A COMPARATIVE ANALYSIS OF FACTORS AFFECTING THE PURCHASING DECISIONS OF CLEANING RAG BUYERS IN THE EASTERN CAPE

By

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Submitted in partial fulfilment of the requirements for the degree Master of Business Administration at the Nelson Mandela Metropolitan University Business School.

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DECLARATION

I, David Charles Shearer, hereby declare that:

- The work in this paper is my original work;

- All sources used or referenced have been documented and recognised;

- This treatise has not been previously submitted in full or partial fulfilment of an equivalent or higher qualification at any other recognised educational institution.

........................

David Charles Shearer 
November 2012
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ABSTRACT

The objectives of this research project were to identify and compare factors that influence the purchasing decisions of Multifibres’ customers active in each channel. Multifibres manufactures and distributes industrial cleaning rags to three channels or client categories, these being industrial resellers, industrial end-users and the walk-in customers.

An extensive literature review revealed that purchasing decisions are influenced by, amongst other factors, the buyer’s role, the internal cognitive processes of the buyer, as well as factors present in the buyer’s business and external environment.

An empirical study was conducted utilising in-depth interviews. The most prevalent, emergent themes that buyers attached the greatest weight to when purchasing cleaning rags were:

- price;
- quality;
- service;
- relationships; and
- convenience.

These factors were probed, analysed and compared, based on each buyer category’s unique set of characteristics. When motivating their purchasing preferences, resellers emphasised the importance of the business relationship and trust as being paramount, while end-users viewed price and service as the most important factors. Walk-in customers valued the combination of price and convenience as the most important reasons influencing their purchasing decisions.
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CHAPTER 1: SCOPE OF THE STUDY

1.1 INTRODUCTION AND BACKGROUND

Marketing serves as a link between the organisation and the customer. Marketers need to be able to answer basic questions regarding the market, such as who the customers are and why they buy. According to Cant, Brink and Brijball (2002:1) all businesses that want long-term success should study customer behaviour, in particular customer buying behaviour in order to understand it as comprehensively as possible.

Marketers need to know what their customers need and want. They also need to know how their customers make their decisions about buying and using the company’s products.

The study of consumer buying behaviour provides critical information to marketers for developing marketing strategies and tactics. Hoyer and McInnis (2010:17) suggest that The American Marketing Association’s definition of marketing illustrates the importance of marketers learning about consumer or customer behaviour:

“Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.”

As this definition elucidates, marketers need consumer behaviour insights to identify what consumers’ value and to tailor their marketing efforts accordingly.

Multifibres is a small, medium or micro enterprise (SMME) located in Port Elizabeth in the Eastern Cape. Multifibres’ core business is that of the manufacture and sale of industrial cleaning rags. The product is used by both industry and households, but the bulk of sales are to that of the:

- industrial reseller;
- industrial consumer; and
The business was founded in 1992 and is currently partner-managed by the researcher who commenced employment with the business in 1995 as the delivery driver.

Historically, Multifibres has never adopted a formal marketing strategy as demand has generally been buoyant enough not to warrant proactive, aggressive marketing. Competitors in the local market have experienced similar conditions and, as such, competition has remained negligible, further negating the need to utilise resources on marketing.

The business has enjoyed consistent, positive financial returns over the years, yet recently has seen a decline in overall sales. This decline can be attributed to the effect of the 2008 / 2009 global recession which resulted in a reduction in cleaning rag consumption. The entrance of new competitors to the market from other major centres has also contributed to the decline in sales.

The market has therefore shrunk, while the competitive environment has intensified and the management of Multifibres has decided to invest financial resources in marketing efforts with the goal of restoring sales to the volumes enjoyed in previous years.

1.2 PROBLEM STATEMENT

While being historically detached from the customer for reasons previously mentioned, Multifibres has, due to its lack of proactive marketing and sales efforts, become disenfranchised as to the wants and needs of the purchasers and users of the company’s product.

The definitive aim of this study is to compare the factors that influence the purchasing decisions of the various categories of cleaning rag buyers and, more specifically, Multifibres’ customers. To facilitate a comprehensive comparative analysis, the researcher will first need to
identify the factors that play a role in Multifibres customers’ purchasing decisions. This is identified as sub-problem one.

The researcher will further need to probe why or how these factors affect the purchasing decisions of cleaning rag buyers. This is identified as sub-problem two.

It is the intention of the researcher to make use of the information gleaned from this study to craft an all-encompassing marketing strategy that responds to the needs, wants and motives of each specific customer category.

It is important to conduct this study as valuable financial resources will be allocated to a marketing strategy or campaign. It is therefore deemed important to endeavour to gain a rich, contextual understanding of what is at the heart of the purchasing decisions of Multifibres’ customers. These insights will in turn enable Multifibres to streamline and pinpoint these planned marketing efforts.

It is also important to conduct this study because, without an intimate knowledge of the customer motivations, perceptions or preferences, the company may focus marketing resources and efforts in the incorrect areas, or similarly misdirect costly advertising media that may prove ineffective in lubricating sales.

While ample literature and theory exists on the broad subjects of consumer behaviour and industrial buying behaviour upon which the literature review is based, scant practical research was found with respect to industrial consumable products, particularly cleaning rags, and how certain factors may influence or drive buyers’ purchasing decisions. The results of this study can therefore, within context, be of strategic significance to other industrial consumable distributors and suppliers.
1.3 SYNOPSIS OF LITERATURE REVIEW

As Multifibres supplies both the individual and business consumer the researcher believes it is necessary to review literature relevant to both customer categories.

Crane (2010:61) contends that customer behaviour involves both the physical behaviour of buying as well as the psychological and social behaviour of individuals and groups driving purchasing decisions in the market-place.

The psychological influences on customer behaviour identified as being of relevance to the study are that of attitude, perception and motivation and the social influences related to social class, reference groups, religion and culture. These influences, along with the four P’s of the marketing mix, namely, product, price, place and promotion, influence the individual steps in the consumer decision-making process depicted in Figure 1.

FIGURE 1: CUSTOMER BEHAVIOUR MODEL

Source: Adapted from Crane (2010:58)
According to Blythe and Zimmerman (2005:3), transactions that take place between organisations have a far greater impact on the economy than do transactions between business and consumers. They suggest that understanding the differences between selling to consumers and selling to buyers in business organisations is the first step towards developing a successful commercial marketing plan.

**FIGURE 2: INFLUENCES ON ORGANISATIONAL BUYER BEHAVIOUR**

Source: Adapted from Cant, Brink & Brijball (2002: 206)

As Figure 2 depicts, the influences on organisational buyer behaviour and decision-making is for more complex than individual consumer decision-making. Morris, Pitt and Honeycutt (2001) identify three major differences between the two and these are presented below.

- *The products and services being marketed:* Consumer goods generally are familiar to most people based on their brand, style, colour etc., while industrial goods are more technically complex. Many industrial goods also carry a large per unit value or are sold in large volumes and are on occasion not a final product but a raw material.
• **The nature of demand**: The demand for industrial goods is derived from the demand for consumer goods.

• **How the customer buys**: The two types of buying behaviour differ in terms of who buys, how, where and what. Organisational buying often involves a number of individuals, and industrial buying is also more formalised in contrast to the informality of consumer purchasing. (Morris, Pitt & Honeycutt, 2001: 22)

The four most relevant topics explored were those of the effect of price, quality, service and business relationships on industrial buyer behaviour and decision-making.

Price, according to Brennan, Canning and McDowell (2007:316) is paradoxically one of the most important, yet one of the most ignored aspects of business marketing. Malhotra (1996) is cited in Canning Brennan and McDowell (2007:317) as revealing that only two percent of all articles published in major marketing journals have been concerned with pricing.

According to Brink and Berndt (2008:137), business relationships with other organisations are the most important relationships that an organisation can have. A model of relationship-based buying developed by Sheth and Mittal (2004:364) emphasises the important role that trust and commitment play in the success of business relationships.

Trust and commitment lead to customer loyalty, increased buying, a willingness to pay more and a positive word-of-mouth. The model postulates that long-term profits can therefore emanate from a successful long-term business relationship built on mutual commitment and trust between organisations.

Brink and Berndt (2008:56) define customer service as the “**provision of service to customers before, during and after a purchase**.” Good customer service is seen to add value by:
• making the experience of dealing with the organisation pleasant and enjoyable; and
• enabling the optimum use of the product, service or good.

Good customer service also locks the customer into the supplier and its products by creating long-term relationships; however caution must be exercised by those personnel in contact with the business customer not to make empty promises as this can lead to customer dissatisfaction. It is far better to under-promise and over-deliver (Hart, 1995:233).

Blythe and Zimmerman (2005:161) suggest that leading customer service experts have reduced the elements of service quality to five dimensions namely; tangibles, reliability, responsiveness, assurance and empathy. Repeated testing of these dimensions has revealed that reliability is the most important dimension, further reinforcing the notion of delivering to a customer what was promised on time.

According to Hart (2005:235) the prime beneficiary of quality is the organisation that is actually providing it, as quality, too, contributes to long-term success and profits. The costs involved in delivering on the quality requirements of customers should not be viewed as an expense that can be dispensed with when times are hard. Hart (2010) argues that quality should rather be thought of in the context of what delivering poor quality would cost the company. These costs are:

• the danger of losing customers;
• having to rework or redo the job; and
• the knock-on effect of low employee morale having to rework jobs already completed.

Poor quality also affects buyers’ perceptions of other products offered by organisations, which can cause a knock-on effect through other departments or divisions allied to the offending company.
1.4 RESEARCH OBJECTIVES

The purpose of this exploratory study was to compare how buyers in different channels, categories or roles, differ in how they arrive at their respective purchasing decisions. More specifically the objectives of this research were to:

- identify, through a comprehensive review of literature, what factors play role in consumer and business buying behaviour;

- through an empirical study of each customer category confirm how and why certain factors play a role in influencing cleaning rag buyers’ purchasing behaviour and decision-making based on their specific buying roles;

- through the findings of the literature and empirical study, compare the relevant factors pertinent to each customer category and highlight the relevant contrasts; and

- make recommendations on how Multifibres should direct its future marketing efforts based on the comparative findings of the study.

1.5 RESEARCH DESIGN

The study has been designed taking into account the exploratory nature of the main problem and has been structured as follows:

- a comprehensive literature review of secondary sources of information including relevant books, journals, academic theses and electronic media;

- Informal, unstructured pilot interviews with selected customers to identify the main themes or patterns surrounding the reasoning behind their purchasing intentions and behaviour; and
In-depth, semi-structured interviews using a questionnaire to probe those central themes identified which are of relevance to the study.

1.6 RESEARCH METHODOLOGY

According to Leedy (1997:139) all research methodology is dependent on two factors:

- the nature of the data; and
- the nature of the research problem.

The two main methodologies identified by Leedy (1997) are the qualitative or quantitative methodologies. Quantitative research is characterised by the testing of hypotheses or the relationships between variables via statistical measurement. Quantitative research, by contrast, is less flexible than qualitative research and is characterised by a strict research design which is developed before the actual research takes place (Adams et al., 2007).

Qualitative research employs methods of data collection that are non-quantitative and views knowledge as understanding rather than the ability to measure or control. The distinction between researcher and the topic can also sometimes be difficult to distinguish in qualitative research (Willis, 2007:189).

A qualitative approach, according to Creswell (2002:58), is an enquiry approach useful in exploratory studies. It collects detailed views of subjects in the form of words, and the researcher analyses the information to identify central descriptions or themes.

The research methodology chosen for this study is the qualitative research methodology. The researcher chose to conduct the study using a qualitative approach as he believed that the data required could only be extracted via in-depth interviewing and also required the respondents to be forthcoming.
with information that could otherwise not be represented numerically. This reasoning supports the view of Burger (2003:39) who states:

“Distilled to its essence, it becomes evident that qualitative research is thus the collection and analysis of extensive narrative data to gain insights into a situation of interest not possible using other types of data.”

The nature of the research problem is not to measure, but rather to explore. The research problem is also concerned with creating knowledge or theory-building and not theory-testing, further adding weight to the decision to conduct the study using a qualitative approach.

1.6.1 The sample

The total representative population for the study consisted of all cleaning rag buyers in the Eastern Cape. A non-probability sampling design was selected and both convenience sampling, by way of judgement, and purposive sampling were used to identify a sample of cleaning rag buyers that would, in the researcher’s view, best represent the population.

With the research objective being a comparative analysis and the three units of study being the industrial end-user, the industrial reseller and walk-in customers, three samples from each unit of study were initially selected to be interviewed.

The sample selected for this study comprises existing Multifibres customers. The reasons for this were to utilise the familiarity of customer supplier relationship to promote uninhibited dialogue and afford the researcher the opportunity of extracting information which would be meaningful to the study.
1.6.2 Method of data collection

The method of data collection for the study was by way of personal interviews and the instrument used was a questionnaire.

