An analysis of consumer buying behaviour in retail pharmacies of South Africa

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Abstract

The retail pharmacy industry in South Africa has become an over-regulated sector after the 2004 inception of the single exit price system enforced by the Department of Health. As a result, all pharmacies both independently and corporate-owned had to change their approach to growth their revenue. Promotional usage has become an integral part of this industry with a specific focus on selling FMCG lines to gain maximum gross profit from the revenue earned. In this study eight factors were identified all relating to promotional activities in retail pharmacies in South Africa, each intended to determine whether they do in fact impact on consumer behaviour in the stores. Two sections were used to accurate test the consumer behaviour in the stores. Firstly, attitudes towards a pharmacy that identified three factors namely discounts as promotional tool, in-store promotional activities and free samples and products. They explained a cumulative variance of 52% and Cronbach Alpha scored above 0.6 for all three. Secondly, behaviour towards promotional activity found five factors namely loyalty programmes and rewards, free gifts as promotional tools, in-store demonstrations, discounts and free offerings and promotional buying behaviour. They can explain a cumulative variance of 93.07% and four factors achieved Cronbach Alpha scores of above 0.7. These eight factors had high positive and negative correlations and will guide owners and managers in retail pharmacies in South Africa which promotional activities to focus on to manipulate consumer behaviour to the biggest extent possible.

Key words: Retail pharmacy, promotional activity, consumer behaviour, South Africa.

Table of Contents

List of Figures

List of Tables

List of Abbreviations

Abbreviation	Description
CPA	Consumer Protection Act
DOH	National Department of Health
FMCG	Fast Moving Consumer Goods
KMO	Kaiser-Meyer Olkin
GP	Gross Profit
MCA	Marketing Code Authority
SEP	Single Exit Price

1. CHAPTER 1: ORIENTATION AND PROBLEM STATEMENT

1.1 INTRODUCTION

Promotional activity is surely the most important variant in any retail business today. Retail pharmacy in South Africa has become an over-regulated industry and with this in mind the pricing competition in the sector is a significant factor for all retailers. Corporate pharmacy chains with group buying power are taking over the industry from a fast-moving consumer goods (FMCG) point of view, thus putting the independently owned pharmacies at serious risk. This study aims to identify which promotional activity has the most impact on consumer buying behaviour to try and assist independent retailers with a better strategic approach on how they should approach their respective promotional planning.

1.2 BACKGROUND TO THE STUDY

Retail pharmacy in South Africa is divided into many different retail chains each with its own advantages and disadvantages. The two market leaders in terms of corporate pharmacies are Clicks and Dischem, each of which contributes to roughly 19% of the market share.

Independent, non-corporate pharmacy chains which include mostly franchisees such as Link Pharmacy, AlphaPharm, The Local Choice and Pharmacy@SPAR contribute to 17% market share. All of these chains offer their franchisees the opportunity to be owner-operated and in doing so remain a business owner, but also have the benefit own group buying, discounts and medical aid preferred provider services. There are still independent pharmacies in South Africa trading with their individual names and that are not part of any chains.

These options each aims to find the correct balance between sales and profit. With regulated gross profit (GP) margins and government-prescribed single-exit prices (SEP) it is extremely difficult for most pharmacies to remain profitable without clever and consistent promotional activity.

Promotional activity forms the basis for any revenue drive and the aim of this study is to determine which promotional activity has an impact on consumer behaviour. This will then indicate where retail pharmacies in South Africa should focus their promotional strategies to gain maximum revenue.

1.3 PROBLEM STATEMENT

In this study the impact of promotional activity on consumer behaviour will be measured in retail pharmacies. The result of the study will then guide pharmacy retailer where to focus future retail pharmacy promotional strategies.

There are numerous pharmacy chains in South Africa and the study will be aimed at consumers using all retail chains which will include corporate chains and independent pharmacies.

The management of many pharmacies comes with various requirements by the South African Pharmacy Council (SAPC). In South African Pharmacy, all pharmacists are registered with the South African Pharmacy Council (SAPC). The SAPC governs the profession by enforcing dispensing rules and guidelines. The mentioned rules are clear in the Good Pharmacy Practice (GPP) Manual (Office of the Registrar, 2010), Pharmacy Act 53 of 1975 Masango (2015) and the Medicines and Related Substances Act 101 of 1965 Tshabala-Msimang (2010).

According to the GPP manual the following rules are applicable when prescribing medication Office of the Registrar (2010):

- Schedule 1 and 2 medicines can be dispensed without a prescription to customers by a pharmacist, pharmacist assistant and pharmacist intern.
- Schedule 3 and 4 medicines can be dispensed when a prescription is provided by the patient by a pharmacist, pharmacist assistant and pharmacist intern.
- Schedule 5 medication can only be dispensed when an original prescription is provided by the patient by a pharmacist, pharmacist assistant and pharmacist intern.

- Schedule 6 medication can only be dispensed on an original prescription not older than 30 days and only enough medication can be provided for a 30-day period. This can only be done by a pharmacist and a pharmacist intern.
- These transactions and prescriptions need to be recorded and filed on the premises where the sale took place for a period of five years.

These are just a few dispensing requirements governing South African pharmacies. Each pharmacy has a registered responsible pharmacist with the SAPC and they are consistently audited to ensure that their respective pharmacies comply with the rules and regulations as set by the SAPC.

The financial state of the business is another variable that needs to be considered. Medicine pricing in South Africa has been regulated by the government and each product must adhere to the single exit price (SEP) set of this specific item. No distributor can sell the items above the determined SEP. Pharmacies are only allowed to charge mark-ups on the medicine acquired within the boundaries set by the Department of Health. The Minister of Health published a new draft set of dispensing fees in June 2009. These include, Grey (2009): Where the SEP was less than R100, the dispensing fee would not exceed R6 plus 36% of the SEP. For an SEP between R100 and R250, the dispensing fee would be R32 plus 10% of the SEP. For a SEP between R250 and R1000, the dispensing fee would be R45 plus 5% of the SEP. For a SEP of R1000 and more, the dispensing fee would be R65 plus 3% of the SEP. All these fees would include value-added tax (Gray, 2009).

The current requirement is that the mentioned prices are the benchmark for a maximum mark-up, but pharmacies can charge lower prices. Currently large corporate pharmacy chains charge the minimum prices allowed, thus creating a scenario where the remaining private independent pharmacies cannot keep their doors open unless they increase their prices closer to the maximum allowed values. By doing this the independent pharmacies create a big price variance which the consumer must pay more if using their store. This is where the various franchise models provide assistance to the independent pharmacy business owners and where the specific model provided to the owner focuses on improved buying and distribution so that the independent pharmacies could be price-competitive.

All of these regulations need to be considered when determining an array of marketing and promotional activity in the specific store.

A customer satisfaction survey will also have to be conducted to determine whether the customer was in fact triggered to buy the specific items because of the promotional activity.

1.4 RESEARCH OBJECTIVES

1.4.1 General objective

The aim of this study was to investigate the impact of promotional activity in pharmacies on revenue and customer behaviour when measuring the specific promotional ranges or items.

1.4.2 Specific objectives

The specific objectives of the current study were to:

1. Determine whether customer satisfaction surveys indicate that the customer's buying habits are affected by the promotional activity.
2. Determine the types of promotional activities preferred and used by the consumer.
3. Determine whether promotional activity encourages consumers to buy more.
4. Determine whether consumers prefer to buy at specific pharmacy groups that have increased promotional activity.
5. Determine whether consumers in pharmacies prefer loyalty programmes.
6. Draw conclusions and make recommendations regarding buying behaviour to managements of pharmacies.

The scope of the study is briefly outlined below.

1.5 SCOPE OF THE STUDY

This study involves principles of promotional activity. The importance of the study could be instrumental in planning for future promotional strategies taking into consideration the current success or failure of existing campaigns.

The study primarily focuses on the consumers of the various chains of community pharmacies in South Africa. The South African community pharmacy industry is unique and has significant challenges, and with clear guidance with regards to promotional strategy and revenue growth there could be a significant gain in profitability if done correctly. The focus is on the actions followed by consumers in the various retail pharmacies in South Africa to determine which promotional activities are more likely to increase revenue for the items on promotion.

The planned research methods are briefly outlined below.

1.6 RESEARCH METHODOLODY

In this section, the planned research methodology for conducting the study is outlined in two phases namely the literature review and the empirical research study. Then in more detail the research approach, research design, sampling technique and sample size are discussed as well. Finally, the research methods and measuring instruments are described.

1.6.1 Research approach, research design and research methods

1.6.1.1   Phase 1: Literature review and sources

A detailed literature review was done on the pharmaceutical industry, promotional methods and activity, governing of marketing in retail, consumer behaviour and general impact of promotional activity on revenue. The consulted sources included:

1. Books and chapters in books,
2. Journal articles,
3. Dissertations, and
4. Internet sources.

Literature used for the research topic was accumulated through using the internet with specific use of library searches of scientific journals on the theory and focusing on the South African context. The Google Scholar and EbscoHost facility available for use on the North-West University Library website was used to research references to various sources that included journals, books, chapters in books and previous dissertations.

Some of the applications utilised in EbscoHost included the Academic Search Premier, Business Search Premier, eBook Collection, E-Journals, Health Source – Consumer Edition and International Pharmaceutical Abstracts. While using this tool appropriate keywords were searched for, and advanced search filters were applied.

1.6.1.2 Phase 2: Empirical study

For the purposes of the empirical study a quantitative approach was used. The results are presented in numerical format. Data was collected using an online survey to consumers in the various pharmacy chains. The primary data was processed statistically to obtain results for interpretation. Descriptive statistics are presented in this study. The data analysis was exploratory. Survey questionnaires were tested for reliability.

1.6.2 Research subjects

1.6.2.1 Characteristics of study population and eligibility criteria

The target population involved the public with specific focus on consumers shopping in the various retail pharmacies in South Africa.

Male and female subjects older than 18 years of age of any race voluntarily participated in the survey.

Only surveys that were fully completed were included in the study.

1.6.3 Sampling and sample size

A convenience, non-probability sampling approach was taken in the various pharmacy chains in South Africa for this exploratory study. This was done to ensure that respondents are consumers in the pharmacy chains. This study could serve as a pilot study for further research in the pharmaceutical sector that could be more structured and targeted at a specific pharmacy group.

The target population (N) for this exploratory study was all consumers in retail pharmacies in South Africa. Survey questionnaires were distributed as an online survey across the various retail pharmacy chains' management as well as on social

media using the Linked-In platform. There was no specific geographical area considered and the execution of the study was planned for August 2017.

1.6.4 Sampling instruments

The questionnaires were based on previous research done on promotional activities in the retail sector. Industry knowledge from the researcher was applied in more detail to ensure that all avenues were tested in the South African retail pharmacy context.

The survey was structured to test:

1. Basic demographic information.
2. The consumption of pharmacy. This was done to test the prevalence of visits to pharmacies and the communication received.
3. The attitude towards promotional activities. This was done to test the preference of shopping patterns.
4. The behaviours towards promotional activities. This was done to determine what the consumer prefers with regards to promotions in pharmacies.

1.6.5 Research procedure and approvals

This research project was submitted to the Ethics Committee of the North-West University to consider for acceptance and approval. Approval was gained from the managements of the various pharmacy chains to distribute the survey in their stores.

The Ethics Committee of the North-West University approved the research project with project number EMSPBS17/03/06-01/32.

The online survey using the Google Forms platform collected the data on an Excel spreadsheet.

1.6.6 Statistical analysis

The primary data was captured on an excel spreadsheet as recorded by the Google Forms platform. The data was then coded to allow statistical analysis and was tested for reliability. The data was then summarized, and descriptive statistics applied and

displayed graphically. Factor analysis was done to determine common relationships between the various questions.

The statistical methods are detailed in Chapter 3.

1.6.7 Ethical considerations

The researcher is aware of plagiarism and understands the consequences of a transgression.

The research project was submitted to the Ethics Committee of the North-West University for approval and on approval (project number EMSPBS17/03/06-01/32) the questionnaires were distributed to the potential respondents. The researcher is committed to ethical and scientifically sound research.

The researcher is familiar with the principles of Good Pharmacy Practice as well as pharmaceutical marketing principles and guidelines. The respondents were informed that completing the survey was voluntary and that no details were recorded and therefore the study would remain anonymous. Respondents were informed that the survey was intended for academic purposes only.

1.7 VALUE-ADDED AND LIMITATIONS

Limitations to the study were in the number of respondents. Customers of the various pharmacy chains were reluctant to complete the survey and therefore the sample size was smaller than initially anticipated. The data was examined for relationships and trends and compared to the theory.

Revenue gains from previous and current promotional activities are not freely available and the various pharmacy chains were not willing to disclose their respective revenue growth numbers.

