5
32	PA 1	I rather buy other snacks, because GN is too expensive.	1	2	3	4	5
33	PA 2	All GN brands are the same quality.	1	2	3	4	5
34	PA 3	I see whole groundnuts as better quality than split nuts	1	2	3	4	5
35	PA 4	If there were more flavours, I would buy more	1	2	3	4	5

		Section C: Current groundnut (GN) category performance: Please mark with a X.		
1	CP 1	Is your groundnut category growing in turnover?	Yes	No
2	CP 2	Is your groundnut category growing in volume?	Yes	No
3	CP 3	Do you want to increase your product range (new products)	Yes	No
4	CP 4	Are groundnuts an important product for you to have on your store' shelve?	Yes	No