- Pilot interviews were conducted at the beginning of the study to provide the researcher with an indication as to what main themes or factors would emerge.

- Semi-structured interviews were conducted with both industrial end-users and industrial resellers.

- Informal interviews were conducted with walk-in customers over several months by way of casual dialogue as and when the customers arrived to make a purchase. Notes were made of the responses and central themes that were identified.

The questionnaire utilised for semi-structured interviews was compiled based on the results of the pilot study. The researcher added questions and themes to the initial questionnaire as information gleaned from interviewees provided fresh perspectives on a particular theme. The initial questionnaire comprised four open-ended questions, while the final interview questionnaire comprised 18 questions.

1.7 DEMARCATION OF THE RESEARCH

Geographically the research was limited to the Eastern Cape. This was influenced by the time and cost the constraints experienced by the researcher based on the chosen data-gathering method. The research is also limited to that of the three units of study, being the customer categories identified as being relevant to Multifibres’ customer base.
1.8 TERMINILOGY

1.8.1 Industrial cleaning rag

Industrial cleaning rags are a cheaper substitute for household cloths. Household cloths are prohibitively costly if utilised or consumed in large quantities. Manufacturing Industries utilise thousands of kilograms of cloth in their various manufacturing activities that require a more robust, cost-effective disposable alternative to high-end polishing cloths. The industrial cleaning rag is manufactured by sorting and cutting to size used clothing imported from second-hand clothing obtained abroad.

1.8.2 Customer category

For purposes of this study, the term customer category refers to how the customer is categorised by the ultimate end-use of the product. Three customer categories are identified as being: the industrial end-user, the industrial reseller and the walk-in customer. “Customer category” can be used interchangeably with the term “customer channel” to describe which type of buyer is being referred to.

1.8.3 Industrial end-user

Industrial end users are those industrial customers that make use of the cleaning rags in their manufacturing process. An example would be an automotive manufacturer utilising the product in their spray booth or paint shop.

1.8.4 Industrial reseller

Industrial resellers are classified as those companies that sell-on the cleaning rags to either another seller or an end-user. They do not physically
make use of the product. Examples of industrial resellers would be hardware outlets or chemical distributors.

1.8.5 **Walk-in customer**

The walk-in customer is classified as any customer who buys the cleaning rags direct from Multifibres' factory outlet and uses the product for both domestic and industrial use. An example would be an individual purchasing the cleaning rags for use in cleaning their home or for use in their garage at home or for their small business.

1.8.6 **Order qualifier**

An order qualifier is the set of offerings or characteristics required by a customer to be above a certain level just to be considered by that customer as having a chance of winning the business.

1.8.7 **Order winner**

Order winners are those factors that contribute directly to a supplier winning business. These factors are regarded by customers as the chief reasons for buying a particular product or service.

1.9 **OUTLINE OF THE STUDY**

The structure of the research assignment consists of five chapters as set out below.

1.9.1 **Chapter 1**

This chapter provides and introduction and background to the study. The problem statement and sub-problems are identified and clarified. A synopsis of reviewed literature is provided to set the scene for the following chapter.
The research design and methodology are briefly described and the data collection techniques along with the chosen measuring instrument are outlined. Key terminologies are defined and explained to assist the reader with a clear picture of the researcher’s understanding of selected terms.

1.9.2 Chapter 2

Chapter 2 provides a detailed dialogue of the literature consulted, read and interpreted for purposes of achieving the aim of the study. The chapter is divided into two relevant topics, namely the individual buyer and the business buyer.

1.9.3 Chapter 3

Chapter 3 details the research methodology chosen for the study. The chapter investigates and rationalises the chosen paradigm and methodology and explains the sample, the sampling techniques used as well as the various data gathering techniques. The researcher’s explanations regarding the chosen paradigm and data collection methods and interpretation are also documented in this chapter.

1.9.4 Chapter 4

The findings of the empirical study are documented, analysed and interpreted in chapter 4. The comparisons between the three customer categories will also be explored in this chapter with the final analysis being formulated in tabular format.
1.9.5 Chapter 5

Chapter 5 concludes the research assignment by revisiting the research problems, drawing conclusions and making recommendations based on the results and interpretations of the empirical findings of the study.
2.1 INTRODUCTION

According to Noel (2009:12), there are numerous factors that can influence consumer buying behaviour. These factors can be grouped in three conceptual domains, namely:

1. external influences;
2. internal processes (including consumer decision-making); and
3. post-decision processes.

Significant quantities of academic research material are available for the study of individual consumer behaviour with much overlap and parallel in the various models offered on the subject. For purposes of this literature review two of the three conceptual domains, namely external influences and internal processes will be explored.

2.2 EXTERNAL INFLUENCES: THE CONSUMERS’ CULTURE.

Culture can best be described as society’s personality. It is the sum total of values, beliefs and customs that direct the behaviour of the members of a particular society and its boundaries are therefore not easily defined by marketers (Schiffman & Kanuk, 2004:408).

Culture affects the particular merchandise people buy as well as the structure of consumption, decision-making and communication in a society. Culture also affects how consumers utilise products. Consumers buy products to satisfy a particular need to obtain function, form and meaning. Marketers must address these needs as they are defined by the cultural background of consumption (Blackwell, Miniard & Engel, 2006:432).

Culture makes one similar to some people but different to the vast majority. Culture comprises many aspects such as language, politics, everyday food habits and religion.
2.2.1 Religion

Religion has generally received little consideration from consumer researchers. Nazlida, Mizerski and Mizerski (2008:124) attribute this to a smaller number of consumer behaviour researchers who see religion as an indirect influencer of consumption and that the topic of religion itself has no place in consumer behaviour theory.

Nazlida, Mizerski and Mizerski (2008) argue that religion is an important cultural factor to study as it is one of the most common and influential social institutions and that it has a major influence on people’s attitudes, values and behaviours at both individual and group levels.

Noel (2009:51) supports this view by suggesting that religion can have a profound effect on the buying behaviour of consumers as it establishes a set of beliefs and dictates the norms of behaviour, and can impact on the consumers’ decision-making from the clothing they wear, the schools their children attend or the food they eat.

Nazlida, Mizerski and Mizerski (2008:126) further claim that religion influences the consumption and buying behaviour of people in three different ways as follows.

- It affects the make-up of consumption.
- It creates meaning in products and services.
- It influences individual’s decision-making.

It is also disputed that religion is highly personal in nature and also the level of religious affiliation and commitment make it difficult to predict how certain subcultures of religion will behave or make buying decisions. One can use Christmas as an example of how religion can affect buying behaviour and also the marketing efforts of retailers.
2.2.2 Ethnicity or race

Consumer ethnicity and race is the basis of growing and controversial advertising models and targeting campaigns that strategists say make up a two trillion-dollar market in the United States alone (Dokoupil, 2007:14).

Race is a trait that can be used to establish sub-cultures and allows marketers a base to segment the market. Cant, Brink and Brijball (2002:76) insist that race must be recognised as a variable as opposed to a constant and that marketers can use race to establish groups where a difference in needs and values exits. If the ethnic segments differ in their needs and values, then they should also be treated differently by marketers.

As an example, in the field of cosmetics, products that are suitable for white consumers may not necessarily be suitable for black consumers. Many major companies have taken this into account and aggressively compete for their slice of the market (Cant, Brink & Brijball, 2002).

2.2.3 Reference groups

Hawkins, Best and Coney (1995:144) differentiate between the terms “group” and “reference group” by defining a group as two or more individuals sharing a common set of beliefs and norms and have certain defined relationships with one another, making their behaviours interdependent. By contrast a reference group is defined as “a group whose presumed perspectives or values are being used by an individual as the basis for his or her current behaviour.” Reference groups can therefore be seen as a guide to how an individual can gauge group behaviour.

2.2.3.1 Types of reference groups

Four types of reference groups are identified in Hoyer and McInnis (2010:393) namely:

- aspiration reference groups, being groups people admire and aspire to become part of;
• associative reference groups, which are groups to which people currently belong;

• brand community, which is a specialised group of customer loyal to a particular brand of product; and

• dissociative reference group, which is group people generally do not want to emulate or associate with.

Marketers try to establish the shared values and beliefs of the various reference groups and fashion their market efforts accordingly. Cant, Brink and Brijball (2002:64) propose that potential customers generally associate with reference groups for the following reasons.

• **Information**: Reference groups communicate valuable information about the utility or value of a product or service.

• **Reward and punishment**: When consumers fulfil the expectations of a particular group they may earn a reward, or similarly if expectations are not met, they are punished by removal from the reference group.

• **Identification influence**: Aspiring to belong to a particular reference group may improve a person’s self-image.

Reference groups provide individuals with those roles and principles of conduct that directly manipulate their purchasing behaviour. The family influences what the child eats for breakfast; the peer group influences what music teenagers listen to on their i-pods and organisational groups influence what clothing adults wear to work. In each case it is the group that influences or pressures the individual to conform to group norms (Assael, 2004:400).

**2.2.4 Social class**

Social class influences customer lifestyles and spending patterns and is used as a solid indicator of which type of product a customer may be
interested in buying. Cant, Brink and Brijball (2002) suggest that social class is determined by three factors, namely education, occupation and income. Every country has a different social class structure and when comparing a developed country such as the United States of America to a developing country such as South Africa, it becomes apparent how markedly different the social class distribution structure is.

Figure 2 below contrasts the larger middle class of the United States against the smaller middle class of South Africa. The major contrast, however, is that of the lower class, where South Africa has a large base of lower class, or low income population, compared with a small portion of that of the United States.

**FIGURE 3: SOCIAL CLASS STRUCTURE IN THE USA AND SOUTH AFRICA**

![Diagram showing social class structure in the USA and South Africa](source: Adapted from Cant, Brink & Brijball (2002:66))

Hoyer and McInnis (2010:330) argue that income is not necessarily strongly related to social class for several reasons. Firstly certain levels of incomes overlap social classes. This occurs more frequently in the middle and lower-end of the income spectrum. It is not uncommon to have an experienced blue-collar worker earning more than an inexperienced white-collar worker, yet the blue-collar worker will not necessarily have a higher social standing.
Secondly, incomes generally increase with age, yet more mature workers do not automatically achieve a higher social class. Lastly, it has become more prevalent that families have dual incomes on account of the women pursuing successful careers and this higher than average income does not result in a higher social standing; in fact single-income families are generally held in higher social regard than dual-income families even though the latter collectively may earn more money.

Hoyer and McInnis (2010) further postulate that the greatest determinant of social class is in fact that of occupation. Occupation and education are closely intertwined as educational attainment is very often a prerequisite for a top vocation. However certain occupations, such as those of professional athletes or actors may require little education and are held in high esteem, hence occupation holds more weight than education as a determinant of social class.

2.3 INTERNAL PROCESSES: PSYCHOLOGICAL PROCESSES

2.3.1 Motivation

Motivation is defined as the driving forces within individuals that propel them into action. The driving force is brought on by a state of tension as a result of an unfulfilled need. Individuals strive both consciously and unconsciously to satisfy their needs and reduce the stress and tension that they experience. Whether gratification is achieved is determined by the chosen course of action. Goals pursued by consumers and the outcomes required are selected on the basis of previous learning and internal thinking processes. Marketers should therefore view motivation as the force that induces consumption and through consumer experience, facilitates the process of consumer learning (Schiffman & Kanuk, 2004:87).

To understand motivation is to understand why consumers do what they do. Cant, Brink and Brijball (2002:117) point out that from day one marketing students are taught that the main goal of marketing is to satisfy customers’
needs. It could therefore be argued that customers’ needs should be the starting point from which all other business activities should be planned. It is however not that simple and further examination is required as to what customers’ needs are and why they exist.

According to Cant, Brink and Brijball (2002), because customers experience varying kinds of needs, an appreciation of the nature of needs will offer a valuable approach to the understanding of the motivational influences influencing consumer behaviour.

2.3.1.1 Needs

Sheth and Mittal (2004:163) describe a need as a felt deprivation of a desired state. Several categories and theories of needs exist, the most prevalent being Maslow's hierarchy of needs. According to psychologist Abraham Maslow, human needs and wants are arranged in a hierarchy from lowest to highest depicted in Figure 4 below.

![FIGURE 4: MASLOW’S HIERARCHY OF NEEDS](image)

Source: Kendall (2009)

Maslow contends that lower order needs are fulfilled first before higher – order needs can be fulfilled. The pyramid of needs consists of:
• physiological needs such as hunger and thirst;
• safety needs such as security and shelter;
• social needs like love and a sense of belonging;
• esteem needs such as recognition, status and self-esteem; and
• self-actualisation like self-improvement and self-development.

According to Sheth and Mittal (2004), Maslow does not distinguish between needs and wants; however most contemporary literature on marketing does make the distinction. According to this distinction, the first two lower order needs in Maslow’s hierarchy are needs, while the rest are wants.