1.8 CHAPTER DIVISION AND LAYOUT OF THE STUDY

Chapter 1: Orientation and problem statement

Chapter 2: Literature review

Chapter 3: Empirical research methodology

Chapter 4: Empirical results and findings

Chapter 5: Conclusions and recommendations

1.9 CHAPTER SUMMARY

Chapter 1 provides the background to the study, the problem statement, the research objectives, the scope of the study, the research methodology and the value added as well as the limitations.

2. CHAPTER TWO: LITERATURE STUDY

2.1 INTRODUCTION

The purpose of the literature review is to create a clear understanding of customer behaviour and the various factors that historically impact on buying habits and patterns. This study aims to focus mainly on the impact of promotional activities and marketing on customer behaviour in retail pharmacies and ultimately the impact on revenue once completed.

Retail pharmacy is an extremely regulated profession and due to the various restrictions put on this profession such as Single Exit Pricing (SEP) and restricted advertising of scheduled medication, retail pharmacies find it very challenging to grow revenue and profitability. In the Medicines and Related Substance Control Act 101 of 1965, Tsabalala-Msimang (2010) states that no person shall advertise any medicine or scheduled substance for sale unless such advertisement complies with prescribed requirements. Medicine is defined in the Act as "any substance or mixture of substances used or purporting to be suitable for use or manufactured or sold in use of the diagnosis, treatment, mitigation, modification or prevention of disease, abnormal physical or mental state or the symptoms thereof in man; or restoring, correcting or modifying any somatic or psychic or organic function in man and includes veterinary medicine" (Tsabalala-Msimang, 2010). In South Africa, the advertising of medicines from schedule 0 to schedule 1 is permitted to the general public but the advertising of medicines from schedule 2 to schedule 6 is not allowed under the Medicines Act and regulations (Marketing Code Steering Committee, 2008).

These regulations create an environment in retail pharmacies where only fast-moving consumer goods (FMCG) and schedule 0 and schedule 1 medication is permitted to be advertised. Therefore, promotional material is limited to these items.

2.2 MARKETING PRICIPLES AND AUTHORITY IN PHARMACY

The pharmaceutical health industry has agreed to incorporate the Marketing Code Authority (MCA) into the extremely regulated environment to ensure that fair and consistent principles are applied through the whole industry.

Section 18C of the Medicines Act 101 of 1965 empowers the Minister, after consultation with the pharmaceutical industry and other stakeholders, to make regulations relating to the marketing of medicines, scheduled substances, medical devices, including an enforceable Code of Practice, Marketing Cope Authority (2014). The companies in the healthcare industry have agreed to subscribe to a code of practice for the marketing of health products in South Africa based on the principle of self-regulation as set out in this Code. The enforcement of the Code will be entrusted to the MCA, Marketing Code Authority (2014).

It is vital to ensure that healthcare professionals and the public have access to the basic information they need, that they have access to the health products they need and that health products are used and prescribed in such a way that will give the patients maximum healthcare benefits. The ethical promotion of medicine, scheduled substances and medical devices plays a major role in this process and it must be regulated and adhered to. When marketers in the pharmaceutical industry plan their campaigns, they must maintain high ethical standards and they must comply with the applicable legal, regulatory and professional requirements. If the Code is followed it will ensure ethical promotional practices are used when marketers, dispensers, prescribers and users of health products both plan and execute promotional activities (Marketing Code Authority, 2014).

The National Department of Health (DOH) and the pharmaceutical industry are committed and responsible for providing the patient with affordable and quality healthcare in all of South Africa and while doing so must ensure that accurate information on healthcare products is provided as part of the healthcare service. The health product trade associations have incorporated and adopted the MCA Code to show the industry's commitment to the marketing of health products to both the public and healthcare professionals. While doing so they have also committed to ensure that marketing is carried out in a responsible, professional and ethical manner as prescribed by the MCA Code (Marketing Code Authority, 2014).

There are some principles that could be deemed unlawful if not followed and executed correctly while engaging in marketing activities (Barnard and Scott, 2015):

2.2.1 Offer and acceptance

Common law in South Africa states that for the conclusion of a valid contract it must consist of a valid offer and a valid acceptance. It is, however, generally accepted that advertisements are not regarded as legally binding offers, but rather only an invitation to do business. Considering this in South Africa, the buyer makes the offer and the contract comes into existence only once the offer has been accepted by the buyer (Barnard and Scott, 2015:3).

2.2.2 Advertisement of price and price tickets

Case law in South Africa argues that a price ticket should in general be treated as an offer and that any difficulties surrounding the specific price ticket should be covered by reading the appropriate tacit terms displayed on the price ticket (Barnard and Scott, 2015:3).

When considering the self-service environment in South African community pharmacy stores the offer and acceptance take place when the customer tenders the price to the cashier and when the customer takes the item off the shelf even while the price is marked on the shelf. Nonetheless, deliberate advertising of the false price would be considered harmful advertising in terms of the Consumer Protection Act.

2.2.3 Puffing, warranties and misrepresentation

A warranty refers to a statement made before or at the time of entering into a contract. Failure to comply with the warranty is considered as a breach of the contract terms and in this case the consumer would be entitled to damages. A puff is sales talk where no reasonable person would consider it to be a serious statement and is not as a general rule seen as actionable. The statement is, however, not a puff when a representation turns into a credible statement and must be a statement of fact and not opinion (Barnard and Scott, 2015:4).

2.2.4 Bait marketing

This form of marketing is also referred to as a 'bait-and-switch' tactic and is in many countries considered to be a type of deceptive advertising. This happens when a

business or supplier markets a cheaper product to lure consumers to the store but has no intention to sell the product at that price. When the consumer is in the store a more expensive alternative is presented to the consumer. The growth of the internet has significantly increased this form of marketing and due to the platform used it is often difficult to conclusively prove that bait marketing occurred. Bait marketing is now primarily governed by the Consumer Protection Act (CPA).

2.2.5 Inertia selling, negative option marketing and unsolicited goods

This is when a suppler supplies goods or services to a consumer without the consumer even having requested them. The supplier then relies on the inertia of the consumer to enforce the payment. Negative option marketing is when the supplier makes the offer to the consumer on the presumption that an agreement will automatically come into existence unless the consumer denies the offer made. The supply of unsolicited goods happens when promotional activities for goods and services are marketed or supplied to consumers by platforms like door-to-door sales or email without prior request or consent by the consumer without arranging payment before. The general rule applied for this is that silence does not mean consent (Barnard and Scott, 2015:4).

For all promotional campaigns, there must be a clear understanding that the process must follow all ethical guidelines and must comply with the MCA Code. Only once this is in place can the promotional campaigns be presented for execution in stores.

2.3 PROMOTIONAL ACTIVITIES IN TERMS OF THE CONSUMER PROTECTION ACT IN SOUTH AFRICA

Promotional activities are described by Barnard and Scott (2015:5) as activities carried out by a supplier or provider to promote its product, service or brand. It also includes advertising or marketing using platforms like television, radio and websites, personal sales which include a platform like door-to-door sales or promotion products, services and brands by using newspapers, media or sponsoring events. With this in mind, the end goal of any promotional activity is to increase the sales of goods and services as well as improving brand awareness among consumers.

2.4 PROMOTIONAL ACTIVITY

What is promotional activity? This is such a lose term that is easily used in daily routines and rhythms.

Promotional activity has many explanations and various views are found when researching the topic. The marketing guru Phillip Kotler defines marketing as "the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and its designs and promotes the appropriate products and services" (Cohen, 2011). Therefore, promotional activity is essential to all consumers and retail pharmacy is no exception.

2.5 TYPES OF PROMOTIONAL ACTIVITY CURRENTLY IN USE

The retail environment requires promotional strategies that are focused on the specific consumer targeted and it is vital that the platform used is the correct path to the desired consumer. Digital promotions are giving the more traditional retailers like pharmacies a run for their money and these traditional businesses then rely on customers physically visiting their stores for services offered and they need to ensure that their promotional activities are value-adding and have the best chance of not only attracting customers, but rather keeping them as long-term shoppers. Marsan (2017) wrote an

article about popular promotions but with a specific focus on current successful ventures as used by various proven leaders.

Current promotional activities used by successful companies and leaders are briefly described below, Marsan (2017):

Offer delivery specials

The online offering for most corporate retail stores in South Africa is a major threat to all pharmacy business - this includes corporate and independent retail pharmacies. Existing pharmacies must up their game to ensure that they remain competitive. A great offering to use is delivery promotions which will alleviate any concern a customer might have on getting their purchases home. This service will add value to the retailer operation and will combat the risk of losing customers to an online retailer or a local competitor who does offer a delivery service (Marsan, 2017).

Optimize promotions online for local searches

Retail pharmacies that rely on foot traffic cannot survive by word of mouth and need to ensure that their customers can search for products and services in their area even without physically being in the store. With the help of localized digital marketing the store can appear on top of online searches. It is important to ensure that location details, photos, directions and operating hours are included on a dedicated web and Facebook page (Marsan, 2017).

Further to this, according to Waters (2017), the use of local newspapers, trade journals and other publications should be used as well in conjunction with the online portals.

Offer customers discounts or coupons

In an article by Wong (2015) it is discussed that consumers who buy something for the first time from an unfamiliar brand are intimidated when buying something for the first time at full price without having any personal experience with the item. When these items are discounted, or a coupon or voucher is presented, the buyer's attitude can be changed.

Introduce promotional pricing for the consumers

According to Kahn (2016) there are a few popular promotional pricing principles that can be used in the store:

- Markdowns mean that prices are reduced over a wide range of products for all customers. This is normally effective when backed up with advertising campaigns.
- Loss leaders can be used when you know that certain products are in demand. These products are then sold at a steep discount to draw customers into the store. It is also a great tool to sell overstocked items while increasing foot traffic.
- Bundle pricing is a great way to create the perception of value for consumers. Buy-one-get-one-free or three-for-two deals is a great tactic to make customers feel that they are getting more than what they are paying for.

Reward your customers with a loyalty programme

Rewards programmes are a common occurrence in retail stores and pharmacies are no exception in South Africa. Customers using a loyalty programme are likely to return to the store twice as often. Rewards systems can be introduced and managed in various ways but once this is in place customers should return frequently (Marsan,2015). Loyalty can be exponentially increased with the addition of applications suitable for smart phones. Kahn (2016) explains that the consumer can feel the sense of loyalty to a store that offers the convenience of a smart phone application.

Target reviewers to gain traffic and reviews

For any new business, it is key to generate foot traffic and a good review from a key personality will boost any start. It will also drive traffic through the door and prepare the customer for the fact that he/she will have a good experience (Marsan, 2017).

Take your show on the road

Some retail stores do not have good trading locations, and this cannot be changed easily. For all stores raising awareness in a community is essential and the creation

of a roadshow that can be taken and displayed at events, conventions and health days can make a significant different in generating foot traffic to the store (Marsan, 2017).

Offer the consumer free sampling

Wong (2015) holds the view that sample items do not cost much to produce, yet they are a major contributor to additional revenue for retailers both online and offline. In a case where brands offer a risk-free proposition to customers, they could like the offering and could be impressed by the use of the product and future sales can be generated as a result.

Bulk up your seasonal merchandising

Make sure that specially decorated seasonal and holiday displays are created to promote services and products throughout the year. These must be changed regularly as well to mix it up and continue to create excitement. Make use of last-minute displays at the counter and checkouts that also change monthly (Marsan, 2017).

Start a blog to support your in-store products and specials

An estimated 60% to 90% of in-store purchases are currently being influenced by online promotions, so it is vital that stores like pharmacies run online promotions to target more customers and drive foot traffic into their stores. The start of a blog where current and active promotions are advertised can gain more exposure. This will reach a wider audience than normal in-store promotions and could add additional items not advertised in store (Marsan, 2017).

Use technology to optimize your store's layout and displays

The look and feel of a retail store is changing frequently and stores with older operating models will be surpassed by newer, more modern concepts. Examples of technology available include the use of beacons in trolleys to track customer movements to determine hot and cold zones. Retail data analytics and modern inventory programmes will allow stores to manage inventory in more detail and with real-time effect. Real-time inventory management also allows for more detailed loss and shrinkage prevention management (Marsan, 2017).

Have a strong online presence

Even though online presence is something commonly used by most businesses today it is still vital to continue using email and social media for continuous promotions. Collect people's email addresses so that you can offer them vouchers and discounts to come back at a later stage (Marsan, 2017).

Partner with other local retailers

Partnering with other retailers in a centre could create awareness in the community. Use the image of keeping your friends close but your enemies closer and pull together for local events and traditions, even if it is supporting the local school or celebrating a seasonal holiday (Marsan, 2017).

Use Point-of-Purchase (POP) displays

Kahn (2016) discusses some of the POP displays in use:

- Speed bumps are when items are strategically placed along the path to the checkout to entice impulse buying.
- Dump bins are bins full of products also strategically placed in the store to get the consumer to "dig in" and find items that they would like while waiting to pay.
- Free samples are again included as a great tool and will build demand for any new products recently added to the store.