Customers in business markets also experience Maslow’s hierarchy of needs. For physical survival, businesses need money, employees, raw materials and equipment. Security needs for businesses can translate into insurance on fixed assets or loss of profits. Social or belonging needs can refer to ratings from peer organisations or industry membership group invitations. Esteem can come partly from the status attached to certain agencies acquired to distribute international brands, or the winning of prestigious industry awards, and self-actualisation can come by way of the firm striving to become what it wants to be and living out the values it represents through its brands (Sheth & Mittal, 2004).

Assael (2004:34) proposes that in addition to Maslow’s categorisations, needs can be more simply classified as being either utilitarian or hedonistic. Utilitarian needs are those associated with more basic needs or seek to achieve functional benefit to the consumer, while hedonistic needs seek to attain pleasure from a product or service. Assael (2004) further observes that the two needs result in markedly different consumer behaviour. In attempting to satisfy hedonistic needs, consumers are more likely to use emotional rather than practical criteria in evaluating the alternative brands of available products. The opposite would true of a consumer trying to satisfy a utilitarian need.
2.3.1.2 Goals

Goals are also an important influence on personal achievement and motivation. A goal is a particular outcome that an individual would like to achieve. According to Coetsee (2003:109), goals have a number of motivating mechanisms, namely:

- goals direct attention;
- goals regulate effort and energy; and
- goals create a common focus.

Goals play an essential role in the purposive behaviour of consumers, but scholars of consumer behaviour have only recently begun to examine the motivation for goals, their selection and modification, and their quest and realisation (Bagozzi & Dholakia, 1999:21).

Modern studies in psychology literature imply that one's goals can have a more ominous effect than is normally discussed in consumer literature. The most notable of these is the evidence that the content of a person's goal system, being the type or kind of goals that one may pursue, can influence one's satisfaction with the reward or result of one's daily activities. For example, working towards the goal of earning a higher salary may wane after several years as one starts earning a higher salary. Free time may become more important than additional income once the higher salary is earned (Roberts & Pirog III, 2004:67).

People are likely to be motivated to participate in behaviours that are relevant to achieving personal goals. Setting and working towards goals therefore becomes a highly motivating, pertinent factor in driving behaviour. Marketers use goals in consumer behaviour in this way by marketing and positioning their products in such a way that these products become appealing to consumers based on what the marketers construe the consumers’ goals to be (Hoyer & McInnis, 2004:61).
Blythe (2008:52) differentiates between goals and drives by suggesting that goals are external and pull a person in a certain direction. Conversely, drives are internal and push a person in a particular direction. In this way goals act as an incentive to take a course of action.

According to Noel (2009:92) a consumers’ behaviour becomes more goal-driven when they are highly motivated and they therefore tend to engage in behaviour that will be more likely to achieve their goals. Noel (2009) expounds this view by explaining that consumers usually have two types of goal as shown below.

- A *generic goal*: This is something that will fulfil consumers’ unspecified or basic needs such as if a consumer is thirsty and states he or she wants to drink a cold drink.

- A *product-specific goal*: If the thirsty consumer states he or she wants to drink a particular brand of cold drink then that would constitute the second type of goal, being product-specific.

The latter type of goal is what marketers are interested in, as these goals determine the types of products and brands that consumers select.

### 2.3.2 Perception.

Perception is defined as “*the process by which people select, organise and interpret stimuli to the five senses of sight, sound, smell, touch and taste.*” In the consumer context it is the way that buyers would give meaning to the world and their surroundings (Cant, Brink & Brijball, 2002:99).

Du Plessis, Rosseau and Blem (1995:69) define perception as “*the process by which an individual observes, selects, organises and reacts to environmental stimuli in a meaningful way*".
Experience plays a significant role in a consumer’s perception. For example, a person who finds a restaurant’s food to be poorly prepared or its staff to be unfriendly, would probably avoid eating there in future as result of his or her past experience and recently formed perception of that particular restaurant.

Blythe (2008:95) states that an individual constructs a cognitive map of the outside world which comprises experience and imagination and is affected by the factors listed below:

- **Subjectivity**: This is how the individual views the world and is totally unique to the individual.

- **Categorisation**: This is the filing or categorising of information and also the associations between objects or events. For instance, if one listens to a particular piece of music while running a marathon; if one were to hear that music or song elsewhere it could evoke the feeling of running.

- **Selectivity** is the extent to which the brain is selecting information from the environment. It is also subjective, as some people are more selective than others.

- **Expectations** lead people to interpret information in a certain way as it is what they have been led to expect.

- **Past experience**: As previously explained, past experience leads people to interpret later experience based on their experience or imbedded knowledge or what they already know.

Du Plessis, Rousseau and Blem (1995:73) explain that overall, people actually perceive only a small percentage of the stimuli they are exposed to. For example, a woman shopping in a supermarket is exposed to literally
thousands of products of different colours, shapes and sizes as well as smells and sounds with the store, yet she will shop there regularly and buy what she needs in a short space of time without taking in every stimulus she has been exposed to.

The exposure referred to above is very important as it begins the process towards final consumption and marketers compete for the attention of the consumer. Marketers are constantly changing their advertising strategies in order to try to cut through the clutter and attract prospective consumers’ attention. Naming rights on sports stadia and purchasing all the ad space on either side of travelators at airports are examples of companies maximising their chances of capturing consumers’ attention without the clutter of any other brands competing in the same space (Noel, 2009:95).

2.3.3. Attitudes

An attitude is an overall evaluation that expresses how much people like or dislike an object, issue or action (Hoyer & McInnis, 2004:130). Attitude is an organisation of motivational, perceptual and cognitive process with respect to aspects of one’s environment (Hawkins, Best & Coney, 1995:355).

For marketers, an attitude is the way people feel, think and act towards an aspect of the commercial environment such as a product, retail outlet or television programme.

Cant, Brink and Brijball (2002:134) refer to the ABC Model of Attitude depicted in Figure 5.
According to the model, an individual’s attitude has three components: affect (feelings), behaviour (actions) and cognition (beliefs).

- The affective component involves feelings and emotions towards an object. Affect is usually most prominent for products such as perfumes which say something about a person.

- The cognitive component consists of customers’ beliefs based on their knowledge of a product.

- The behavioural component is a result of the affective and cognitive component which is the decision to buy or not to buy the product.

Cant, Brink and Brijball (2002) argue that, depending on the nature of the product, one of the three components will be the overriding influence in shaping an attitude towards the product. For marketers, consumers’ attitudes, and in particular brand attitudes are a major component of brand equity. Brand equity is the value that a consumer attributes to the product or service and involves a strong, affirmative brand attitude by the consumer.
and results in greater returns and higher market share, hence its significance to marketers (Peter & Olson, 2005:137).

Consumers’ personal experiences also influence their brand attitudes. According to learning theory, such experiences can condition future behaviour, but brand loyalty will diminish if the brand does not deliver on expectations. Family and friends have a substantial influence on attitude formation as they are regarded as more credible sources of information. Families also provide people with the basic values and beliefs that are the foundation of attitude formation (Du Plessis & Rousseau, 2007:200).

Reasons why different attitudes are adopted by different people can be explained by the different roles that attitudes play in the minds of individuals. Wright (2006:267) suggests four reasons, namely:

- utilitarian purpose;
- value-expressive purpose;
- ego-defensive function; and
- knowledge function.

Utilitarian purpose refers to gaining reward or avoiding punishment. It underlies a natural tendency from childhood to engage in behaviour that would avoid punishment and serve a practical, utilitarian purpose.

Value-expressive attitudes are adopted as they are congruent with how people see themselves and how they would like others to see them. All consumers have sets of value-specific attitudes of some sort or another and will purchase products and services that fit into these core values.

The ego-defensive function is one by which people protect their self-esteem. Attitude clusters are adopted to take on this ego-defensive role. Buying a house in the “right” area or socialising with the “right” crowd are examples of defence mechanisms against low self-esteem.
The knowledge function of attitude formation holds that people develop beliefs and attitudes by gaining knowledge of their surroundings and environments. In this way people gain order and build a frame of reference for interpreting and understanding daily events in their lives.

2.4 THE CONSUMER DECISION-MAKING PROCESS

The consumer buying decision process addresses decisions about whether to buy a product or service, what to buy, when to buy it and from whom as well as how to pay for it (Hoffman et al., 2005:177). It is therefore advantageous for marketers to have knowledge of how consumers’ decisions are made in order to fashion related marketing strategies.

Marketing literature broadly refers to the consumer buying decision process as a process comprising five stages as illustrated in Figure 6 below.

2.4.1 Problem recognition

The first stage of the process is where the consumer is faced with a problem. The problem according to Hiam and Rastelli (2007:58) requires two conditions to be met, namely:

- There is a gap between what the consumer has and wants.
- The problem is seen as important.

For example, a person may want to own a BMW motor vehicle and currently own a six-year-old Ford, but this problem may not be as important as fixing a leaking swimming pool for the summer. Similarly, a person may own a one-year-old car in very good condition, but still deem it very important to buy another car that year. Both conditions, according to Hiam and Rastelli
(2007), have to be met for the consumer to move on to stage two of the consumer decision process.

Marketers also “help” the consumer in realising a problem by using certain elements of the marketing mix. An example of this being certain supermarket chains whose cashiers are now not only ringing up purchases, but also verbally engaging the customer and offering anything from cell phone airtime to reminding the consumer of two for one specials on products bought etc.

FIGURE 6: THE CONSUMER DECISION-MAKING PROCESS

1. Problem Recognition
2. Information Search
3. Evaluation of Alternatives
4. Product Choice
5. Post-Purchase Evaluation

Source: Adapted from Sheth & Mittal (2004)

2.4.2 Information search.

Once the problem or need has been acknowledged and recognised and the consumer has the intentions and the means to fulfil the need, the consumer will start the search for information to identify the most appropriate purchasing decision. Strydom (2011:59) suggests that many consumers
already posses information that they have amassed internally over time, and refers to this as an internal search. A consumer who is thirsty, for instance, does not need to search actively for alternatives as he or she will have knowledge gained from experience and years of exposure to the various soft-drink companies advertising and brand awareness campaigns.

For more complex or costly purchases, consumers may consult experts or also use word of mouth information because this would be viewed as being the most reliable and trustworthy source, particularly from good friends or family members. A successful information search will leave consumers with a variety of possible alternatives to solve their purchasing problem and then move on to step three of the decision-making process.

2.4.3 Evaluation of alternatives

The third step in involves the consumer evaluating the information on the alternatives that he or she has gathered and determining which product or service attributes best suit his or her needs, for example, speed, quality, durability or price. It is here that marketers determine which product attributes are most appealing to consumers and try to accentuate these product attributes in an attempt to differentiate their products from those of competing products (Strydom, 2011).

2.4.4 Product choice

In this stage the consumer actually decides to buy a particular product. It can range from a simple purchase such as placing a packet of sweets in the trolley, to buying a house or a car. Marketers try to make the buying process as smooth and convenient as possible. According to Hiam and Rastelli (2007:63), marketers need to know answers to several questions about shopping behaviour to be effective at this stage and these appear below.
• How much effort is the consumer prepared to expend shopping for the product? Should car dealerships stay open on weekends?

• What factors will influence when the consumer will make the purchase? Could discount or in-store promotions speed up the process?

• Are there any circumstances that would delay or prevent the purchase? Poor bar-coding or price labelling can negate a sale as a frustrated customer leaves the product at the till.

2.4.5 Post-Purchase evaluation

It is not uncommon for customers to feel a degree of buyer’s remorse once a large purchase has been made. This is referred to as cognitive dissonance meaning a conflict of the mind (Wright, 2006:29). Marketers need to ensure that they under-promise and over-deliver and constantly reassure potential clients that the products will live up to expectations. Product guarantees, warranties and after-sales service are examples of dissonance-reducing tactics used by marketers.

2.5. INDUSTRIAL BUYING BEHAVIOUR

The first part of this review has investigated the individual consumer and the various influences on individual buying behaviour. The focus of the balance of this review is on the organisation as a buyer and the relevant influences on organisational buying behaviour. Blythe and Zimmerman (2005:3) state that business markets are far larger than consumer markets and that understanding the differences between marketing to consumers and marketing to professional buyers in industrial organisations is the first step in any business in initiating a successful marketing plan. Multifibres services both individual consumers and industrial or organisational consumers and
consequently an understanding of the characteristics and buying behaviour of both market participants are deemed imperative.

The business market can be defined to include any organisation that buys goods to be used in the production of other goods. It also includes retailing and wholesaling companies that buy goods for resale (Kotler & Armstrong, 2001 cited in Blythe & Zimmerman, 2005: 4).

Compared to consumer markets, Leonidou (2005:33) states that industrial markets involve more intricate dealings, greater environmental uncertainty, and more protracted buying processes. Added to this is that industrial marketers may confront diverse situations reflecting different purchasing behavioural patterns by buyers.

It is difficult to distinguish between “consumer” and “industrial” market products as often the same product is sold in both markets. An overall, for instance, may be perceived to be an industrial product, yet these items are readily available in most retail outlets to individual consumers. The nature of a product thus does not necessarily determine the distribution channel or market it best serves.

Blythe and Zimmerman (2005:4) conclude that the most effective marketing and sales plans aimed at industrial buyers are always based on one of the following three fundamental appeals:

- to increase sales;
- to reduce costs; and
- to meet government regulations.
2.6 TYPES OF BUSINESS BUYING.

According to du Plessis and Rousseau (2007:295), industrial purchases can be classified into the three basic types which are discussed below.

- **New task buy:** In new task buying the organisation is faced with a purchasing decision that is devoid of previous purchasing experiences. The buyer may have to deal with new suppliers, new products and new technical specifications. Brennan, Canning and McDowell (2007:37) propose that suppliers that encounter customers in this situation can build a strong position by passing on their product knowledge and assisting the buyer in becoming involved in the decision-making process at an early stage of the transaction.

- **Modified re-buy:** A modified re-buy is a situation in which a buyer may deviate from a repeat decision or repeat purchase to satisfy the same supply-need. This situation is mostly brought on by a buyer’s dissatisfaction with his or her current supplier, or by the marketing activities of a competing supplier. Brennan, Canning and McDowell (2007) suggest that the “out-supplier” should try to maintain the status quo as long as is possible whereas the “in-supplier” should try to return the client or buyer to the straight re-buy situation.

- **Straight re-buy:** The straight re-buy is concerned with the repeat purchase of a product such as a consumable that is of minor importance. The buyer will have knowledge of the market participants and also prior buying experience would mean that the buyer would have specific, narrow criteria and also only deal with a few suppliers. This situation is particularly challenging for prospective suppliers wanting to move the buyer to a re-buy situation. Offering a cheaper price may not be significant enough to sway the buyer and other creative gestures such as extended payment terms, and a cost-saving analysis could help in moving the buyer to a re-buy situation (Brennan, Canning & McDowell, 2007).
2.7. BUYING CENTRE ROLES

Organisational buying has been mentioned as being a process that is more complex than individual buying. Being a process, it is subject to the input and action of several individuals who will be important to the process at varying times. According to du Plessis and Rousseau (2007:298), members of the purchasing department or buying centre fulfil different roles throughout the purchasing process such as users, buyers, analysers, gatekeepers, influencers, and deciders.

- **Users** are the department or section that initiates the purchase and these will ultimately be the people physically using the product. Users are also more likely to have a hand in developing the technical requirements and product specifications of the product.

- **Buyers** have the official authority to select a supplier and place the order and are very often the purchasing managers or executives within the procuring function hierarchy.

- **Analysers** do the various analyses of the prospective suppliers such as cost analysis and value analysis.

- **Influencers** are experts or specialists in their field and offer advice on which suppliers or products would be most technically adept at satisfying the organisations needs. Engineers and consultants are typically influencers.

- **Gatekeepers** regulate the flow of information from suppliers to other members of the buying centre. They also have an influence on whom the prospective suppliers’ salespeople can get access to in the buying centre, and they also provide leads on new products to members of the buying centre (Sheth & Mittal, 2004:338).
Deciders make the final decision and are the most difficult members of the buying centre to identify. Even though the buyer may have the formal authority, the decider makes the final decision and could be anyone from the Chief Executive Officer to the design engineer, or it could even comprise a committee.

2.8 THE BUSINESS BUYING DECISION-MAKING PROCESS

Brennan, Canning and McDowell (2007), Sheth and Mittal (2004) and Hoffman et al. (2005) affirm that the buying decision-making process in business markets consist of the following activities set out below.

- **Need or Problem Recognition**: The need may be to source a new piece of equipment to increase production capacity or to pursue a new market opportunity.

- **Determining Product Specification**: The company will draw up a specification for the required item. According to Brennan, Canning and McDowell (2007:34) this stage in the buying process can be of strategic importance to vendors if they are able to become involved with or assist the buyer in the drawing up of the product specifications. By doing this the vendors can influence the specifications with bias toward their own product offerings and potentially block competing suppliers.

- **Supplier Search**: During this stage the buyer will try to match available suppliers of products to the company’s needs and requirements. The amount of time the buyer will spend on this process is dependent on the scale and importance of the purchase.

- **Acquisition and Analysis of Proposals**: Quotations and proposals submitted by suppliers are evaluated. This may vary from a quick decision based on one buyer’s input or can be more complex by
evaluating suppliers by using weighting scales aligned to pre-determined criteria and product attributes.

- **Selection of Supplier**: This involves awarding the contract or placing an order with the successful supplier.

- **Selection of Order Routine**: In this phase the terms and conditions are negotiated such as lead-times, payment terms and delivery processes.

- **Performance Feedback and Evaluation**: Performances of suppliers are evaluated using various criteria specific to the company doing the evaluation. The feedback can be informal and continuous, or periodically on a more formal, structured basis.

### 2.9 INFLUENCES ON INDUSTRIAL BUYERS

According to Blythe (2008:393), buyers are influenced by personal and environmental as well as organisational factors.

#### 2.9.1 Personal influences.

The personal factors which influence buyers are similar to the consumer behaviour influences covered in the previous chapter, for example, perception, attitude, memory and goal-seeking behaviour. For instance the desire for respect or even friendship may cause a buyer to give an order to a particularly friendly salesperson as opposed to a pushy or unpleasant salesperson from another organisation.
2.9.2 Environmental influences

Industrial or business buyers are likely to be affected by the following environmental factors.

2.9.2.1 Physical influences

These influences mainly have to do with the location of the buying enterprise. A business located in a very remote location may be more inclined to source a basket of goods from a local supplier as opposed to sourcing various different products across city and national boundaries from many suppliers. Similarly local suppliers may enjoy a significant competitive edge over “outsider” suppliers as they would have more opportunity to build a relationship with the local firm, and also offer their products on a just-in-time basis, thus reducing holding costs and appeasing the analyser role previously mentioned within the buying centre.

2.9.2.2 Technological influences

The rapid rate of technological advancement, particularly in the communication sector, has resulted in businesses changing their decision-making and standard ordering procedures. du Plessis and Rousseau (2007:296) point out that the technology of the buyer and the seller must be compatible and that the composition of the buying unit within an organisation may be influenced by technology because the technical and engineering personnel may play more of a deciding role than that of the purchasing manager.

2.9.2.3. Economic influences.

The state of the economy and the financial situation of the firm play an important part in how a firm may channel its buying behaviour. High interest rates, commodity prices and staggered economic growth may influence a business to hold fewer inventories and also be less inclined to invest in
capital equipment. Similarly, a cash-flush business operating in a cycle of sustained economic growth may decide to invest cash reserves in inventory if the stock is offered at a discounted rate.

2.9.2.4 Political and legal influences

Laws passed by governments to regulate business, particularly in international trade, as well as the political state of a country can influence organisational buyers. In South Africa, broad based black economic empowerment (BBBEE) legislation can influence buyers concerning the recipients of their tenders and contracts. Businesses which procure raw materials and equipment from a country or area that becomes politically unstable may decide to try to source the materials or goods from another more politically stable country to ensure continuity in supply (Blythe, 2008:393).

2.9.2.5 Cultural influences

As discussed in Chapter 2 cultures are reflected in values, beliefs and norms and in an organisational context these influences can have an effect on the functioning of an organisation. The business-to-business marketer should therefore consider the cultural composition of the buying centre and decision-making unit and how they are likely to be influenced (du Plessis & Rousseau, 2007).

2.9.3 Organisational influences

Brennan, Canning and McDowell (2007:43) identify corporate culture as having the most significant organisational influence on a buyer’s behaviour. Corporate culture includes organisational policies, procedures, structures, systems of rewards, authority, status and communication systems, and can
greatly influence the way in which organisations’ buyers handle and relate to salespeople (Blythe, 2008:395).

2.10 BUYER-SELLER RELATIONSHIPS

Building and maintaining relationships with clients has emerged as an important strategic priority for firms. Hutt and Speh (2007:90) identify two key reasons for this. Firstly loyal customers are more profitable as they are likely to be less price-sensitive than are disassociated customers and secondly, a firm that successfully builds strong relationships with clients will enjoy a considerable competitive advantage because this type of relationship would be difficult for a competitor to imitate or replace.

Relationship marketing, according to Morris, Pitt and Honeycutt (2001), has no single commonly accepted definition, but shares commonalities amongst the following perspectives:

- building strong, lasting ties with clients;
- becoming a preferred supplier by earning the trust of the customer;
- establishing and maintaining successful relational exchanges;
- the formation of long-term buyer-seller relationships by creating structural and social bonds between the organisations; and
- a personalised marketing process that occurs in the long run and results in mutual benefits and is underpinned by an in-depth understanding of the characteristics and needs of the client.

Morris, Pitt and Honeycutt (2001:106) amalgamate these perspectives via their definition, namely:

“Relationship Marketing is a strategic orientation adopted by both buyer and seller organisations that represent a commitment to long-term, mutually beneficial collaboration.”
According to Hutt and Speh (2007:91), central to every relationship is an exchange process whereby each member provides something in return for a compensation of greater value. From this two types of exchanges or relationships emerge.

- **Transactional exchanges:** These centre on the timely exchange of goods and services at competitive market prices. George Day (n.d.) cited in Hutt and Speh (2007) notes that such exchanges in business-to-business markets are where the buyer and seller focus only on the prompt delivery of orders and standard products at competitive prices.

- **Collaborative exchanges:** These exchanges feature very close interpersonal and informational linkages and mutually beneficial commitments made in order to realise long-term benefits. Anderson and Narus (1991) cited in Hutt and Speh (2007:91) state that collaborative exchange involves “a process where a customer and supplier firm form strong and extensive social, economic, service and technical ties over time, with the intent of lowering total costs and / or increasing value, thereby achieving mutual benefit.”

### 2.10.1 Change within relationships

Buttle (2009:29) suggests that relationships change over time with parties either becoming closer or more distant and identifies the following five phases through which a customer-supplier relationship can evolve.

- **Awareness:** Each party becomes conscious of the other as a likely trade associate.

- **Exploration:** Parties explore one another’s capabilities and performances.
• **Expansion:** This phase is characterised by increased interdependence and more frequent transactions. A familiarity emerges and the beginnings of trust are evident.

• **Commitment:** Increased adaptation and mutually recognised and understood roles characterise the commitment phase.

• **Dissolution:** Not all relationships make it to the commitment phase and many are dissolved before this stage. Terminating supplier-buyer relationships can be done by either one party or both. Generally the customer is more likely to be the one dissolving the relationship, although suppliers who cannot profitably fulfil a customer’s unrealistic price or service demands could also bring a business relationship to an end.

Relationship development, according to Buttle (2009), highlights two attributes of highly developed relationships, namely trust and commitment.

### 2.10.2 Trust

According to Buttle (2009), trust is focused, that is, feelings are directed and one party must trust the fact that another party will display:

- **benevolence,** a belief that the other party will act for the best interests and goodwill of the other;

- **honesty,** a belief that the other party’s word is believable; and

- **competence,** a belief that the other party has the necessary expertise to carry out tasks and deliver as required.

Investment in relationships is a result of mutual trust between partners and, if trust is lacking or absent, conflict and uncertainty result. A lack of trust is
thus not a basis on which a supplier-customer relationship can grow and flourish successfully.

2.10.3 Commitment

Morgan and Hunt (1994) cited in Buttle (2009:31) define relationship commitment as follows:

“Commitment is shown by an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum effort to maintain it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely”

Commitment means that partners may overlook short-terms losses or turn down the prospect of short-term gains in favour of more stable long-term benefits associated with retaining current partners. Where customers have a choice, they will make a commitment only to partners that they trust (Buttle, 2009).

Commitment entails vulnerability which can leave a customer open to a supplier’s opportunism. For example a customer committed to, and reliant on, the delivery of future raw materials from a particular supplier may be vulnerable to opportunistic behaviour if the supplier were to increase prices and hold back supply pending the customer’s acceptance of the increased prices.

2.10.4 Relationship-based buying: A model

Sheth and Mittal (2004:365) introduce a model of relationship-based buying, as depicted in Figure 6, by suggesting that customers and buyers have strong motivations to limit their choice of suppliers as exercising choices can be wasteful in terms of time wasted, money spent and energy exerted.
Sheth and Mittal (2004) in their model identify two categories of motivation that contribute to relationship-based buying, namely cost-benefit factors and socio-cultural factors. Cost-benefit factors include search costs, switching costs, risk reduction and value-added benefits and socio-cultural factors include early socialisation, reciprocity, keiretsu and friendships.