Use customer surveys to host a raffle

Creating a survey for customers could be a great way to add value to the store and whoever completes it will be entered to win prizes like exclusive discounts. This will create brand loyalty an also generate additional revenue. When discounts are provided people are likely to spend more money to safe for the future. Additionally, the survey will help the retailer to learn more about the store and the target market (Marsan, 2017).

Host an event that addresses consumer scepticisms

Use a big event to ensure that the community the store trades in has no scepticism. In this event customers can be encouraged to bring products from competitors and prices can be compared, local experts and businesses can be invited to test samples of products, raffles can be run for free products and local newspapers can be invited for maximum exposure and reviews. Then each of the attendees can be given vouchers for their return purchases -- this is something that online business cannot do, and the pharmacy retailer can grow their business in this way (Marsan, 2017).

Host a charitable drive in your store

Many charitable events can inspire the community you serve to participate and support the store, examples like a blanket drive can promote the spirit of giving where discounts are offered to each customer who donates a blanket. By doing this, customers are drawn into the store and feet will increase while supporting a good cause (Marsan, 2017).

2.6 THE ELEMENTS OF MARKETING COMMUNICATION MIX

Marketing strategies are made up of various options and some of these include advertising, public relations and publicity, personal selling and sales promotion. All of these are targeted at a specific market and the combination of these elements is called the marketing communication mix and they are aimed at meeting the needs of this target market (Lamb *et al*., 2015:382).
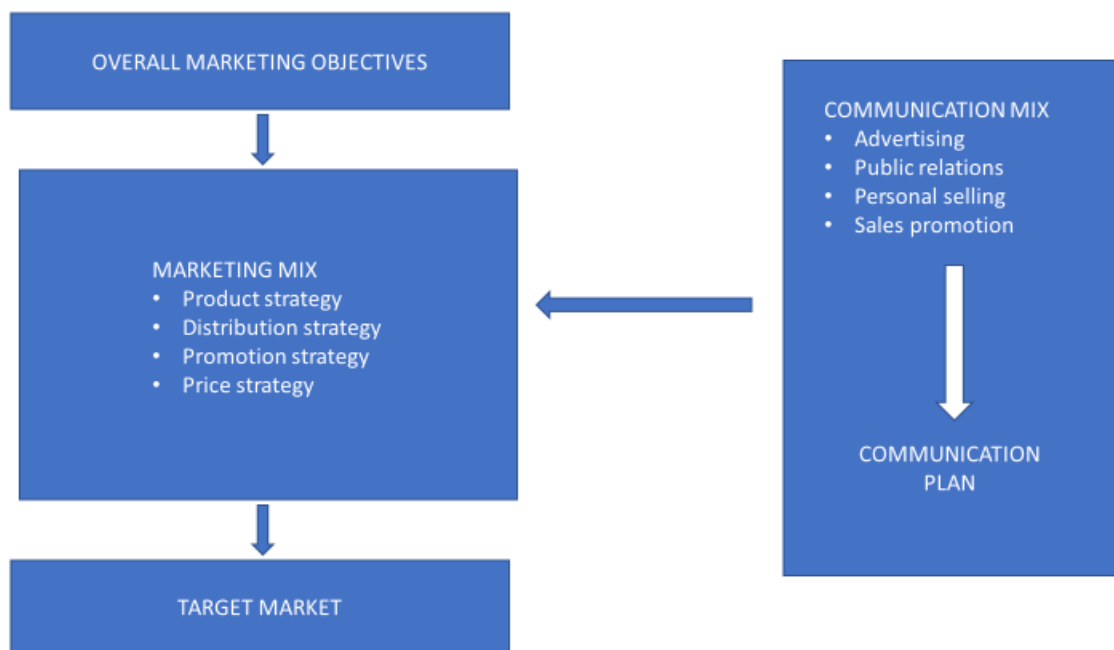
Figure 1: The role of marketing communication in the marketing mix

Source: Lamb et al. (2015:382) .

Marketing can broadly be described as the set of steps used to deliver value that can be remembered by customers and can create a relationship with these customers as well as providing and generating benefits to the organization (Armstrong and Kotler, 2011:136). The marketing mix has a significant impact on a business and in a study done by Bay et al. (2008) they confirmed that when an organization applies the marketing mix to their business strategy, it will assist in increasing the sales and profit for the organization. The four elements of the marketing mix, namely price, product, place and promotion are seen as controllable tools that will help significantly to reflect the customer's satisfaction (Shankar & Chin, 2011:269). Once the elements are all understood clearly the business providers will be able to influence potential and current customers to continue doing business but more importantly become loyal customers (Wahab et al., 2016:369).

The marketing mix is seen as the most fundamental concept that has to be clearly understood before an effective marketing strategy can be developed. The marketing

mix factors include product, place, price and promotion and they all have significant impact on purchasing decisions as per Azzadina et al. (2012:354).
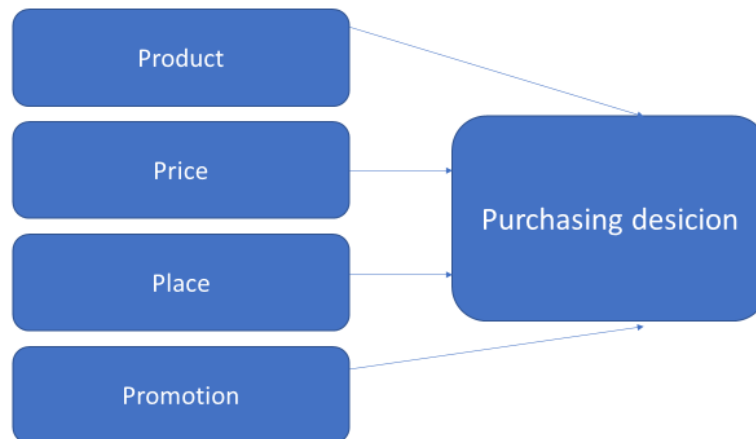
Figure 2: 4 Ps of marketing

Source: Azzandina et al. (2012:354)

The marketing mix can be broken down into two important benefits (Londhe,2014:337). It is a vital tool used to highlight that the marketing manager's job is a matter of trading off the benefits of the competitive strengths in the marketing mix against the benefits of others.

1. It will help to reveal another dimension of the marketing manager's job where they must allocate resources made available among various demands and competitive devices of the marketing mix.

2.7 CONSUMER BEHAVIOUR

"The consumer, so it is said, is the king...each is a voter who uses his money as votes to get the things done that he wants done" (Samuelson, 2000:274). When reading this quote it is clear that the consumer is truly the king of the economy and all marketing decisions should be based on the behaviour of the consumer.

In order to create value for the consumer and profit for the organization the marketer needs to understand why consumers behave in a certain way to a variety of products and services offered (Bray, 2008).

Consumer behaviour can be described as the behaviour that consumers display in searching for, using, evaluating and disposing of products and services that they expect will satisfy their needs, according to Schiffman and Kanuk (2004:56).

The consumer dictates the market with the behaviour trends that are used daily by all consumers. Without these behaviours and trends no institution or organization would be able to predict or forecast consumer patterns or decisions. If the marketer truly understands the behavioural trends of the consumer, the organization should be able to predict what decision the consumer will make.

2.7.1 Models of consumer behaviour

A model of consumer behaviour is described in Berman and Evans (2001:168) as anything used to represent all or part of the variables of buying behaviour. These models indicate the structure of consumer behaviour and buying behaviour and how the decision-making process represents it.

2.7.1.1 Economic, sociological and information processing models

There are various models explained in the literature, but Cosser and Du Toit (2002:47) explain how students in grade 12 make a choice on which higher education medium they will attend by considering these models which are relevant to this study.

Economic models focus on the individual characteristics of consumers and are based on the concept that consumers maximise value by doing a cost-benefit analysis. There are various costs considered when making this decision like the cost of tuition fees, textbooks, cost of living and leaving friends and family behind. These are weighed up against benefits like attending an institution with an improved social life, high quality of sport programmes or better career opportunities, say Cosser and Du Toit (2002:48).

Sociological models will influence student choice and they refer to family, background, academic ability, significant others, educational aspirations and motivation to succeed, according to Cosser and Du Toit (2002:48).

Information processing models are a combination of the above mentioned two models and will include economic and social factors that influence a student's decision-making process (Cosser and Du Toit, 2002:48).

2.7.1.2   The Engel, Blackwell and Miniard Consumer Behaviour Model

This model of consumer behaviour provides a comprehensive discussion of the possible influences of consumer behaviour and the impact of these influences on the different stages of decision-making.

According to Berman and Evans (2001:165) the Engel, Blackwell and Miniard model of consumer behaviour is made up of two different parts: five steps, which make up the process itself and the internal and external factors that will influence the process.
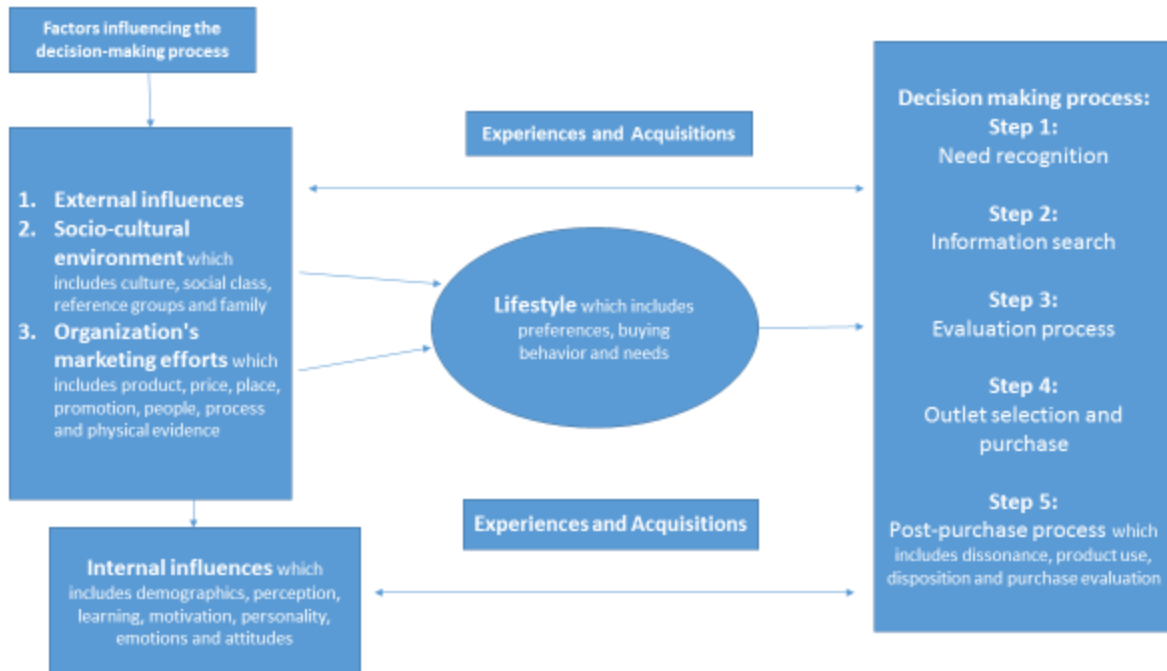
Figure 3: Engel, Blackwell and Miniard's consumer behaviour model

Source: Hawkins et al. (2004:172)

2.7.2 Internal factors influencing the decision-making process

Demographics are described as the consumer's personal information such as gender, race and age.

Perception is described by Arnould et al. (2004:77) as a process by which people select, interpret and organize sensory stimuli into a meaningful coherent picture for example how students view a brand, service product, institution or degree in this scenario.

Learning is described by Schiffman and Kanuk (2004:102) as the process by which individuals acquire purchase and consumption knowledge and experiences they apply to future related behaviour.

Motivation is explained by Arnould et al. (2004:77) as an internal stimulus like hunger, thirst, desire or self-esteem. The motivations and goals of the consumer depend on

how they interpret local content, macro-environmental factors and social networks within their own personal history, values and circumstances.

Personality is described by Arnould et al. (2004:78) as the distinctive patterns of thought, emotions and behaviour that will characterize each of the individual's adaptations to the specific situations of his life. It will guide and direct the consumer's behaviour.

Emotions are described by Peter and Olson (2005:217) as the strong relatively uncontrollable feelings that affect general behaviour. These feelings occur when the environment, events or the consumer's mental processes trigger physiological changes.

Attitudes are described by Peter and Olson (2005:217) as a process by which the consumer elects information in the environment to interpret and is seen as the point at which the consumer becomes conscious or aware of certain stimuli.

Lifestyle is described by Peter and Olson (2005:218) as the manner in which people conduct their lives, activities, opinions and interests.

2.7.3 External factors affecting the decision-making process

Culture is adaptive, dynamic and patterned blueprints for action and interpretation that enable a person to operate in a manner acceptable to other members of the culture, according to Arnould et al. (2004:78). It is also a study of all aspects of society.