- **Search costs:** As previously explained, the decision process in both individual and organisational buying begins with a problem or need. Purchasing could therefore be likened to problem-solving and, once a problem has been solved by a consumer or customer it is unlikely that he or she would want to engage repeatedly in solving the same problem. Thus, once a buyer has identified a product that meets his or her requirements, specifications or needs, he or she will not want to waste any additional effort on the product or process. The main cost of not buying from an established supplier would be the cost involved in seeking out a new supplier.

- **Perceived Risk:** Perceived risk is relevant to both business and household customers. According to Sheth and Mittal (2004), a basic
feature in all decisions is that of perceived risk and when a customer does business with the same firm, risk is minimised as the substitute or alternative has already been sampled. However if a client decides to do business with a new company, risks are likely and these risks serve as an incentive for customers to remain with their present supplier.

- **Switching Costs**: Costs involved in changing suppliers can generate switching costs. Examples of these costs range from the administrative time and effort required to load a new customer onto the company database to the costs involved in site visits. Sheth and Mittal (2004) have developed a matrix within their model to show the relationship between perceived risk and switching costs. The matrix gives a useful visual presentation of the patterns of relationship-based buying behaviour. The matrix shows different buying strategies in each quadrant. Suppliers would need to tailor different marketing strategies or approaches in order to retain the customer in each scenario.

![Figure 8: Combinations of Perceived Risk and Switching Costs](image)

**Source:** Sheth & Mittal (2004)
• **Value-Added Benefits:** Businesses create value-adding benefits for preferred customers such as lucrative repeat-buyers. These benefits can take the form of rebates in the form of discounts for large orders or preferential extended payment terms. These examples of benefits for repeat business serve as motivation for customers to remain loyal and participate in relationship-based buying.

• **Early Socialisation:** Business buyers can be influenced in their buying behaviour by their mentors or supervisors. They may make socialisation-based choices as a validation of their association with their role models and perceive such decision-making as being relatively risk-free, such as which attorneys or auditors to use when the need arises.

• **Reciprocity:** Reciprocal buying agreements exist when the buyer buys from the seller, who in turn buys a product that is required, from the buyer.

• **Keiretsu:** Companies deal with each other based on a preferential basis. Examples are groups of companies that will buy products from other companies within their group as opposed to sourcing from prospective suppliers outside the “network.”

• **Friendship:** In business markets many clients are retained as a result of friendships. If a business relationship between a buyer and seller has extended over a period of years, it becomes increasingly difficult for a third party or outsider to disrupt the relationship and solicit the business, once a friendship has been established.

The above-mentioned cost-benefit and socio-cultural factors give rise to the two pillars of relationship-based buying central to the model of Sheth and Mittal (2004), namely trust and commitment which were earlier explained in detail.
The model gravitates to an outcome or result of relationship based buying, namely:

- supplier loyalty;
- increased buying;
- willingness to pay more;
- positive word-of-mouth; and
- goodwill.

These outcomes offer a favourable situation to any customer to find themselves in and highlight the importance of building relationships with clients and creating a rapport consistent with the values of trust and commitment.

2.11 INDUSTRIAL PRICING

Indounas (2009:86) states that pricing is the only element of the marketing mix that generates revenue for the firm and is also the most flexible element in that it can be changed relatively quickly as and when required. Both Indounas (2009) and Reid and Plank (2003) identify pricing in industrial markets as being in need of more research.

According to Morris, Pitt and Honeycutt (2001:307), industrial prices have many distinguishing characteristics which are set out below.

- The actual price a customer pays is more often than not more than the list price of the product, but includes delivery costs, discounts and financing costs and just as the customer takes a holistic view of the price, being cost to door, so too should the supplier.
• Price is not an independent variable and is influenced by the other aspects of the marketing mix such as promotion and distribution strategies.

• The prices of industrial goods cannot be set without taking into account the prices of complementary or substitute products. Substitute products are products that perform the same or similar function and complementary product are dependant products such as tyres to motor vehicles and ink cartridges to printers.

• Industrial prices are often arrived at through a process of bidding, negotiating or tendering and consequently the demands of the marketplace require that some flexibility is required in managing price negotiations.

• Industrial pricing is frequently characterised by the principle of fairness. Industrial buyers are often sophisticated to the point of having knowledge of the customer’s market, competitors and cost structures and expect price increase to be either as result of genuine cost increase or product improvements.

• Industrial prices are affected by numerous external factors beyond the control of the firm. Exchange rates and interest rates can have a profound effect on the cost of an industrial good.

Morris, Pitt and Honeycutt (2001) point out that the potential of the price variable often goes unnoticed in industrial firms. Industrial buyers who are driven by quality and reliability may view the pricing of a product as secondary and then the mindset of the supplier can become focused on the customers’ requirements and neglect the fact that there is sufficient room to increase the price in line with the quality levels being delivered.

Hinterhuber (2004) as cited in Brennan, Canning and McDowell (2007:317) argues that managers (suppliers) suffer from the misconception that
industrial buyers are extremely price-sensitive and that suppliers are generally price takers who have to follow market prices. According to Avila et al. (1993) as cited in Brennan, Canning and McDowell (2007), research evidence has shown that industrial buyers often regard price as an element of the overall value of the product, and that suppliers may have more leeway than they think when setting an industrial price.

2.11.1 Price as a measure of value

Value, according to Hutt and Speh (2007:368), represents a trade-off between benefits and sacrifices. Similarly, customer value represents a business customer’s estimation of the utility derived from a supplier relationship based on benefits received and sacrifices made.

Morris Pitt and Honeycutt (2001:308) maintain that the main task of the industrial marketer is to deliver value, and similarly the main goal of the industrial buyer is to derive the best value for the organisation from the supplier. Value has two major dimensions, namely a subjective estimate and an objective estimate.

A subjective estimate is the customer’s perception of a product’s capacity to satisfy a set of goals or expectations. Customers will look at what they perceive they are getting divided by what they perceive they are paying. Different customers will have different perceptions and expectations of products and thus may attach different values to the respective product.

An objective estimate of value is determined by the forces of demand and supply and the resultant establishment of the market price for the product. The ability of suppliers to sell a product and the willingness of a set of customers to buy the product will therefore determine the value of the product (Morris, Pit & Honeycutt, 2003).
2.12 SERVICE

Customers have expectations of how they think a service will be provided. Brink and Berndt (2008:56) caution that it must be remembered that it is not the actual service, but the perception that a customer has of a service that creates the expectation, and suppliers should therefore always try to see service from the client’s point of view.

Zemke and Woods (1999:5) postulate that people seldom buy products or services, but rather the benefits they expect to derive from those products or services. Customer service is seen as an important element of securing and building customer relationships. Companies that focus on delivery and continual improvement of benefits will ultimately enjoy a competitive advantage over rival firms.

These benefits, according to Zemke and Woods (1999), can be divided into four categories, namely form, place, time and possession; all of which would involve customer service before during or after a sales transaction.

- Service and form benefit is concerned with buyers expecting when they buy a product that the supplier will be present to help and make sure they can use it and it will work properly.

- Service and place benefit is associated with the company being accessible and conveniently located for customer’s ease of use.

- Service and time benefit means customers must be able to collect or receive the good or service as and when they require it.

- Service and possession benefit is an issue that deals with payment terms and return policies. Customers should be able to pay easily for, and take ownership of, the purchase.
Hutt and Speh (2007:275) identify five dimensions of service that customers use to evaluate the quality of service which are depicted in Table 1.

**TABLE 1: THE DIMENSIONS OF SERVICE QUALITY**

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>DESCRIPTION</th>
<th>EXAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>Delivering as promised</td>
<td>Following through on service promises</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Being willing to assist</td>
<td>Urgent replies to customer queries</td>
</tr>
<tr>
<td>Assurance</td>
<td>Creating a climate of trust and confidence</td>
<td>Well-trained, knowledgeable staff</td>
</tr>
<tr>
<td>Empathy</td>
<td>Treating customers as individuals and listening intently to their problems</td>
<td>Adapting to the unique requests of the customer</td>
</tr>
<tr>
<td>Tangibles</td>
<td>Showing the service physically</td>
<td>Brochures, documents</td>
</tr>
</tbody>
</table>

Source: Hutt & Speh (2008)

According to Hutt and Speh (2008), reliability in the form of delivery on promises is the most important service dimension to customers. Hart (1994) concludes that service has become an indispensable part of the package offered to a customer. Service adds value and is capable of being a catalyst in forming long-term relationships with customers and fostering the likelihood of repeat business.

**2.13 PRODUCT QUALITY**

Pieterse (2010:101) states that customer’s expectations of quality differ from one customer to the next, and what may be perceived as an acceptable quality by one individual may be perceived as being sub-standard by the next.
It is therefore imperative for the supplier to gain a clear understanding of what the quality requirements of the customer are and tailor products or services accordingly. Pieterse (2010) identifies seven dimensions of product quality as listed below.

- **Performance**: This is the measure of the product’s functioning or operating characteristics and can often be compared to those of competing products.

- **Features**: Customers perceive customisation as a dimension of quality, therefore the more variety the customer can offer the client, the higher the perception of quality is likely to be.

- **Reliability**: This relates to the incidence of faulty batches or the time frame in which a product is likely to fail.

- **Durability**: This relates to how long the product will last or the operational life cycle of the product.

- **Aesthetics**: This refers to the physical appearance of the product which is based on a high degree of individual judgement by the customer.

- **Perceived quality**: This means quality that is related to the reputation of the company that produces the product.

According to Pycraft et al. (2010:506), perceived quality is governed by the extent and the direction of the gap between customer’s expectations and their perceptions of the products. If the product or service matches expectations, then the perceived quality of the product or service is deemed to be acceptable.
CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research, according to Leedy (1993:80), has one prime goal: discovery. Webster’s Dictionary of the English Language as cited in Leedy (1993:80) defines research as:

“\textit{A studious enquiry or examination, especially a critical and exhaustive investigation or experimentation having for its aim the discovery of new facts and their correct interpretation, the revision of accepted conclusions, theories, or laws in the light of newly discovered facts or the practical application of such conclusions, theories or laws.}”

Collis and Hussey (2009:3) expand by saying that a research paper or project enables the researcher to apply techniques and processes to shed light on the problem and to find solutions to it. The typical objectives of research are summarised as being:

- to review and synthesise existing knowledge;
- to investigate some existing situation or problem;
- to provide solutions to a problem;
- to explore and analyse more general issues;
- to construct or create a new procedure or system;
- to explain a new phenomenon;
- to generate new knowledge; and
- a combination of any of the above

According to Leedy (1997:5), the precise nature of formal research can be better elucidated by identifying eight distinct characteristics of research which are presented below:

- Research originates with a problem or question.
- It requires a clear articulation of a goal.
• It requires a specific plan or procedure.

• It usually divides the main problem into more manageable sub problems.

• It is guided by the specific research problem, question or hypothesis.

• Research accepts certain critical assumptions.

• It requires the collection and interpretation of data in attempting to resolve the problem that triggered the research.

• It is by its nature, cyclical.

The preceding definitions and descriptions emphasise that, no matter what the research topic or the phenomena being researched, process needs to be followed and formal methods of enquiry utilised.

3.2 RESEARCH DESIGN

The research design serves as the basic framework or “recipe” for carrying out the assignment. Hair et al. (2007:150) suggest that the researcher should choose a design that will:

• provide pertinent information on the research problem; and
• will ensure the efficient completion of the job.

Three types of research designs are identified as being of relevance to researchers, namely exploratory research, descriptive research and causal research (Sekaran, 2003:119; Hair et al., 2007:153).
3.2.1 Exploratory research

As its name suggests, exploratory research is undertaken to explore an issue, phenomenon or topic. Exploratory research is particularly useful in helping to look for new insights or reach a greater understanding on an issue (McGivern, 2009:43).

Sekaran (2003:120) notes that exploratory studies are also undertaken when some facts are known, but a more in-depth understanding is needed to build a theoretical framework as opposed to testing a research hypotheses. Exploratory research addresses the “why” questions and is undertaken in areas where little other research has been carried out on the specific problem.

3.2.2 Descriptive research

Descriptive research is designed to obtain data that describes the characteristics of a particular research problem or topic of interest. Descriptive studies are frequently undertaken in companies to learn about employees or the characteristics of a group of employees. Studies undertaken to understand seasonal trends represent a good example of a descriptive study. (Hair et al., 2007:155)

3.2.3 Causal research

Causal research tests whether one event or occurrence causes another or if a change in one event brings about a change in another (known as cause and effect). For instance a company would use causal research to test if changing the colour of their packaging would have an impact on sales.
3.3 IDENTIFYING THE RESEARCH PARADIGM

Collis and Hussey (2009:55) define a research paradigm as:

“A philosophical framework that guides how scientific research should be conducted based on people’s philosophies and their assumptions about the world and the nature of knowledge.”