Social class is the division of members of a society into a hierarchy of distinct status classes so that members of each class have relatively the same status and members of all classes have either more or less status, Schiffman and Kanuk (2004:102). According to Peter and Olson (2005:218) social class is very important to organizations because people of different classes have different behavioural tendencies.

Reference groups can be described as groups whose presumed perspectives, attitudes or behaviour are used by an individual as the basis for his or her own

perspectives, attitudes or behaviour (Arnould et al., 2004:79). Examples are groups of friends, families, peers, teachers and other influential people.

Family is one of the reference groups with the most influence on decision-making. It is the first group to which a person belongs to and usually maintains the longest affiliation with them.

Marketing mix is important in persuading the consumers to buy or use an organization's product (Schiffman and Kanuk, 2004:103). Institutions can influence students' decision-making processes by making them aware of their needs, supplying information and convincing them to purchase and use their service products. This is all done through the marketing mix and can include: price, promotions, service product, place, process, people and physical evidence.

2.8 CHAPTER SUMMARY

Chapter 2 provides a literature study of the research project with specific focus on promotional activity, consumer behaviour and the marketing communication mix.

3. CHAPTER 3: EMPIRICAL RESEARCH METHODOLOGY

3.1 INTRODUCTION

Chapter two discussed the basis of promotions, marketing communication and consumer behaviour in detail and this literature survey forms the building block of this study.

According to Bell and Bryman (2014:34) a research method is broadly defined as a technique for collecting data. This process can involve specific instruments that can include various forms of application like a self-completion questionnaire, structured interview, structured interview schedule or participant observation where the researcher observes others. Additional methods that could be used are focus groups, observations, interpretations of documents and secondary data and internet research methods.

For this study an availability survey was used in both online and hard copy format in an attempt to answer the research questions. They were distributed amongst retail pharmacy shoppers in South Africa. Survey research is commonly made up of a cross-sectional design to collect data by questionnaire or by structured interview on more than one case at a single point in time. This is done to collect data in quantitative or quantifiable form in connection with two or more variables which are then examined and processed to determine patterns of association, according to Bell and Bryman (2014:35).

In Chapter 3 an attempt is made to present and explain in detail the reason for the suitability of the applied research design and methodology. The survey used for the collection of the data and the data analysis is discussed in detail.

This research paper is aimed at adding value to the current knowledge on promotional activity in retail pharmacies within the South African Retail Pharmacy sector.

3.2 SCOPE OF THE STUDY AND PERMISSIONS

The empirical investigation was limited to the South African Retail Pharmacy consumers and focussed on consumers' preferences with regard to promotional

activity when shopping in retail pharmacies. Permission was received from the Head of Pharmacy of one of the retail pharmacy chains and the online survey was distributed amongst their stores. Further to this, hardcopy surveys were distributed to many other retail pharmacy groups for completion. The research respondents mainly comprised retail pharmacy shoppers.

3.3 RESEARCH APPROACH

3.3.1 Research design

Research design is made up of various frameworks used to collect and analyse data, Bell and Breyman (2014:78). The chosen design should enable the researcher to answer the research questions or hypothesis. The research design is seen as the framework developed to generate evidence that is suited to the set of criteria and the researcher's research question. The set of criteria can include the reliability, replication, validity, trustworthiness and authenticity of the data.

There are five research designs and their variations, say Bell and Bryman (2014:81):

1. Experimental and related designs such as quasi-experimental,
2. Cross-sectional design which is the most common design used in the form of a social survey,
3. Longitudinal design and its various forms such as the panel study and the cohort study,
4. Case study design and
5. Comparative design.

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

3.3.2 Choice of research methodology

There are various differences between the two types of research and some of them are outlined below:

Table 1: Qualitative versus quantitative research

Criteria	Qualitative research	Quantitative research
Purpose	To understand and interpret social interactions.	To test and hypothesize, look at cause and effect and make predictions.
Group studied	Smaller and not randomly selected.	Larger and randomly selected.
Variables	Study of the whole, not variables.	Specific variables studied.
Type of data collected	Words, images or objects.	Numbers and statistics.
Form of data collected	Qualitative data such as open-ended responses, interviews, participant observations, field notes and reflections.	Quantitative data based on precise measurements using structured and validated data-collection instruments.
Type of data analysis	Identify patterns features and themes.	Identify statistical relationships.
Objectivity and subjectivity	Subjectivity is expected.	Objectivity is critical.
The Role of the researcher	Researchers and their biases may be known to participants in the study and participants characteristics may be known to the researcher.	Researchers and their biases are not known to the participants in the study and the participant characteristics are deliberately hidden from the researcher.
Results	Particular or specialized findings that are less generalizable.	Generalizable findings that can be applied to other populations.
Scientific method	Exploratory or bottom-up: the researcher generates a	Confirmatory or top-down: the researcher tests the hypotheses and theory with the data.

	new hypothesis and theory from the data collected.	
View of human behaviour	Dynamic, situational, social and personal.	Regular and predictable.
Most common research objectives	Explore, discover and construct.	Describe, explain and predict.
Focus	Wide-angle lens; examines the breadth and depth of phenomena.	Narrow-angle lens; tests a specific hypothesis.
Nature of observation	Study behaviour in a natural environment.	Study behaviour under controlled conditions; isolate causal effects.
Nature of reality	Multiple realities; subjective.	Single reality; objective.
Final report	Narrative report with contextual description and direct quotations from the research participants.	Statistical report with correlations, comparisons of means and statistical significances of findings.

Source: Johnson and Christensen (2008)

Quantitative research aims to conduct a study where the relationship between one thing (an independent variable) and another (a dependent variable) within a population can be determined (Labaree, 2016). For this study quantitative research was considered the appropriate method.

3.3.3 Empirical study

The research for this study followed a quantitative approach. This was done to create a survey that would test consumer behaviour in retail pharmacies in South Africa and in doing so elaborate on the current understanding of buying behaviours in the stores.

3.3.4 Population and sample

The research was conducted among consumers shopping in the various South African retail pharmacies. The sample size was based on the numbers of random responses received. The target population included consumers of different ages, races, level of income, size of family and preference of retail pharmacies.

3.3.4.1   The sampling method

For this study non-probability sampling was used. Non-probability sampling is defined by Bell and Bryman (2014:96) as a sample that has not been selected using a random selection method. This implies that some units in the population are more likely to be selected than others.

A convenience sampling approach was used for this study due to the researcher working in the retail pharmaceutical field and is well-known by many the retail pharmacy chains. Convenience sampling is used when the sample is available to the researcher by virtue of its accessibility, say Bell and Bryman (2014:96).

3.3.4.2   Techniques for data collection

There are various data-collection techniques available for use. Some of them include, according to Chaleunvong (2009):

- Using available information,
- Observing,
- Interviewing (face-to-face),
- Administering written questionnaires and
- Focus group discussions.

For any collection process to be successful a simple logic needs to be applied to the process by using various steps outlined by JSI Inc. (2008):

Table 2: Data-collection steps

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

3.3.4.3   The measuring instruments

This study requires the use of a questionnaire as the preferred method of collecting data, as by doing so it will enable the researcher to determine correlations between the various factors identified using factor analysis.

The survey was created to obtain information from the respondents that included demographical information and purchasing preferences in retail pharmacies in South Africa. The survey was designed to test four sections:

1. Part A: Demographic Data,
2. Part B: The consumption of pharmacy,
3. Part C: The attitudes towards pharmacy and
4. Part D: Behaviour towards promotional activity.

The survey was created using Google Forms and was distributed via email to various pharmacy chain managements for approval and distribution. The respondents included consumers of varying demographics and shoppers from all the pharmacy chains.

The data was collected using the Google Forms application and reworked into a Likert scale for statistical analysis. The questionnaire had various different forms of questions, but the data intended for the Likert scale was designed on a five-point scale.

This five-point scale gave the respondents five options to choose from for each question or statement:

- Strongly agree with a score of 1;
- Agree with a score of 2;
- Neutral with a score of 3;
- Disagree with a score of 4 and
- Strongly disagree with a score of 5.

Sullivan and Artino (2013) write that Likert scales are frequently used in research to determine the outcome of assessments. Developed by Rensis Likert in 1932 to measure attitudes, it is normally used in a five- or seven-point ordinal scale where respondents rate the degree to which they agree or disagree with a given statement.

3.4 STATISTICAL ANALYSIS

The statistical analysis of the research data was done with the assistance of the statistical department of the North-West University. The supervisor and statistical advisor agreed on the various statistical applications applied for this study. The interpretations and recommendations were done using the results from the analysis done.

A Likert scale was used to group all data in categories and all responses were placed in tabular form.

3.4.1 Methods used
3.4.1.1 Descriptive statistics

Descriptive statistics were used in this study to illustrate the various traits of the population. It is mostly used to describe the basic features of data like the summary statistics for scale variables and measures of data, according to McHugh and Hudson-Barr (2003:113). In research studies where large amounts of data are used, these types of statistics will help to manage the data and can be presented in a summary table, says McPherson (2001:72).

Descriptive statistics cannot clearly be found in either quantitative or qualitative research, and in most cases, utilize elements of both methods often within the same study. The term refers to a number criteria-like research questions, design and data analysis that will be applied to the chosen topic. Descriptive statistics are used to tell the reader what was studied while inferential statistics on the other hand try to determine cause and effect (AECT, 2001).

3.4.1.2   Kaiser's measure of sample adequacy (MSA)

To determine whether a factor analysis may be appropriate, Kaiser's measure of sample adequacy (MSA), which gives an indication of the inter correlations among variables, should be computed. This index ranges from 0 to 1, reaching 1 when each variable is perfectly predicted by the other variables, say Hair et al. (1998:136).

The measure can be interpreted with the following guidelines:

Table 3: Keiser's measure of sample adequacy

0.80	meritorious
0.70	middling
0.60	mediocre
0 50	miserable
< 0.50	unacceptable

Source: Hair et al. (1998:136).

3.4.1.3   Factor analysis

This tool is useful when variable relationships for complex concepts are investigated and it allows researchers to investigate concepts that are not easily measured, says Rahn (2017). This tool also operates on the notion that measurable and observable variables can be reduced to a smaller number of variables that share a common variance and are unobservable. These unobservable factors are not directly measured but are essentially hypothetical constructs that will be used to represent the variable tested, according to Yong and Pearce (2013:81).

A factor analysis was done to determine common correlations between the various questions and they were then grouped into these factors under a number of descriptions.

Section C factors identified:

Table 4: Section C factors identified

Factor 1	C16	Cash-back promotions: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
	C11	Discount Vouchers: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
	C14	Loyalty programs: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
	C12	Price-off promotions: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
	C10	Buy-one-get one-free promotions: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
Factor 2	C18	In-store TV screens: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
	C15	In-Store Demonstrations: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
	C13	At the counter display promotions: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
	C9	Brochures and mailings which show the discounted products: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
Factor 3	C8	Free samples: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
	C17	Free trial product with the purchase of another product: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)

The table above illustrates the factors identified for section C discussing attitudes towards a pharmacy. Each factor is constructed by a few questions from the online questionnaire and grouped into factors 1,2 and 3 respectively.

Table 5: Section C factor groupings

Factor 1:	Discounts as promotional tool
Factor 2:	In-store promotional activities
Factor 3:	Free samples and products

Factors 1, 2 and 3 were then named as per the table above according to their similarities.

Section D factors identified:

Table 6: Section D factors identified

Factor 1	D19	I am more likely to buy a product if I can earn extra rewards points for my membership program.
	D17	I plan my buying so that I spend enough to get cash-back vouchers and thereby save in the future.
	D6	I am more likely to shop at a pharmacy if I have a loyalty card for the store that will give me a percentage of my purchase back? (Example: 3% cash back when using the loyalty card).
	D7	I go to the store more often when I know there are promotions in which I am interested in.
	D16	I am more likely to buy a product if I have a voucher for it.
Factor 2	D3	I am more likely to buy a product when they give a free promotional item to try out with the product (free new flavour of product with the purchase of an already known flavour).
	D4	I am willing to buy more than one of a product if I will receive a free gift. (Example: Receiving a free mixer when you buy three boxes of protein mix).
	D5	I am more willing to buy more than one of a product if I will receive a free gift. (Example: Receiving a free mixer when you buy three boxes of protein mix).
Factor 3	D14	I am more likely to buy a product after seeing a demonstration of the product.
	D1	Staff promoting products and providing advice on the floor at a pharmacy have influenced my purchase of a product. (Example: A promoter talking about a product and giving away a free sample).
	D9	I am more inclined to buy a product when there is a competition or contest that I can enter.
	D13	I am more likely to buy a product if I have the opportunity to sample or test it at the store.
	D15	I often purchase products displayed near the checkout till.

Factor 4	D10	I am more likely to purchase a product if there is a "buy one get one free" promotion.
	D11	I will make use of discounted promotion price by buying more of the product and then save for a later date.
	D12	If promotional price requires buying more than one product, I would still like to participate in the promotion.
Factor 5	D2	I usually do buy more than usual when there is a promotion to win something. (Example: Gifts, free products or vouchers).
	D18	After buying a product on promotion, I usually stick to it and buy the product again even after the promotion is over.
	D8	The visibility of weekly and daily promotions affects what I buy.

The table above illustrates the factors identified for section D behaviour towards promotional activity. Each factor is constructed by a few questions from the online questionnaire and grouped into factor 1,2,3,4 and 5 respectively.

Section D factor groupings:

Table 7: Section D factor groupings

Factor 1:	Loyalty programs and rewards
Factor 2:	Free gifts as promotional tools
Factor 3:	In-store demonstrations
Factor 4:	Discounts and free offerings
Factor 5:	Promotional buying behaviour

The five identified factors for section D were then named as per the table above according to their similarities.

Factors identified for both section C and section D were then tested for correlations statistically and this will be discussed in chapter 4 in detail.

3.4.1.4   Validity and reliability

The reliability of a test explains the consistency of scores obtained if the same test is conducted with the same persons on different occasions, or with different sets of equivalent items, or under other variable examining conditions, Anastasi and Urbina (1997:37).

The validity of a test examines what the test measures and how well it is done, say Anastasi and Urbina (1997:38). If it is tested as valid in terms of what it measures, then that was what it was intended to measure.

Reliability is a characteristic of data as described by Eason (1991:86) and as a result researchers must attend to the impact that the participants themselves have on score quality in every study. As Thompson (1994:842) explained, because total score variance is an important aspect of reliability, the participants involved in the study will themselves affect score reliability: "the same measure, when administered to more heterogeneous or more homogenous sets of subjects, will yield scores with differing reliability".

The vast diversity of respondents across studies should provide reliability coefficients on the scores analysed from data received. Pedhazur and Schmelkin (1991:819) argued that "Researchers who bother at all to report reliability estimates for the instruments they use (many do not) frequently report only reliability estimates contained in the manuals of the instruments or estimates reported by other researchers. Such information may be useful for comparative purposes, but it is imperative to recognise that the relevant reliability estimate is the one obtained for the sample used in the study under consideration".

The same principle can be applied to validity and according to Nunnally and Bernstein (1994:751) validity is a matter of degree rather than an all or none property and validation is an unending process. Most psychological measures need to be constantly evaluated and re-evaluated to see if they are behaving as they should.

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

3.5 ETHICAL CONSIDERATIONS

The first page of the questionnaire included an informed consent paragraph (see Appendix 7.2) as approved by the supervisor. This paragraph clearly outlined the intended study as well as the reason for conducting the study. An assurance was given that no personal information would be collected or distributed.

4. CHAPTER 4: EMPIRICAL RESULTS AND FINDINGS

4.1 INTRODUCTION

When a survey is designed, the researcher needs to assess who to survey and how to break down the overall response data into groups of respondents that can be interpreted into meaningful conclusions (De Franzo, 2012).

In this chapter the demographic profile of the study is discussed by focusing on the most significant variants. 121 respondents voluntarily participated in this study and they were well represented in the majority of the demographic variables tested. The content of the chapter is discussed in terms of demographic information and thereafter the factor analysis is discussed in detail with the correlations between factors as the final word of the chapter.

4.2 DEMOGRAPHIC PROFILE

The survey was successfully completed by 121 respondents and the demographic results will be discussed briefly using pie charts.
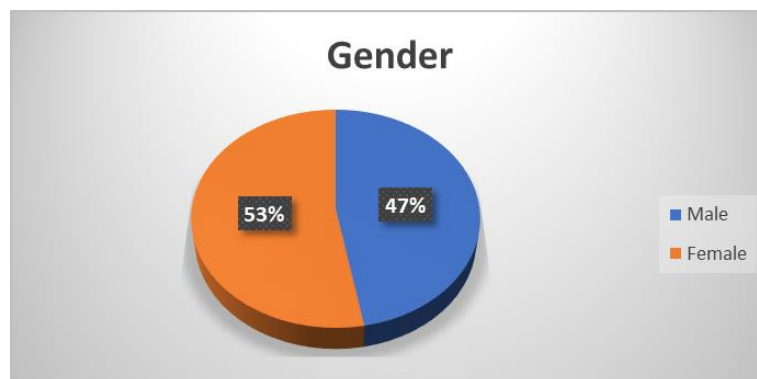
Figure 4: Gender

N=121

The gender responses indicated that 47% is male while the rest were female.
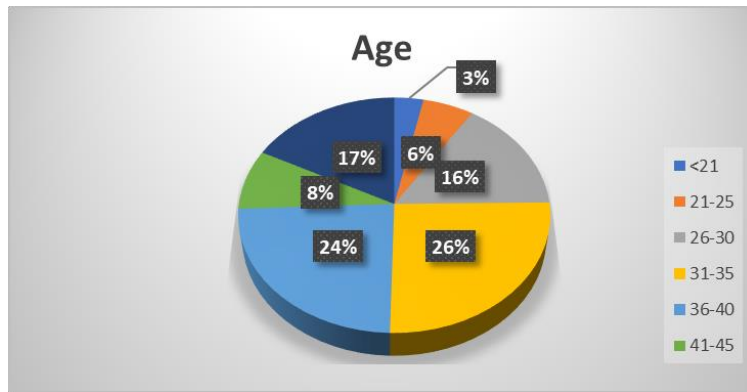
Figure 5: Age

N=121

When considering the various ages, the survey results showed that 3.31% of the respondents were under 21 years old while the majority of the respondents (50%) were between 30 and 40 years old. The study was well represented amongst all age groups.
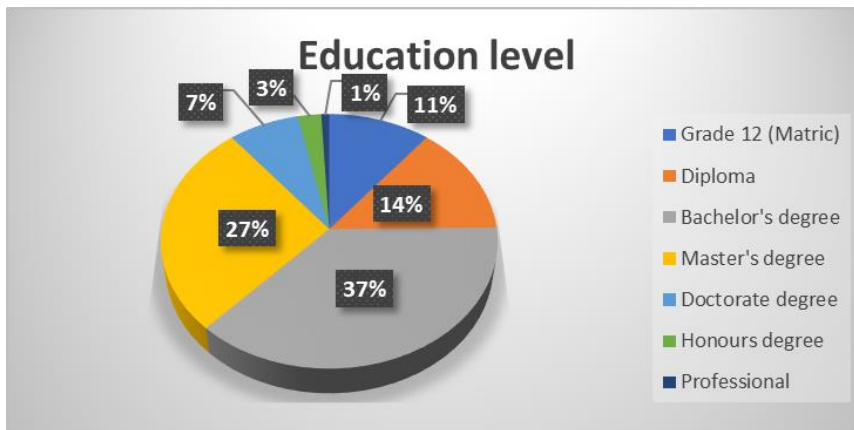
Figure 6: Educational level

N=121

The respondents were well represented through the various educational levels indicating that the majority of shopper's types were represented. 13 respondents have matric only which made up 10.74% of the population, while 64% had a master's or bachelor's degree.
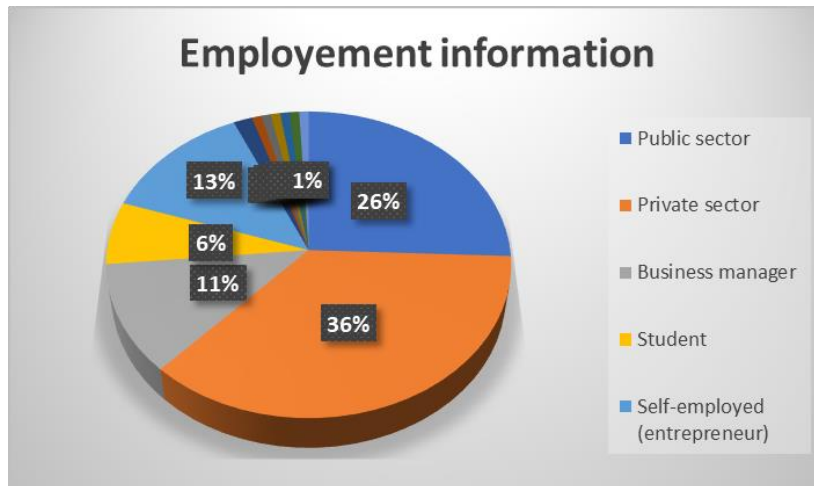
Figure 7: Employment information

N=121

The employment information indicated that the shoppers tested represented the majority of the employment sectors. 31 respondents worked in the public sector making up 25.62% of the population, 44 worked in the private sector making up 36.36% of the population.
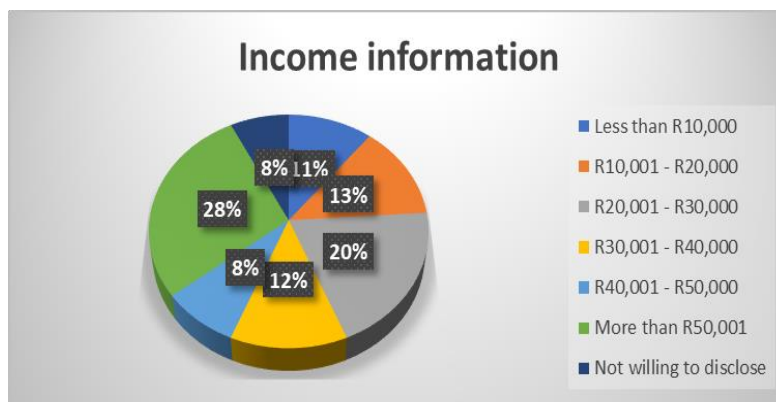
Figure 8: Income information

N=121

The results for income information indicated that the population was well represented among all income levels although nine respondents were not willing to disclose their income, making up 7.44% of the population. 48% of the population indicated that they earned above R30,001 per month.
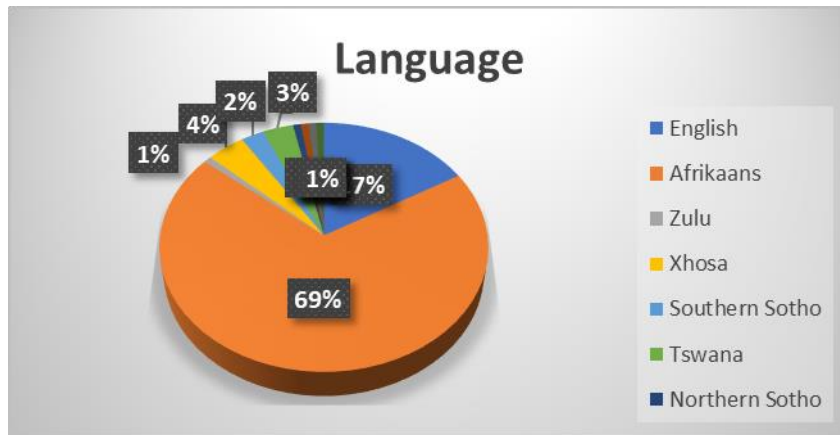
Figure 9: Language

N=121

The language information shows that there were respondents from most official languages, but the majority of the respondents were Afrikaans-speaking respondents making up 69.42% of the population with 84 respondents. There were 20 English-speaking respondents making up 16.53% of the population.
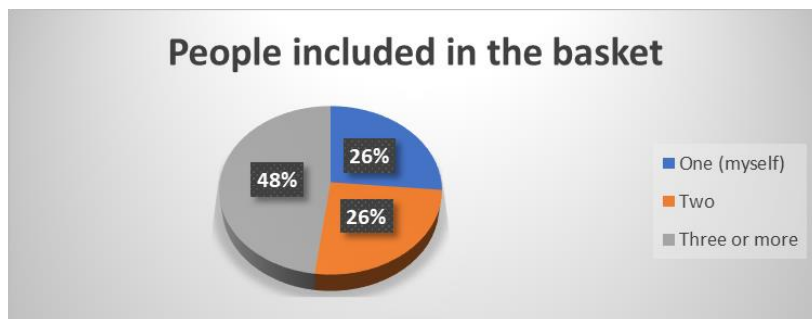
Figure 10: People included in the basket

N=121

It was important to determine the shopping preferences of the various baskets. When looking at the size of the basket each shopper was shopping with, the respondents again were from all shopping basket sizes. 58 respondents shopped for a family of three or more making up 47.93% of the population which indicated that shopping for bigger families was representative of the population.
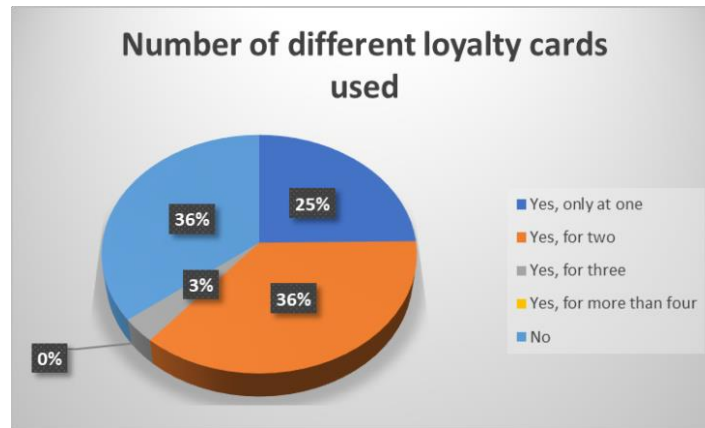
Figure 11: Number of different loyalty cards used

N=121

The loyalty at each pharmacy group is vital for returning customers and the usage of the loyalty cards indicated that 43 of respondents are not fazed by the use of loyalty cards making up 35.54% of the population. On the other hand, 44 used loyalty cards for two pharmacy chains making up 36.36% of the population.