Two paradigms, namely positivism and interpretivism are identified as having the most relevance due to the polarities in their respective approaches. Positivism, which originated from the natural sciences, is concerned with the belief that reality is independent of individuals and that the main goal is the discovery of new theories based on quantitative research (Collis & Hussey, 2009).

It means an attitude to knowledge that sees the world as it is and therefore accepts it as such. A fundamental assumption of positivism is that the use of a scientific method is the only way of discovering truths and assumes researchers can discover universals about human behaviour if they study them scientifically and objectively (Willis, 2007:32). The natural sciences are therefore more inclined to be positivist in their approach to knowledge (Preece, 1999).

According to Collis and Hussey (2009:56), several criticisms of positivism include the items listed below.

- It is impossible to detach people from the social settings in which they exist.

- People cannot be understood without examining the perceptions or insights into themselves and their environment.

- A rigid research design imposes constraints on the outcomes and may ignore other relevant findings.
• Researchers are not impartial, but are part of what they observe. They bring their own interests, experiences and values to the research.

• Entrapping complex phenomena in a single measure is misleading. For example, a person’s intellect cannot be captured by a assigning a numerical value to it.

Interpretivism, by contrast, is underpinned by the belief that social reality is subjective as it is shaped by people’s perceptions. Therefore, social reality is affected by the act of investigating it (Collis & Hussey, 2009). Interpretivism attempts to understand the hidden meanings and the essence of an experience together with how participants make sense of these experiences (Grbich, 2007:84).

Table 1 below compares the main features of the two paradigms which have been polarised to illustrate their differences more clearly:

**TABLE 2: FEATURES OF POSITIVISM AND INTERPRETIVISM**

<table>
<thead>
<tr>
<th>Positivism tends to:</th>
<th>Interpretivism tends to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use large samples</td>
<td>Use small samples</td>
</tr>
<tr>
<td>Have an artificial location</td>
<td>Have a natural location</td>
</tr>
<tr>
<td>Be concerned with hypothesis testing</td>
<td>Be concerned with generating theories</td>
</tr>
<tr>
<td>Produce concise, objective,</td>
<td>Produce “rich”, subjective qualitative data</td>
</tr>
<tr>
<td>quantitative data</td>
<td></td>
</tr>
<tr>
<td>Produce results with high reliability and low validity</td>
<td>Produce findings with low reliability but high validity</td>
</tr>
<tr>
<td>Allow results to be generalised from the sample of the population</td>
<td>Allow findings to be generalised from one setting to another similar setting</td>
</tr>
</tbody>
</table>

Source: Collis & Hussey (2009:62)
3.3.1 The qualitative versus the quantitative approach

In terms of justifying the research method or methodology used in research, Blaxter, Hughes and Tight (2001:59) caution that a key distinction must be understood between the terms “method” and “methodology”. The term “method”, according to them, relates mainly to the tools of data collection techniques such as surveys or interviews, while the term “methodology” has a more philosophical meaning and refers to a particular paradigm or approach that is fundamental to the research.

Collis and Hussey (2009) argue that they, as opposed to other researchers, prefer to use the terms qualitative or quantitative to describe their data, rather than their paradigms. Their justification stems from their observation that data collected in a positivist study can be both quantitative (in numerical form) and qualitative (in word form). According to Collis and Hussey (2009), it would therefore be incorrect to assign the term “quantitative” exclusively to a positivist research paradigm.

Quantitative research, according to Blaxter, Hughes and Tight (2001:66), is concerned with the collection and analysis of data in numeric form and tends to emphasise large scale and representative sets of data presented or perceived as being about gathering facts. Quantitative approaches elicit objectivity in that hypotheses are tested by applying statistical data to the measurement criteria.

Qualitative research can be described as studies of people or systems via observation and interaction with the participants in their natural environment. Qualitative research tends to focus on exploring in detail, smaller numbers of instances or samples, and focuses on the qualitative (depth) as opposed to the quantitative (breadth) characteristics of research. The emphasis of this paradigm is therefore more on subjectivity and on understanding as opposed to explaining social phenomena (Grix, 2004: 85).
TABLE 3: DISTINGUISHING CHARACTERISTICS OF THE QUALITATIVE AND QUANTITATIVE APPROACHES.

<table>
<thead>
<tr>
<th>Question</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What is the purpose of the research?</strong></td>
<td>Explain and predict</td>
<td>Describe and explain</td>
</tr>
<tr>
<td></td>
<td>Confirm and validate</td>
<td>Explore and interpret</td>
</tr>
<tr>
<td></td>
<td>Test theory</td>
<td>Build theory</td>
</tr>
<tr>
<td></td>
<td>Outcome –orientated</td>
<td>Process-orientated</td>
</tr>
<tr>
<td><strong>What is the nature of the research process?</strong></td>
<td>Focused</td>
<td>Holistic</td>
</tr>
<tr>
<td></td>
<td>Known variables</td>
<td>Unknown variables</td>
</tr>
<tr>
<td></td>
<td>Established guidelines</td>
<td>Flexible guidelines</td>
</tr>
<tr>
<td></td>
<td>Static design</td>
<td>Emergent design</td>
</tr>
<tr>
<td></td>
<td>Detached view</td>
<td>Personal view</td>
</tr>
<tr>
<td><strong>What are the methods of data collection?</strong></td>
<td>Representative, large sample</td>
<td>Informative, small sample</td>
</tr>
<tr>
<td></td>
<td>Standardised</td>
<td>Observation</td>
</tr>
<tr>
<td></td>
<td>instruments</td>
<td>interviews</td>
</tr>
<tr>
<td><strong>What is the form of reasoning?</strong></td>
<td>Deductive analysis</td>
<td>Inductive analysis</td>
</tr>
<tr>
<td><strong>How are findings communicated?</strong></td>
<td>Numbers, statistics</td>
<td>Words, narratives</td>
</tr>
<tr>
<td></td>
<td>Aggregated data, formal voice, scientific style</td>
<td>individual quotes, personal voice, literary style</td>
</tr>
</tbody>
</table>

Source: Leedy (1997:106)

Based on the relevant criteria and comparisons presented in Table 1 and Table 2, the study will thus be carried out within the interpretivist paradigm utilising qualitative data.
3.3 SAMPLING

According to Hair et al. (2007:171), representative samples can be generally obtained if a well-defined set of procedures is followed namely:

- defining the target population;
- choosing the sampling frame;
- selecting the sampling method;
- determining the sample size; and
- implementing the sampling plan.

3.3.1 Defining the target population

The target population for this study has been identified as being all cleaning rag buyers in the Eastern Cape. As the aim of the study is to identify and compare the factors that affect the purchasing decisions of buyers in the three identified segments or channels, the three units of analysis are identified as being:

a) industrial rag buyers who buy the product for resale;

b) industrial rag buyers who buy the product for end-use within their production environment; and

c) walk-in customers who buy direct from the factory.
3.3.2 Choosing the sampling frame

The sampling frame is a list of all the elements in the population from which the sample is drawn. The sampling frame for this study is the master client file of Multifibres and comprises forty-five customers in total.

3.3.3 Selecting the sampling method

Two major types of sampling designs exist; probability and non-probability sampling (Sekaran, 2003:172). In probability sampling, the researcher can ascertain in advance that each segment of the population will be represented in the sample. The components of the sample are generally chosen by random selection.

Non-probability sampling, by contrast, is characterised by the researcher having no guarantee that each member of the population will be represented in the sample, and some members of the population have little chance of being sampled (Leedy & Ormrod, 2010:205).

Table 3 provides a summary of the two major sampling designs and the types of sampling specific to each sampling design.

### TABLE 4: SAMPLING STRATEGIES

<table>
<thead>
<tr>
<th>Sampling Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Probability</strong></td>
<td></td>
</tr>
<tr>
<td>Simple random sampling</td>
<td>Selection at random</td>
</tr>
<tr>
<td>Systematic sampling</td>
<td>Selecting every nth case</td>
</tr>
<tr>
<td>Stratified sampling</td>
<td>Sampling within groups of the population</td>
</tr>
<tr>
<td>Stage sampling</td>
<td>Sampling clusters sampled at random</td>
</tr>
<tr>
<td>Cluster sampling</td>
<td>Surveying whole clusters of the population sampled at random.</td>
</tr>
<tr>
<td><strong>Non-probability</strong></td>
<td></td>
</tr>
<tr>
<td>Convenience sampling</td>
<td>Sampling those most convenient</td>
</tr>
<tr>
<td>Voluntary sampling</td>
<td>The sample is self-centred</td>
</tr>
</tbody>
</table>
### Sampling Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quota sampling</td>
<td>Convenience sampling within groups of the population</td>
</tr>
<tr>
<td>Purposive sampling</td>
<td>Selecting supposedly typical, interesting cases</td>
</tr>
<tr>
<td>Dimensional sampling</td>
<td>Multidimensional quota sampling</td>
</tr>
<tr>
<td>Snowball sampling</td>
<td>Building up a sample through referrals and informants</td>
</tr>
</tbody>
</table>

**Other Types**

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Event sampling</td>
<td>Using ordinary or special events as a basis for sampling</td>
</tr>
<tr>
<td>Time sampling</td>
<td>Acknowledging that different parts of the day, week, month or year may be of significance</td>
</tr>
</tbody>
</table>

Source: Blaxter Hughes & Tight (2001:163)

Non-probability sampling in the form of convenience and judgement sampling were used in the study. The reason for this is that it was deemed necessary to limit the population to include only Multifibres customers and also to select the customers who would have the most knowledge, insight and experience in the respective distribution channel.

### 3.4 DATA COLLECTION METHODS

All research involves collecting or analysing data, however, according to Blaxter, Hughes and Tight (2003:153), the data can vary significantly in their features, for example the data may:

- be numerical, or may consist of words, or be a combination of both;

- be original (primary) as if collected for the first time, or secondary as if put together by someone else; or
• consist of questionnaire responses, transcribed interviews or observation records.

As the study was conducted using the qualitative approach, the following were identified as being relevant methods of collecting qualitative data.

3.4.1 Observation

Observation involves observing people, events or objects in a particular situation or environment and recording and results in either narrative or numerical data (Hair et al., 2007:193).

Wilkinson and Birmingham (2003:141) caution that the observation process can be far more demanding and time-consuming than any other research method and that the settings one can find oneself in can prove unpredictable and confusing. They further suggest that observation should be used by a researcher if:

• the ways in which people behave and interact with one another in a social setting are important to the research;

• when the context of events researched is important;

• when a flexible approach is needed;

• a supplement to other research instruments is needed; and

• when the researcher is interested about evaluating social settings and what happens in them.

Observation can also play a role in in-depth interviewing as the interviewer observes the interviewee’s posture, body language and facial expressions when discussing certain topics and, according to Marshall and Rossman
(1999:107), can be a fundamental and highly important method in all qualitative enquiries.

### 3.4.2 Focus groups

Wilkinson and Birmingham (2003:90) quote Anderson (1996) in providing a definition which they believe best encapsulates the essential characteristics of a focus group:

> “A focus group is a carefully planned and moderated formal discussion where one person ideas bounce off another’s creating a chain reaction of informative dialogue. Its purpose is to address a specific topic, in depth, in a comfortable environment to elicit a wide range of opinions, attitudes, feelings or perceptions from a group of individuals who share some common experience relative to the dimension under study. The product of a focus group is a unique form of qualitative information which brings understanding about how people react to an experience or product.”

Focus groups are used for exploratory studies, making generalisations based on information generated by them and conducting sample surveys. According to Sekaran (2003), focus groups have been acknowledged with revealing to researchers why certain products fail, why certain marketing approaches are effective and why certain management methods do not work.

Wilkinson and Birmingham (2003:91) propose that focus groups have gained popularity as an effective and economical instrument of data collection. The focus group enables a researcher to gather substantial amounts of data in a relatively short space of time. The following points, according to Wilkinson and Birmingham (2003), best summarise the purposes of a focus group interview:

- to gather insight into an issue or topic;

- to uncover motivations, attitudes or behaviours;
• to prepare for a larger study;

• to interpret previously obtained research results;

• to develop new research questions;

• to obtain market research data;

• to develop an understanding of consumers;

• to identify problems with existing services; and

• to learn how respondents talk in their own words about their focus of interest.

3.4.3 Interviews

Interviews are a method of collecting data by asking questions of selected participants as to what they feel, think or do. Interviews can be useful tools in collecting data that would otherwise not be unearthed using other data collection techniques such as observation or questionnaires (Blaxter, Hughes & Tight, 200:172).

In the Interpretive or qualitative paradigm, interviews are likely to be unstructured, whereas in a positivist or quantitative paradigm they are more likely to be rigid and structured (Collis & Hussey, 2009:144). Semi-structured interviews, which combine less rigid questioning and combine both unstructured and structured interviewing techniques to a lesser degree, are also significant data collection instruments.