4.3 FACTOR IDENTIFICATION

4.3.1 Kaiser-Meyer-Olkin Test of sampling adequacy

It is good practice to perform a sampling adequacy test (such as the one suggested by Kaiser-Meyer-Olkin (KMO)) before conducting a factor analysis, say Hamid et al. (2014:547). When considering Du Plessis (2010) the KMO measurement should test at least 0.6 to be present before advanced statistical analysis can be considered. Values below 0.5 are usually considered to be unacceptable while values above 0.7 and higher are seen as adequate samples for advanced statistical analysis, Field (2007). These authors also maintain that values between 0.7 and 0.8 are seen as good while values between 0.8 and 0.9 are seen as excellent. The data was subjected to the KMO test and the results of the two sections of the questionnaire appear in the table below. (Since each section was subjected to a separate factor analysis, both data sets have been tested for adequacy.)

Section C	0.798
Section D	0.850

Both Sections C and D have adequate samples exceeding the required 0.70; this indicate that both sets of data is suitable to be used for the factor analyses.

4.3.2 Factors identified in section C: Attitudes towards pharmacy

Factor 1: Discounts as promotional tool.

Factor 2: In-store promotional activities.

Factor 3: Free samples and products.

The factors were identified using a Rotated Factor Pattern (Standardized Regression Coefficients) and each set of data identified a number of factors. The Cronbach alpha was calculated for each factor to determine the reliability and internal consistency of the specific factor (Wuensch, 2014).

Table 8: Factors identitied for attitudes towards pharmacy

Question	Factor 1	Factor 2	Factor 3
C16	0.80933		
C11	0.79237		
C14	0.76088		
C12	0.65883		
C10	0.55895		
C18		0.82037	
C15		0.7822	
C13		0.68385	
C9		0.570994	
C8			0.74659
C17			0.58922
Variance explained	20.20%	19.67%	12.13%
Cumulative Variance	52.00%		
MSA	0.7976		
Cronbach Alpha	0.826431	0.779912	0.621146

The table shows that three factors are prevalent in attitudes towards a pharmacy. Two of the three factors are reliable, and their alpha coefficients exceed the required 0.70. The third factor, however does exceed the secondary limit set by Cortina (1993) (cited in Field, 2007) of 0.57, and could therefore also be accepted as a lower category reliability factor (Hamid et al. 2014:550).

Factor C1 is made up of five criteria namely C16, C11, C14, C12 and C10. All of these questions pertain t different types and applications of discounts used as a promotional tool. The factor explains a variance of 20.20% and is the most important factor.

Table 9: Factor C1 discounts used as a promotional tool

C16	Cash-back promotions
C11	Discount vouchers
C14	Loyalty programmes
C12	Price-off promotions
C10	Buy-one-get one-free promotions

Criteria C16, C11 and C14 all have factor loadings in excess of 0.7, suggesting that these criteria are regarded and very significant by the respondents in line with discounts used as promotional tools. In support of these findings a study done by Balachander et al. (2010:628) shows that companies may benefit from offering bundle discounts as promotional tools rather than competing simply on price promotions of individual items. Another study done by Meo et al. (2014:208) also showed that price reduction plays a major role in manipulating sales promotions to increase purchases of products. This finding concurs with both studies who also found discounts to be a successful tool to use in stimulating sales in the retail industry. In this regard, however Balachander et al. (2010:630) state that their study indicated that promotion just results in a temporary increase in sales, and that once the promotional activity is discontinued, sales slump to what they were before.

Factor C2 is made up of four criteria namely C18, C15, C13 and C9. All of these questions relate to in-store promotional activities and will explain a variance of 19.67%.

Table 10: Factor C2 in-store promotional activities

C18	In-store TV screens
C15	In-store demonstrations
C13	At the counter display promotions
C9	Brochures and mailings which show the discounted products

Criteria C18 and C15 both have factor loadings more than 0.7 indicating that these criteria are regarded as very significant for the respondents with in-store promotional activities. In support of these findings in a study done by Abratt and Goodey (1990:118) they found that although in-store promotions are not done regularly by retailer stores, they are successful if used as a promotional tool. Another study by Stilley et al. (2010:41) about in-store promotions found in-store promotions to be a successful promotional tool.

Factor C3 is made up of two criteria namely C8 and C17 and is the least important factor. Both questions relate to free samples and products. These questions will explain a variable of 12.13%.

Table 11: Factor C3 free samples and products

C8	Free sample
C17	Free trial product with the purchase of another product

Criteria C8 has a factor loading in excess of 0.7 indicating that respondents did find free samples and products as a significant promotional tool. In support of this finding an article by Small Business UK (2014) explains a number of benefits of handing out free samples in retail stores. These benefits are that you are spreading the word on the product, showing consumers that you are generous, gather feedback on the product, get consumers to try the new products, tempt existing consumers to chance their chosen brand, receive publicity and show that the company has confidence in their products. Free samples are often used to increase exposure in the market and also give consumers a taste of what's to come. This will allow them to feel confident about their purchases, says Lee (2017).

4.3.1 Factors identified in Section D: behaviour towards promotional activities

A total of five factors have been identified in behaviours towards promotional activity. These factors and their factor loadings are shown in the table below.

Table 12: Factors identified in behaviour towards promotional activity

Question	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
D19	0.78358				
D17	0.74781				
D6	0.64656				
D7	0.58332				
D16	0.55366				
D4		0.88715			
D5		0.8773			
D3		0.73531			
D1			0.85626		
D14			0.78391		
D9			0.60536		
D13			0.53897		
D15			0.36522		
D11				0.86776	
D12				0.84321	
D10				0.47395	
D18					0.70459
D2					0.32459
D8					-0.39521
Variance explained	23.99%	22.32%	24.65%	16.17%	5.94%
Cumulative variance	93.07%				
MSA	0.8504				
Cronbach Alpha	0.77308	0.879855	0.791225	0.736608	0.463462

All the factors except Factor 5 have satisfactory reliability coefficients (exceeding 0.70). Factor 5 is regarded as not reliable. However, this means that the factor, in practice, is important to this study, but less likely to present itself in repetitive studies of similar nature, say Hamid et al. (2014:550). The factor is, therefore, retained on this basis.

The factors are discussed and labelled below.

Factor D1 is made up of five criteria namely D19, D17, D6, D7 and D16 and is the most important factor. All of these questions relate to loyalty programmes and rewards and will explain a variance of 23.99%. Cronbach alpha tested 0.773 indicating reliable data.

Table 13: Factor D1 loyalty programmes and rewards

D19	I am more likely to buy a product if I can earn extra rewards points for my membership programme.
D17	I plan my buying so that I spend enough to get cash-back vouchers and thereby save in the future.
D6	I am more likely to shop at a pharmacy if I have a loyalty card for the store that will give me a percentage of my purchase back (Example: 3% cash back when using the loyalty card).
D7	I go to the store more often when I know there are promotions in which I am interested.
D16	I am more likely to buy a product if I have a voucher for it.

Criteria C14, C11 and C16 were found to have factor loadings exceeding 0.7 which indicates that respondents found loyalty cards and rewards to be a significant promotional tool. In support of this finding the factor dovetails well with a similar study done by Lui and Yang (2009:104) where these researchers found that loyalty programmes are an important customer relationship management tool and should form part of all companies that have a significant market share. In another study done by van Heerde and Bijmolt (2005:454) they found that the use of loyalty systems is essential for effectively managing stores with seasonal products.

Factor D2 is made up of three criteria namely D3, D4 and D5. All these questions relate to free gifts as promotional tools. They will explain a variance of 22.32%. Cronbach alpha tested 0.880 indicating reliable data.

Table 14: Factor D2 free gifts as promotional tools

D3	I am more likely to buy a product when they give a free promotional item to try out with the product (free new flavour of product with the purchase of an already known flavour).
D4	I am willing to buy more than one of a product if I will receive a free gift. (Example: Receiving a free mixer when you buy three boxes of protein mix).
D5	I am more willing to buy more than one of a product if I will receive a free gift. (Example: Receiving a free mixer when you buy three boxes of protein mix).

Criteria D3, D4 and D5 were found to have factor loadings higher than 0.7 and this indicates that the respondents find free gifts to be a very significant promotional tool. In support of this finding a study done by Raghubir (2004:185) found that free gifts with promotional purchases can lead to inferences about the gift value. Some consumers were found to discount the value of the gifts. Contrary to this White (2013) wrote that companies benefit in five different ways by giving out free gifts; the consumer feels obliged to buy more, when given something for free the consumer will buy more later, the consumer perceives getting more as preferable to a discount, the consumer will buy more when there's a mystery involved and the consumer will talk more about freebies received.

Factor D3 is made up of five criteria namely D1, D14, D9, D13 and D15. All of these questions relate to in-store demonstrations. They will explain a variance of 24.65%. Cronbach alpha tested 0.791 indicating reliable data.

Table 15: Factor D3 in-store demonstrations

D14	I am more likely to buy a product after seeing a demonstration of the product.
D1	Staff promoting products and providing advice on the floor at a pharmacy have influenced my purchase of a product. (Example: A promoter talking about a product and giving away a free sample).
D9	I am more inclined to buy a product when there is a competition or contest that I can enter.
D13	I am more likely to buy a product if I have the opportunity to sample or test it at the store.
D15	I often purchase products displayed near the checkout till.

Criteria D1 and D14 were found to have a factor loading of higher than 0.7 indicating the respondents found that in-store demonstrations are significant promotional tools. In support of this finding in a study done by Nordfalt and Lange (2012:24) they conducted three experiments with three different products and the effect of promotional activities have on sales. These experiments yielded extreme results; increases in sales ranged from 727% to 3,654%. Although extreme, these experiments did demonstrate that in-store promotions have a significantly positive influence on sales figures. These authors, however, warn that different promotions and products do influence the increases in sales documented. Also, considering that this tool comes at a high cost the success must be significant to justify the investment.

Factor D4 is made up of three criteria namely D11, D12 and D10. All these questions relate to discounts and free offerings and they will explain a variance of 16.17%.

Table 16: Factor D4 discounts and free offerings

D10	I am more likely to purchase a product if there is a "buy one get one free" promotion.
D11	I will make use of discounted promotion price by buying more of the product and then save for a later date.
D12	If promotional price requires buying more than one product, I would still like to participate in the promotion.

Criteria D11 and D12 were found to have a factor loading above 0.8 indicating that the respondents found discounts and free offerings to be a very significant promotional tool. In support of this finding in a study done by Kamleithner et al. (2011:957) it was found that consumers are excited about discounts, but prefer discounts to be given per-item because it allows savings to be segregated and ultimately increases the saving.

Factor D5 is made up of three criteria namely D18, D2 and D8. All of these questions relate to promotional buying behaviour and is the least important factor. They will explain a variance of 5.94%.

Table 17: Factor D5 promotional buying behaviour

D2	I usually do buy more than usual when there is a promotion to win something. (Example: Gifts, free products or vouchers).
D18	After buying a product on promotion, I usually stick to it and buy the product again even after the promotion is over.
D8	The visibility of weekly and daily promotions affects what I buy.

Only criterion D2 was found to have a factor loading of above 0.7 indicating that the respondents did find it significant that they would likely buy more than usual when there is a promotion to win something. This is the least important factor and in support of these findings in a study done by (Andrews D, 2015:49) it is found that although promotional activities do stimulate buying behaviour, the consumer still prefers having a wide choice of items while making their own choice. The findings show that the consumer does not want to be shown which items to buy. In another study done by (Mughal A et al., 2014:411) it was found that a number of promotional activities stimulate purchasing and more specifically that buy-one-get-one-free promotions is an essential element in persuading buying behaviour of consumers particularly when purchasing a new product.

4.3.2 Correlations

The Pearson correlation coefficient is a popular statistical tool used to measure the strength between relationships and variables, says McCallister (2017:1). When a

statistical test is conducted between two variables, the Pearson correlation coefficient value can be used to determine how strong the relationship is between the two variables.

The coefficient value is produced with this tool and it determines how strong the relationship is between the two variables. A coefficient value ranges between -1.00 and 1.00. A negative range value indicates that the relationship between the variables is negatively correlated and if the value is positive the relationship between the variables is positively correlated (McCallister, 2017:2).

For a correlation to be statistically significant the probability value should be 0.05 or less, although p-values of 0.10 are also regarded to be significant at a lower level significance, according to Statistical Concepts (2017). The explanation of this is that the probability of obtaining such a correlation coefficient by chance is less than five times out of a hundred.

This coefficient of determination (r^2) can range anything from 0 to 1.00 and this will indicate that the proportion of variation in variables can be predicted from the relationship between them. When the coefficient of determination is as example 0.66, it can be interpreted that 66% of the variations can be predicted from the relationship between the variables and conversely, 34% of the variation cannot be explained (Statistical Concepts, 2017).

Table 18: Pearson Correlation Coefficients

N=121	Discounts	In-store promotions	Free samples and products	Loyalty and rewards	Free gifts as promotional tools	In-store demonstrations	Discounts and free offerings	Promotional buying behaviour
Discounts	1	0.50257 <0.0001	0.47852 <0.0001	-0.62908 <0.0001	-0.17606 0.0534	-0.31637 0.0004	-0.40327 <0.0001	-0.45721 <0.0001
In-store promotions	0.50257 <0.0001	1	0.47445 <0.0001	-0.51415 <0.0001	-0.28227 0.0017	-0.55035 <0.0001	-0.24375 0.0071	-0.57265 <0.0001
Free samples and products	0.47852 <0.0001	0.47445 <0.0001	1	-0.369 <0.0001	-0.48827 <0.0001	-0.51303 <0.0001	-0.2078 0.0222	-0.44009 <0.0001
Loyalty and rewards	-0.62908 <0.0001	-0.51415 <0.0001	-0.369 <0.0001	1	0.41459 <0.0001	0.58879 <0.0001	0.40648 <0.0001	0.6502 <0.0001
Free gifts as promotional tools	-0.17606 0.0534	-0.28227 0.0017	-0.48827 <0.0001	0.41459 <0.0001	1	0.57143 <0.0001	0.33963 0.0001	0.56149 <0.0001
In-store demonstrations	-0.31637 0.0004	-0.55035 <0.0001	-0.51303 <0.0001	0.58879 <0.0001	0.57143 <0.0001	1	0.37861 <0.0001	0.66987 <0.0001
Discounts and free offerings	-0.40327 <0.0001	-0.24375 0.0071	-0.2078 0.0222	0.40648 <0.0001	0.33963 <0.0001	0.37861 <0.0001	1	0.46165 <0.0001
Promotional buying behaviour	-0.45721 <0.0001	-0.57265 <0.0001	-0.44009 <0.0001	0.6502 <0.0001	0.56149 <0.0001	0.66987 <0.0001	0.46165 <0.0001	1

The table below illustrates the significance of the correlations by taking into account that the p-value has to be below 0.05 to confirm significance. Only one correlation between factors does calculate as non-significant which is Discount and Free gifts and promotional tools.

Table 19: Correlation significance

N=121	Discounts	In-store promotions	Free samples and products	Loyalty and rewards	Free gifts as promotional tools	In-store demostratio ns	Discounts and free offerings	Promotion al buying behaviour
Discounts	1							
In-store promotions	Significant	1						
Free samples and products	Significant	Significant	1					
Loyalty and rewards	Significant	Significant	Significant	1				
Free gifts as promotional tools	Not significant	Significant	Significant	Significant	1			
In-store demostrations	Significant	Significant	Significant	Significant	Significant	1		
Discounts and free offerings	Significant	Significant	Significant	Significant	Significant	Significant	1	
Promotional buying behaviour	Significant	Significant	Significant	Significant	Significant	Significant	Significant	1

The table below illustrates the strength of the correlations considering coefficients lower than 0.3 as no correlation, values between 0.3 and 0.5 as medium correlation and above 0.5 as strong correlation.

Table 20: Correlation strength

N=121	Discounts	In-store promotions	Free samples and products	Loyalty and rewards	Free gifts as promotional tools	In-store demostrations	Discounts and free offerings	Promotional buying behaviour
Discounts	100.00%	Strong	Medium	Strong	Weak or None	Medium	Medium	Medium
In-store promotions	50.26%	100.00%	Medium	Strong	Weak or None	Strong	Weak or None	Strong
Free samples and products	47.85%	47.45%	100.00%	Medium	Medium	Strong	Weak or None	Medium
Loyalty and rewards	-62.91%	-51.42%	-36.90%	100.00%	Medium	Strong	Medium	Strong
Free gifts as promotional tools	-17.61%	-28.23%	-48.83%	41.46%	100.00%	Strong	Medium	Strong
In-store demostrations	-31.64%	-55.04%	-51.30%	58.88%	57.14%	100.00%	Medium	Strong
Discounts and free offerings	-40.33%	-24.38%	-20.78%	40.65%	33.96%	37.86%	100.00%	Medium
Promotional buying behaviour	-45.72%	-57.27%	-44.01%	65.02%	56.15%	66.99%	46.17%	100.00%

A number of the criteria are significantly correlated strongly positive (r=>0.5; p<=0.05). In practice this means that the customers, for example using the strongest positive correlation, will likely buy promotional items if presented to them during in-store promotions:

- Promotional buying behaviour and in-store demonstrations (p<=0.05; r=0.67).
- Promotional buying behaviour and loyalty and rewards (p<=0.05; r=0.65).
- In-store demonstrations and loyalty and rewards (p<=0.05); r=0.059).
- In-store demonstrations and free gifts as promotional tools (p<=0.05; r=0.57).
- Promotional buying behaviour and free gifts as promotional tools (p<=0.05); r=0.56).
- Discounts and In-store promotions (p<=0.05; r=0.50).

A number of the criteria are significantly correlated strongly negatively (r=>-0.5; p<=0.05). In practice this means that the customers, for example using the strongest negative correlation that prefer using loyalty cards and are not likely to pursue discounted products:

- Loyalty and rewards and discounts (p<=0.05; r=-0.63).
- Promotional buying behaviour and in-store promotions (p<=0.05; r=-0.57).
- In-store demonstrations and in-store promotions (p<=0.05; r=-0.55).
- Loyalty and rewards and in-store promotions (p<=0.05; r=-0.51).
- In-store demonstrations and free samples and products (p<=0.05; r=-0.51).

4.4 CHAPTER SUMMARY

In this chapter the focus was on clearly highlighting the empirical findings. Descriptive statistics were discussed and the sample size of 121 respondents was well represented in most of the areas tested. The factor analysis delivered three factors in section C which was aimed at testing the attitude of the consumer in the pharmacy. The analysis in section D aimed at testing the consumer behaviour towards promotional activity delivered five factors. All eight of these factors were tested for correlations and 11 strong correlations were found.

5. CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This study aimed to analyse the consumer buying behaviour in retail pharmacies in South Africa. There was a specific focus on consumer behaviour and marketing principles and requirements in the pharmaceutical sector. The detailed regulation of the pharmacy sector in South African makes promotional strategies extremely difficult because only non-scheduled items can be discounted and promoted to the consumer. The introduction of the Single Exit Price (SEP) system in the sector has made it quite challenging for pharmacy owners, both corporate and independent, to compete on a mass scale by actively driving promotional activities.

The behaviour of the shoppers was found to be correlated between the different variables and indicates in which promotional areas the owner or manager should focus on gain maximum consumer attention to their respective products and services.

5.2 RESEACH OBJECTIVES ADDRESSED

Research objectives determined:

1. Customer satisfaction survey indicates that the customer's buying habits are affected by the promotional activity.
2. The types of promotional activities preferred and used by the consumer.
3. Whether promotional activity encourages consumers to buy more.
4. Whether consumers prefer to buy at specific pharmacy groups that have increased promotional activity.
5. Whether consumers in pharmacies prefer loyalty programmes.
6. Conclusions and made recommendations regarding buying behaviour to management of pharmacies.

The retail pharmacy environment with all its challenges still remains a great opportunity for entrepreneurs and the study done certainly guides and assists retailers on their promotional path to be taken. Each research objective will be discussed below.

5.2.1 Research objective 1:

Customer satisfaction survey indicates of the customer's buying habits are affected by the promotional activity.

The study indicated that a number of factors showed strong positive correlations indicating that consumers in these cases prefer these specific promotional activities. These positive correlations include in-store promotions and discounts, in-store demonstrations and loyalty and rewards, promotional buying behaviour and loyalty and rewards, free gifts as promotional tools and in-store demonstrations as well as promotional buying behaviour. All these indicated that customers have a strong tendency to consider and purchase items as a result of the promotional activities mentioned.

5.2.2 Research objective 2:

To determine the types of promotional activities preferred and used by the consumer.

The survey tested in questions C8 to C18 which promotional tool the consumer prefers, and they were requested to rank each tool from one to ten. Each of these tools is listed in the below table and the percentage of ratings from seven to ten combined for each tool displayed.

Table 21: Type of promotion preference

Type of promotion: (N=121)	% of 7-10
Free sample	66.12%
Brochures and mailings which show the discounted products	39.03%
Buy-one-get one-free promotions	80.16%
Discount Vouchers	62.81%
Price-off promotions	73.55%
At the counter display promotions	42.15%
Loyalty programmes	65.28%
In-store demonstrations	31.41%
Cash-back promotions	65.30%
Free trial product with the purchase of another product	51.23%
In-store TV screens	37.18%

Considering the table above it clearly indicated that the 121 respondents preferred buy-one-get-one-free promotions as the most preferred promotional tool with 80.16% of the

respondents rating this either 7,8,9 or 10. On the other hand, where in-store demonstrations and in-store TV screens rated as the least preferred promotional tools with only 31.41% and 37.18% respectively of the respondents rating them as 7, 8, 9 or 10.

These results clearly indicate that the consumer in retail pharmacies in South Africa prefers promotions where free items, discounts and cash back rewards are involved. It also shows that loyalty cards are an important tool to be utilized for retail pharmacies.

5.2.3 Research objective 3:

To determine whether promotional activity encourages consumers to buy more.

The survey results indicated that 85 of the 121 respondents did not look at promotions before entering stores which is 70.25% of the population. Therefore the majority of consumers buy promotions as an impulse purchase and these purchases are encouraged by the promotions in the store at the time of purchase.

5.2.4 Research objective 4:

To determine whether consumers prefer to buy at specific pharmacy groups that has increased promotional activity.

Figure 12: Pharmacies consumers shop in the most
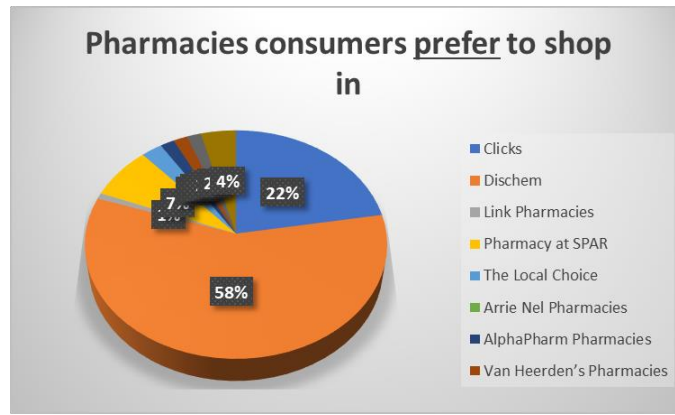
Figure 13: Pharmacies consumers prefer to shop in

Consumers at retail pharmacies in South Africa buy at the various chains for various reasons, but 92 of the respondents shop in Clicks and Dischem most, while 97 of the respondents prefer to shop in Clicks and Dischem. 70 of the respondents prefer to shop in Dischem which is 58% of the population. It is clear that the independently owned pharmacies are still regularly used in their respective communities, but the consumers' preferences are with the two major corporate groups where aggressive promotional activity is the norm.

5.2.5 Research objective 5:

To determine whether consumers in pharmacies prefer loyalty programmes

78 of the respondents use loyalty cards for the pharmacies they support while 43 indicated that they did not use loyalty cards making up 35.54% of the population. 97 of the 121 respondents preferred the loyalty programmes from the two major corporates with a small number of the population preferring the independently owned pharmacies' loyalty programmes.
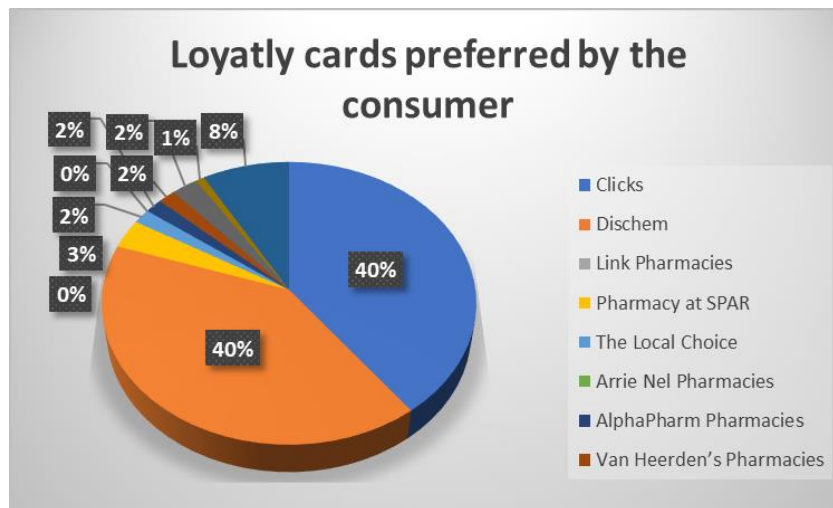
Figure 14: Loyalty cards preferred

5.2.6 Research objective 6:

Draw conclusions and make recommendations regarding buying behaviour to management of pharmacies.