McGivern (2009:174) suggests that semi-structured interviews are frequently used in business to business and industrial research, and contain more topic or subject guidelines than unstructured interviewing.
Easterby-Smith, Thorpe and Lowe (1991) as cited in Collis and Hussey (2009:145) recommend that semi-structured interviews are an appropriate method of data collection under the circumstances listed below.

- It is necessary to understand the context in which the interviewee bases opinions and beliefs on certain topics or situations.

- The aim of the interview is to gain an understanding of the respondents’ environment or surroundings so that the interviewer may influence it.

- The step-by step logic of a situation is not clear.

- The subject matter is confidential or commercially sensitive.

- The interviewee is unlikely to be candid, unless confidentially is ensured in a one-to-one situation.

3.4.3.1 Guidelines for conducting a productive interview.

Leady and Ormrod (2010) offer the following guidelines for conducting a productive interview.

- *Identify certain questions in advance.* Inexperienced researchers often have better success when they prepare a few questions that relate to the overall research problem prior to the interview. This preparation ensures that all the topics or themes will be covered during the interview. Interview questions should be asked without any hint as to what the required answer may be, i.e. the interviewers questions must not be leading.

- *Make sure the interviewees chosen are representative of the group.* People should be chosen who are best equipped to portray their perceptions and disposition.
• Find a suitable location. An interview can be conducted anywhere, however is best to choose a quiet location where interruptions are avoided and the sound quality of the audio recording tapes cannot be compromised.

• Obtain written permission. Contact the interviewees and explain the purpose of the study and get them to sign a consent form. An offer to reveal the results of the study to them can also assist in allaying any fear the participants may have regarding confidentiality.

• Establish and hold rapport with the respondent. Engage in small talk in the beginning to create an atmosphere of cordiality. Qualitative interviews and normal dialogue are very similar, but with one distinct difference; the interviewer wants to gain as much information from the respondent as possible without revealing his or her own perspectives.

• Focus on the actual rather than the hypothetical. Revealing information is likely to be more forthcoming if a researcher asks a person what it is they actually do as opposed to what they would do if.

• Do not put words in people’s mouths. Allow people to express themselves in their own words. A good interviewer is one who is also a good listener.

• Record responses verbatim. Capture everything that the respondent says, particularly if the interview is unstructured.

• Keep reaction muted. Do not sow shock or surprise at an explanation or answer as it is likely the interviewee may not be as truthful from that point on.

• Remember that you are not necessarily getting all the facts. Respondents’ answers must be treated as perceptions rather than facts.
When conducting group interviews take cognisance of group dynamics. When more than two people are present, very seldom will they all act as being truly equal. Some individuals may be more dominant than others which can be counterproductive in eliciting an even spread of input from respondents.

Thomas (2004:164) advocates probing as a useful qualitative interviewing technique. This technique is used to obtain more in-depth or explicit responses from the respondent. Probing involves the interviewer asking the respondent questions when answers are vague or ambiguous and seeks to clarify the interviewee’s comments or beliefs. Examples of types of questions are presented in Table 5 below.

**TABLE 5: EXAMPLES OF PROBES**

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Probe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarity</td>
<td>Can you provide an instance of this?</td>
</tr>
<tr>
<td></td>
<td>What do you imply?</td>
</tr>
<tr>
<td></td>
<td>Can you please explain that again?</td>
</tr>
<tr>
<td>Relevance</td>
<td>How do you think that relates to the matter?</td>
</tr>
<tr>
<td></td>
<td>Can you explain how these factors influence each other?</td>
</tr>
<tr>
<td>Depth</td>
<td>Can you explain that in more detail?</td>
</tr>
<tr>
<td></td>
<td>Can you give me examples?</td>
</tr>
<tr>
<td>Dimension</td>
<td>Is it possible to look at this in another way?</td>
</tr>
<tr>
<td></td>
<td>Do think that is a universally held outlook?</td>
</tr>
<tr>
<td>Significance</td>
<td>How does this influence you?</td>
</tr>
<tr>
<td></td>
<td>What do you think is the most important?</td>
</tr>
<tr>
<td></td>
<td>Would you change your opinion if this happened?</td>
</tr>
<tr>
<td>Comparison</td>
<td>Can you give me an example where this did not occur?</td>
</tr>
</tbody>
</table>
Can you give me an instance of a diverse situation?

Bias

Why do you take this stance or hold this view?
What might change your belief?

Source: Adapted from Collis & Hussey (2009:146)

It was initially the researcher’s intention to use an unstructured interview and to ask a few general open-ended questions compiled on a pro-forma questionnaire (see Annexure B). Once interviewing commenced it became evident that several themes and associated topics were consistently emerging. The researcher decided to probe these themes in more depth by adding questions to the pro-forma questionnaire. The questionnaire consequently became organic and took on a life of its own, as questions were added after each interview as new themes emerged that added to both the size and structure to the questionnaire and added a greater breadth to the study. The final interviews, while semi-structured, were still conducted in an informal conversational manner. However the interviewees became more focused in their responses due to the additional questions which aided the researcher in collating and interpreting the data.

3.5 VALIDITY AND RELIABILITY

3.5.1 Validity

According to O’Leary (2004:61), validity is based on the assumption that what is being explored or considered can be captured or measured and seeks to confirm the legitimacy and accuracy of data that is being captured. Cohesion needs to exist between the questions asked and what is being researched, and also conclusions need to be justified from the findings of the study. Simply put, validity points to a researcher’s methods warranting his or her conclusions.
Sekaran (2003:149) distinguishes between two types of validity, namely internal and external validity. Internal validity refers to the legitimacy of a cause–and-effect relationship or, for example, what effect a change in an independent variable would have on a dependent variable. External validity, by comparison, refers to the “generalisabilty” of a particular study. In other words could the study or findings be repeated if used in other contexts, events or situations?

3.5.2 Reliability

O’Leary (2004:59) defines reliability as:

“The extent to which a measure procedure or instrument provides the same result on repeated trials.”

According to Collis and Hussey (2009:204), there are three common ways of estimating the reliability of the responses to questions in questionnaires or interviews and these appear below.

- **Test re-test method.** This involves asking the same questions of the same people but on two separate occasions, and correlating the results.

- **Split-halves method.** The interview record sheets are divided into two equal halves and each pile of answers is correlated via a calculation of the correlation co-efficient.

- **Internal consistency method.** Collis and Hussey (2009) explain “each item is correlated with every other item across the sample and the inter-item correlation is taken as the measure of reliability.”
CHAPTER 4: ANALYSIS OF FINDINGS

4.1 INTRODUCTION AND BACKGROUND

The aim of the study is to identify and compare channel-specific factors that influence the purchasing decisions of Multifibres’ customers. The researcher had the proposed study topic in mind while engaging with customers in day to day business dealings. Mental notes were made of clients’ preferences and the likes and dislikes alluded to during casual conversations which facilitated the creation of the pilot study.

The pilot study produced a convincing indication of the broader themes that customers found relevant in their respective motivations for purchasing the product. The pilot study would also reveal that while walk-in customers and industrial resellers were obliging in their willingness to be interviewed, industrial end-users would prove far more challenging in this regard, citing company confidentiality agreements and frantic schedules as reasons for their unwillingness to be interviewed.

Altogether eight interviews were conducted over a four week period, comprising two pilot interviews and six semi-structured interviews. Pilot interviews were recorded by means of note taking and all semi-structured interviews were digitally recorded.

Industrial resellers interviewed were:

- Glen, 38, owner, industrial packaging goods distribution company;

- Colin, 39, owner, industrial chemical and packaging distribution company; and

- Juan, 42, general manager, personal protective equipment company.
Industrial end-users interviewed were:

- Buyer A, senior buyer, automotive windscreen manufacturing company;
- Buyer B, junior buyer, automotive component manufacturing company; and
- Buyer C, senior buyer, steel fabrication company.

Five main themes were identified during the pilot study and interviews namely:

- Quality;
- Price;
- Service;
- Relationships; and
- Convenience

The findings of the interviews will now be presented and analysed using each customer category as a basis for differentiation.

4.2 INDUSTRIAL RESELLER

4.2.1 Product quality

Product quality was viewed as being an important criterion in the decision-making of the industrial reseller client when making a purchasing decision. All three respondents interviewed reiterated why the quality was an important criteria. The following interview excerpts illustrate the reasoning of respondents:
“The quality of the rags is important as, if I am seen to be selling poor quality cleaning rags, it can jeopardise the balance of my other business.” (Glen)

“I carry 1006 line items in my store which I distribute locally. If my rags are seen to be of poor quality it could affect my customers’ attitudes towards not only all the other items I sell, but me as well.” (Juan)

“Quality is not really that important as we have a shop or packaging warehouse where our customers grab a bag on their way to the till. I suppose it not a factor until we receive a complaint. Up to now we haven’t had any comebacks on your rags. However, I wouldn’t want a customer scratching his car because the zips and buttons had not been removed from the material...so I guess it is important.” (Colin)

From the above responses it is evident that the industrial reselling client has a unique situation where they sell a diverse range of products to industry and also service the industrial end-user. As such, cleaning rags of sub-standard quality can jeopardise the good name of resellers and undermine their reputation in the market place. This could lead to a reduction in market share and turnover for resellers.

From the responses received on product quality it became apparent that cleaning rags are an add-on item for the reseller and the colour and the type of material are not of critical importance. The product should therefore be of a consistent overall quality as the product is reasonably unobtrusive in their position or place in the reseller’s product range. The product must, however, deliver basic performance and functionality and, in so doing, add diversity and value to the customer’s product range.
4.2.2 Price

A frequent response from interviewees when questioned about how price affected their decision-making was that of trust. Each respondent claimed to have sufficient knowledge of the market-price based on the competitive nature of the rag market and the frequency with which they are called on by competitors.

A further point raised was that it was often only when receiving a price increase that they would themselves physically embark on a price benchmarking exercise and phone around for comparative quotes on cleaning rags. Two out of the three respondents, however, said that given the fact that they trust the company they are dealing with, they have not bothered to check prices as they felt that the price would not be increased unless this was absolutely unavoidable.

A link between quality and price was also brought to light by all three interviewees. They felt that sometimes a cheaper price might be perceived as being too good to be true and would therefore be sceptical of the quality of the alternate supplier quoting substantially cheaper prices.

When questioned how he would proceed when quoted a cheaper price Juan said:

“If the price quoted to me by another rag company was cheaper than yours, I would put my buyer onto it and ask her to do a supplier and product check. Even then it would boil down to the quality and I would have to check the quality of the other guy’s product first, but I would still give you the opportunity to re-quote.”
Colin replied:

“Really it makes no difference what the price is as I mark-up the product by a fixed percentage anyway. If I was offered a better price I would be very sceptical as some chap the other day tried to sell us dark rags cheaper than yours that had been reclaimed and rewashed and they were awful. I believe you guys wouldn’t take a chance.”

Glen replied:

“Price is always a difficult one. I will always let you know if I have been quoted a cheaper price and let you match it, better it or explain why you cannot.....if I can reduce the cost of the product I can either increase my profit margins, or reduce my prices in the hope of increasing my sales volumes....... If I want to my customers to be loyal to me though, I feel I should set an example by being loyal to my suppliers. If I did not know you and was starting out sourcing rags and all prices were similar, I would ultimately buy from the person I felt most likely to be trustworthy.”

Often the words quality and price were used in the same sentence by respondents; however as resellers it would seem they are not as price-sensitive as initially perceived by the researcher. As rags are an add-on item for the resellers, they simply peg their prices by a pre-determined percentage on the cost price. All three respondents were authorised to accept a price increase and were the decision-makers in this regard.

4.2.3 Service

Service was described by the respondents as being a critical factor in their decision-making when buying cleaning rags. The bulky nature of the product, coupled with the labour involved in packing and stacking the
product in their respective warehouses, means that the respondents insist upon very high service levels from the supplier.

The respondents were not insistent on seeing sales personnel at regular intervals. However, they preferred the “personal touch” when ordering and were accustomed to ordering via telephone directly from management so as to emphasise order urgency and confirm likely delivery times. All three respondents expected same day delivery, making speed and reliability aspects of service non-negotiable.

Selected responses for this theme were:

“Service is critical. For some reason if we run out of rags our customers go ballistic. Why I don’t know, but it seems to really irk them if we cannot deliver or don’t have stock. I also don’t have space to stock the product so if I can call off orders in small quantities as I need them; it is very attractive to me.” (Juan)

“I would say service is important as my staff usually leave the rags stocks to the last minute and only tell me to order them once we have run out, so by the time we order from you, we need them delivered almost immediately.” (Colin)

“We have space limitations and we require the goods on the same day our clients order from us, so service is paramount. It is funny how important something like a rag has become and often we find that the rag business leads to other business and vice versa, so it is very important that we can deliver same day and we can pass on the good service we receive from our supplier.” (Glen)

By the nature of the product and the competitive nature of the resale market, high service levels are demanded by resale clients. As most resale clients trade a significant variety of products, they are unable to store any significant
volume of the product at their premises and are therefore required to purchase smaller quantities of the product on a more regular basis. It can accordingly be deduced that service is an important factor when purchasing decisions are made in the industrial resale market segment.