Conclusions and recommendations drawn from the study will be discussed in the remainder of Chapter 5.

5.3   CONCLUSIONS

Each of the research objectives delivered useful information for the management of promotional campaigns in future and ultimately using this information to guide the consumer towards their preferred products and purchasing patterns.

Research objective one delivered great guidance for promotional strategies. Any pharmacy intending to increase revenue and gross profit needs to align its strategy with the findings of this study. The correlations will guide them on needed action to take. Each correlation can be applied to an in-store purchase situation and used to guide the store on the best action to take with their customer. An example of the strong correlation between free gifts as promotional tool and in-store demonstration can be applied to a store and when a store uses the services of in-store demonstrators they must include some form of free gift to their customers to gain the best result.

Research objective two's results deal with learning about which type of promotion the consumers prefer. The results indicated that the respondents prefer promotional activities like free sampling, buy-one-get-one-free, discount vouchers, price-off promotions, loyalty programs and cash-back promotions. This is great guidance again for the stores to align their campaigns in terms of the consumer preference.

Research objective three indicated that consumers very rarely check which promotions are available before entering their preferred stores. They much rather buy promotions as an impulse buy and pharmacies must rather focus on increasing in-store promotions.

Research objective four indicated that the respondents prefer buying from the corporate pharmacy chains instead of the privately-owned stores. Therefore independently owned pharmacies need to engage in more aggressive promotional activity to offer their consumer a better shopping experience. Additions should be considered in line with the findings in this study.

Research objective five indicated that loyalty programmes are widely used by the consumer, but their preference is again the two big corporate chains. If the independently owned pharmacies are to be competitive, loyalty programmes have to be included in their future growth strategies.

5.4 RECOMMENTATIONS

The study was found to be extremely informative about the consumer behaviour in retail pharmacies in South Africa specifically considering promotional activity. Results indicate that the consumers prefer the use of loyalty cards at the large corporate pharmacies which is a great opportunity for the independent pharmacies in future. For smaller pharmacies to remain significant and competitive they need to venture into loyalty cards and rewards for their consumers.

Consumers in pharmacies also prefer free items, discounts and rewards as promotional tools. All pharmacies should actively strategize in line with this for their respective promotional campaigns. Considering the strong positive correlations between promotional activities like in-store demonstrations and promotional buying behaviour as well as in-store demonstrations and loyalty and rewards there are certainly opportunism for stores to combines these strong correlating variables in their strategy. As an example, stores should

utilize data available to promote items using in-store demonstrations on days when their most loyal customers are in the store. The same principle must be applied to the strong negative correlations like loyalty and rewards and discounts where stores could possibly not promote discounted items to their most loyal customers when they are in the store.

5.5   RECOMMENDATIONS FOR FUTURE RESEACH

This study has delivered good results and guidance for future promotional activities in retail pharmacies. By using the strong positive correlations found in the study as a guide on promotional usage, the retailer can plan more in line with the need in their stores. Future research can investigate the success of these strong positive correlations on revenue by measuring sales on specific items before and after promotional activity. For this study the researcher approached the various retail pharmacy groups and requested revenue information, but all were reluctant to share.

Each promotional activity can be researched in terms of their respective relevance in the industry giving the pharmacy owner a more detailed view of the promotional activities to focus on.

5.6   LIMITATIONS

The following factors were potentially limiting to this research:

- The sample size for this study reached a good number of 121 and was well represented amongst majority of variances measured. With this being a public study, the researcher would have preferred a much larger population.
- Reliance on global data for research purposes rather than data and information based only on the South African market.
- Ensuring that all Cronbach Alpha's are above 0.7.

5.7 SUMMARY

This study analysed the consumer behaviour in retail pharmacies in South Africa via an online survey distributed in the various retail pharmacy chains. The study revealed various promotional activities that the consumers in retail pharmacies prefer above others. Strong positive and negative correlations were found between a number of identified factors which will guide managers and owners of these specific retail pharmacies in their future promotional campaigns.

Thus, the conclusion of this study is that all pharmacies, both independently owned and corporate, need to firstly comply with all ethical and legal requirements of marketing and promotions in pharmacy and second align their promotional strategy with their consumer preferences. By doing so they are likely to manipulate the consumer behaviour in their stores to such a point that their revenue can increase significantly and sustainably.

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7. APPENDICES

7.1 ETHICAL CLEARANCE

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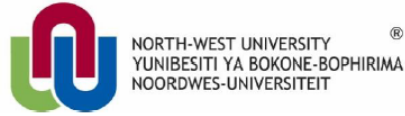
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ETHICAL CLEARANCE

This letter serves to confirm that the research project of **CARSTENS, IP** has undergone ethical review. The proposal was presented at a Faculty Research Meeting and accepted. The Faculty Research Meeting assigned the project number **EMSPBS17/03/06-01/32**. This acceptance deems the proposed research as being of minimal risk, granted that all requirements of anonymity, confidentiality and informed consent are met. This letter should form part or your dissertation manuscript submitted for examination purposes.

Yours sincerely

Prof CJ Botha

Manager: Research - NWU Potchefstroom Business School

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7.2 QUESTIONNAIRE

Questionnaire: The impact of Promotional Activity in Retail Pharmacies in South Africa

This survey is designed to test the impact of promotional activity on consumer behaviour in retail pharmacies in partial fulfilment of the requirements for the degree Master of Business Administration at the Potchefstroom Campus of the North-West University. The survey will take approximately 5-10 minutes to complete. Please note that no personal information or email addresses are recorded in this survey to ensure anonymity. Thank you for taking the time to complete the survey.

Please only choose one option per question unless requested to choose more than one for a specific question.

Part A: Demographic data
A1   What is your gender?
  __ Male

  __ Female

A2   What's your age?
  __ Under 21
  __ 21-25
  __ 26-30
  __ 31-35
  __ 36-40
  __ 41-45
  __ Over 46

A3   What's your educational level?
__ Grade 12 (Matric)
__ Diploma
__ Bachelor's degree
__ Master's degree
__ Doctorate degree
__ Honours, Honours degree, Honours degree
__ Professional

A4   What is your occupation?
__ Public sector
__ Private sector
__ Business manager
__ Student
__ Self-employed (entrepreneur
__ Unemployed
__ Other: _____

A5   Salary per month:
__ Less than R10,000
__ R10,001 - R20,000
__ R20,001 - R30,000
__ R30,001 - R40,000
__ R40,001 - R50,000
__ More than R50,001
__ Not willing to disclose

A6   My home language is:
__ English
__ Afrikaans
__ Zulu
__ Xhosa
__ Southern Sotho
__ Tswana
__ Northern Sotho = 7
__ Venda
__ Tsonga
__ Swati
__ Ndebele
__ Other: _____

Part B: The consumption of pharmacy
B1   How many people do you shop for?
__ One (myself)
__ Two
__Three or more

B2   On average, how much do you spend each time you go to the pharmacy?
__ Less than R100
__ R100 - R500
__ R501 - R1,000
__More than R1,001

B3   How often do you go to a pharmacy?
__ More than once a week
__ Once a week
__ Less than once a week
__ Once a month
__ Other: _____

B4   Do you receive communication from pharmacies telling you about promotions?
__ Yes
__ No

B5   If you receive communication, in which format do you receive it? (Please choose more than one option if applicable)
__ Email
__ Physical mail
__ Newspaper ad
__ Text messages
__ Social media
__ None
__ Other: _____

B6   I always look at the promotional material at the front of the pharmacy before I enter.
__ Yes
__ No

B7   Do you have a loyalty card for the pharmacy chain you support?
__ Yes, only at one
__ Yes, for two
__ Yes, for three
__ Yes, for more than four
__ No

B8   Do you remember having seen any ads for Pharmacy promotions on buses, billboards, TV or anywhere else in the last week?

__ Yes
__ No

B9   In which format did you last see pharmacy promotions?

__ Newspaper
__ Social media
__ TV ads
__ Billboard
__ In-store leaflets and displays
__ Radio = 6
__ Website
__ Youtube add
__ Sm
__ Other: _____

Part C: The attitudes towards promotional activities

C1   Which pharmacy chain/group do you shop at the most?

__ Clicks
__ Dischem
__ Link Pharmacies
__ Pharmacy at SPAR
__ The Local Choice
__ Arrie Nel Pharmacies
__ AlphaPharm Pharmacies
__ Van Heerden's Pharmacies
__ Medirite Pharmacies
__ Other: _____

C2   Which pharmacy chain/group do you prefer to shop in?

__ Clicks
__ Dischem
__ Link Pharmacies
__ Pharmacy at SPAR
__ The Local Choice
__ Arrie Nel Pharmacies
__ AlphaPharm Pharmacies
__ Van Heerden's Pharmacies
__ Medirite Pharmacies
__ Other: _____

C3   If your answer differs from the previous two questions, why did you not shop at your preferred pharmacy chain? If your responses were the same please type N/a in the paragraph section.

_____

_____

_____

C4   Is there any pharmacy loyalty or rewards programme you prefer?

__ Clicks

__ Dischem

__ Link Pharmacies

__ Pharmacy at SPAR

__ The Local Choice

__ Arrie Nel Pharmacies
__ AlphaPharm Pharmacies
__ Van Heerden's Pharmacies
__ Medirite Pharmacies
__ Other: _____

C5   I make price comparisons every time when I do shopping.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

C6   I like to receive communication from pharmacies on promotional activities on various platforms.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

C7   Which pharmacy do you believe has the cheapest products?
__ Clicks
__ Dischem
__ Link Pharmacies
__ Pharmacy at SPAR
__ The Local Choice
__ Arrie Nel Pharmacies
__ AlphaPharm Pharmacies
__ Van Heerden's Pharmacies
__ Medirite Pharmacies
__ Other: _____

C8   Free samples: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

C9   Brochures and mailings which show the discounted products: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

C10   Buy-one-get one-free promotions: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

C11   Discount Vouchers: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

C12   Price-off promotions: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

C13   At the counter display promotions: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)
__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

C14   Loyalty programmes: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)

__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

C15   In-Store Demonstrations: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)

__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

C16   Cash-back promotions: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)

__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

C17   Free trial product with the purchase of another product: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)

__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

C18   In-store TV screens: Please rank the promotional action mentioned from '0' to '10'. (10 = Like the most, 0 = Dislike the most)

__1 __2 __3 __4 __5 __6 __7 __8 __9 __10

Part D: Behaviours towards promotional activities

D1   Staff promoting products and providing advice on the floor at a pharmacy have influenced my purchase of a product. (Example: A promoter talking about a product and giving away a free sample).
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D2   I usually do buy more than usual when there is a promotion to win something (for example: Gifts, free products or vouchers).
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D3   I am more likely to buy a product when they give a free promotional item to try out with the product (free new flavour of product with the purchase of an already known flavour).
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D4   I am willing to buy more than one of a product if I will receive a free gift (example: Receiving a free mixer when you buy three boxes of protein mix).
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D5   I am more willing to buy more than one of a product if I will receive a free gift (example: Receiving a free mixer when you buy three boxes of protein mix).

__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D6   I am more likely to shop at a pharmacy if I have a loyalty card for the store that will give me a percentage of my purchase back? (Example: 3% cash back when using the loyalty card).
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D7   I go to the store more often when I know there are promotions which I am interested in. '
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D8   The visibility of weekly and daily promotions affects what I buy.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D9   I am more inclined to buy a product when there is a competition or contest that I can enter.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D10   I am more likely to purchase a product if there is a "buy one get one free" promotion.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D11   I will make use of discounted promotion price by buying more of the product and then save for a later date.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D12   If promotional price requires buying more than one product, I would still like to participate in the promotion.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D13   I am more likely to buy a product if I have the opportunity to sample or test it at the store.
__ Strongly agree
__ Agree
__ Neutral

__ Disagree
__ Strongly disagree

D14   I am more likely to buy a product after seeing a demonstration of the product.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D15   I often purchase products displayed near the checkout till.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D16   I am more likely to buy a product if I have a voucher for it.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D17   I plan my buying so that I spend enough to get cash-back vouchers and thereby save in the future.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D18   After buying a product on promotion, I usually stick to it and buy the product again even after the promotion is over.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree

D19   I am more likely to buy a product if I can earn extra rewards points for my membership programme.
__ Strongly agree
__ Agree
__ Neutral
__ Disagree
__ Strongly disagree