4.2.4 Relationships

Respondents were unanimous in their views concerning the theme of relationships, and that the relationship was the overriding factor when they rationalised why they buy their cleaning rags from a specific supplier. The aspects of the relationship most referred to was that of trust and also familiarity.

Respondents stated that they preferred dealing with somebody that they could talk to in a familiar, informal manner, and that this facilitated better two-way communication and also led to an innate understanding of the suppliers’ business and the market in which they operate.

Colin and Glen both suggested that price, service and quality are to a degree underpinned by the quality of the relationship and that the better the relationship between supplier and customer is, then the better the price, service and product quality are likely to be. They both gave examples of their relationships with their respective clients, and how the strength of the relationship plays a role in not only creating business opportunities, but making the job of the competitors that much more difficult to take the business away from them.

While relationships and trust were cited as being positive elements of building good business, respondents warned that a breach of trust would be detrimental to relationship continuity:
“I like to buy from a particular supplier because we have a history and a mutual understanding.....If that trust is however compromised for whatever reasons it would affect the relationship negatively. I would switch suppliers... for sure!” (Juan)

4.3 INDUSTRIAL END-USER

4.3.1 Product quality

The quality of the product was deemed to be important by all three respondents. The colour and type of material were also specified as being critical for buyer A and C. Buyer B was not concerned with the colour of the material, but the type of material had to ensure absorbency in its application.

Buyers A and C expressed that the application of the product was used in production and the quality of the product needed to be consistent. Both buyers seemed more concerned with the organisational objectives of good quality and an uninterrupted production process being achieved, while buyer B seemed more concerned with his personal liability, or that he would look bad in the event of a quality complaint.

Buyer A provided a set of procedures, called a CPRA which stands for a continual preventative corrective action, to be followed in the event of a quality complaint relating to a production item. A list of predetermined questions he will ask of his suppliers follows below.

- What has gone wrong?
- Why did this happen?
- What measures will be implemented to eliminate this concern in future?
- Why did the quality system checks fail to detect this concern?
• What is being done to ensure if a similar concern happens, that the quality system checks will catch it and prevent shipment to Company X?

Buyer A also stated that in terms of quality, all cleaning rag suppliers in the Eastern Cape supply more or less the same quality, so he was confident that in the event of a continuous quality problem, he could switch suppliers very easily. Buyer C was less confident that the product could be substituted quickly and would therefore be more willing to work with the supplier in the event of a quality complaint.

In general, the quality of the product was viewed as an important factor for buyers; however varying degrees of importance were placed on the product quality based on the actual application of the cleaning rag.

4.3.2 Price

Respondents all expressed the importance of price in the decision-making being the most important criterion. Price was linked to the quality of the product by two of the three respondents and they stated they would be prepared to pay a higher price if the product specifications were high. If the product in their view was generic, the cheapest quote would secure the business.

Interviewees were they unanimous in their views that only in the event of a price increase, would they embark on price benchmarking exercises and invite opposition firms to tender for the business.

None of the buyers interviewed had the direct authority to accept a price increase and they said they were governed by rules and regulations from superiors and “finance” when evaluating increase motivations. Each firm, however also had a threshold that could allow the buyer to “put through” a
small price increase subject to minimal authorisation. Buyer B informed the interviewer that a price increase of less than six percent will most likely be accepted without the usual interdepartmental approval.

Respondents cited administrative effort and cost involved in loading a vendor onto the company system as a factor in reluctance to change suppliers because of a price concern. Buyer B emphasised this point by saying:

“Admin costs are big with us. It costs us to add a supplier. If we load a customer onto the system it has to go through Germany and India and last month I was told to cull my supplier list by twenty percent, so you must know how difficult it is to ask for authorisation to load a rag supplier!”

It would appear that if a price is accepted by an industrial end-user and competition is not aggressive, the business would be relatively secure at a firm price. All respondents confirmed that they would allow the current supplier to match the cheapest quote received by the benchmarking or tender process. In an attempt to win business in this category, a competing supplier would therefore have to offer a significantly cheaper price to warrant the buyer switching suppliers.

4.3.3 Service

The service aspect was viewed as being important by the industrial end-user for the same reason as stated by the industrial reseller. Volumetrically the product takes up a considerable amount of space and therefore buyers are unable to take large volumes of stock into their expense stores. Respondents all preferred to call-off smaller quantities of the product on a more frequent basis. Respondents also indicated that frequent sales calls by sales people were unnecessary.
Buyer A quipped:

“Buying from you four times a week may not suit you but it suits us. When we need them, we need them and if you cannot supply us, there are many other places I could buy from. There will always be rags.”

Buyer B said:

“The service we receive from you is important. You see what happens is the guys in the store always wait until there are no rags left and then they send me a message saying I must order and that it is urgent. If we run out then it is a big thing. It really helps that you can deliver on the same day”.

It is apparent to the researcher that the high service levels demanded by the industrial end-users is, more often than not, done so on the basis of a lack of planning and controls in other departments. Service thus is an important aspect for the buyer as by delivering swiftly and reliably; it alleviates pressures on the buyer emanating from other departments.

It could also be presumed that service is not necessarily an order winner, but an order qualifier as the buyers simply demand the service due to the lack of space in their respective expense stores and the lack of inventory management on the part of stores personnel.

4.3.4 Relationships

A mixed reaction was shown by respondents when questioned about the role of relationships in influencing their decision-making, but overall it would appear that relationships are not important to buyers. The respondents interviewed have been purchasing the product from Multifibres for over five
years and none of the buyers have met the sales personnel from Multifibres during this period.

Buyer A exclaimed:

“I am not here to make friends, but to perform a function for the company to the best of my ability. If I get too friendly with customers I tend to lean towards one and it can cloud my judgement!”

All respondents indicated that a breach of trust would affect the relationship negatively, and that the most important component of this trust was to deliver on what was promised, particularly when providing the buyer with delivery schedules of orders placed.

4.4 WALK-IN CUSTOMERS

4.4.1 Product quality

The walk-in customers did not view quality as being critically important. Several respondents referred to the product as “waste rags” and as such perceived it to be a waste product. The main quality criterion was that of absorbency, and synthetic or “nylon” rags were not wanted. Most of the respondents used the product themselves at home and at their businesses and had first-hand knowledge of the quality of the product when questioned.

4.4.2 Price

Price played a significant role in why the walk-in customers chose to buy their rags directly from the manufacturer located in an industrial area. Respondents remarked that the prices that the hardware chains charged for a five kilogram pack of cleaning rags were double the price that they paid
from Multifibres. One respondent remarked that they heard about Multifibres from a friend who said that the cleaning rags were far cheaper than those sold by the retail chains.

Other respondents were not familiar with the price of the product at other outlets, but chose to buy them from the factory because “they must be cheaper” as they were “buying direct”

4.4.3 Service

Service was not rated as being a factor influencing why they bought their rags from Multifibres. The only service-related factor identified by respondents was that they would expect the rags to be readily available as sometimes they would travel a considerable distance when buying in bulk. They would also expect staff to help them load their orders.

4.4.4. Relationships

Relationships were not recognised as being a major factor in influencing their buying behaviour. A few respondents did feel that, after buying from a particular vendor for a period of time they felt a certain type of loyalty to that supplier and would appreciate the candour and familiarity shown by the supplier when greeting and dealing with them during the sales transaction.

4.4.5 Convenience

Most walk-in respondents identified “convenience” as an important factor in their decision to buy cleaning rags from Multifibres. The convenience of the location of the factory in relation to their business premises or route that they drove to work was cited as being the predominant determinant of choice,
coupled with the perception of getting a good deal or better price by buying direct from the manufacturer.

Several respondents expressed their surprise at actually finding the factory as the signage was very difficult to read from the road when driving past. Several respondents also said that they had seen the delivery vehicle offloading the product at other business premises and had asked the driver what the company name was and where they could find the warehouse.

4.5 COMPARISON OF CUSTOMER CATEGORIES BY FACTOR

4.5.1 Product quality

The quality of the product was deemed critical and an important factor for both the industrial reseller and end-user in deciding which supplier to buy from, but for different reasons.

The reseller was more reliant on the cleaning rag for add-on business and to be able to offer a more diversified product range. The reseller also sold the product under their company name and required that the quality was consistently good and in line with the many other items they sell. Poor quality cleaning rags supplied by the reseller could have a negative effect on how customers view other products sold by the reseller and could create a negative impression of the company name.

The industrial end-user, by contrast, used the product in production and demanded a good quality to fall into line with organisational quality control requirements. The personal accountability of the buyer also emerged as playing a role as any complaints pertaining to the quality of any product from the factory floor could have a negative impact on the perception of the
buyer’s competency or might portray the buyer in a negative light with production personnel or superiors.

Product quality was not regarded as being an important determinant of choice in how walk-in customers made their cleaning rag purchases.

4.5.2 Price

Price was regarded by the industrial end-user as being most influential in their purchasing decision-making and behaviour. The product was construed as being a consumable that does not add any value to the final product other than being a cost consideration.

The walk-in customer also regards price as a critical factor in their decision-making as they deemed the price to be far cheaper than they would normally pay from a retail chain.

Industrial end-users did not regarded price as being as important as the end-user and walk-in customer. They felt that the price they paid was dictated by the market and that they marked-up the product by a fixed percentage regardless of price. They also acknowledged that they had innate knowledge of the cleaning rag market and were, for the most part, trusting of their suppliers to provide them with their best price.

They were not likely to switch suppliers as a result of a better price quoted by a competing supplier without first affording the in-supplier the opportunity to meet or better the price.

4.5.3 Service

Service was described by both industrial end-user and reseller as being an important determinant of choice. Given the volumetric challenges that the
product poses for buyers by way of space requirements, speed of service was critical in ensuring an uninterrupted supply of the product. Walk-in customers did not view service as an important factor.

4.5.4 Relationships

Relationships with suppliers were held in high regard by industrial resellers. They cited trust as being a foundation upon which their business relationship with a supplier was based and that they preferred personal informal communication with a supplier. End-users were less colloquial with suppliers and preferred to keep the business relationship formal and at arm’s-length. Walk-in customers did not consider relationships as playing role in their determinants of choice.

4.5.5 Convenience

While not a factor for resellers and end-users, walk-in customers cited the convenience factor as being an import reason for where they bought their cleaning rags. The location of the outlet in relation to their businesses and transport routes was cited as the most important factor. Several customers remarked that the signage was not legible from the road when driving past and had heard via word-of-mouth where the factory was located.

TABLE 6: TABULATION OF THE DETERMINANTS OF CHOICE

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>WALK-IN CUSTOMER</th>
<th>INDUSTRIAL RESELLER</th>
<th>INDUSTRIAL END-USER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Quality</td>
<td>Not deemed important</td>
<td>Critical for product range and complementing good company name</td>
<td>Critical for complying with organisational quality objectives and buyers credibility</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>Critical to justify decision not to buy at a retail outlet</td>
<td>Plays a role in combination with other factors, but mark-ups are unchanged regardless of price. Market insights by resellers assist in benchmarking</td>
<td>Most important factor. Cleaning rags viewed as a consumable that does not add value to end-product</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Service</strong></td>
<td>Not a factor</td>
<td>Important given product attributes and large volumes sold</td>
<td>Important given product attributes and unreliable inventory management of personnel. Aids buyer credibility</td>
</tr>
<tr>
<td><strong>Relationship</strong></td>
<td>Not a factor</td>
<td>Critical to the style of buying and trust placed in supplier. Underpins all other factors</td>
<td>Not important due to competitive nature of rag market, but acknowledged to aid buyer credibility</td>
</tr>
<tr>
<td><strong>Convenience</strong></td>
<td>Very important factor as customers only buy when passing or are in the area</td>
<td>Not a factor</td>
<td>Not a factor</td>
</tr>
</tbody>
</table>

Source: Compiled by researcher
CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Chapter 4 revealed the findings of the empirical study and provided a comparison on how the various types of buyers attach diverse reasoning and relevance to various influences on their purchasing decisions. Conclusions drawn from Chapter 4 will now be documented and recommendations made based on conclusions drawn.

5.2 ADDRESSING THE MAIN PROBLEM AND SUB PROBLEMS

5.2.1 Aim of the research

The aim of the research was to “compare the factors that influence the purchasing decisions of the various categories of cleaning rag buyers and more specifically Multifibres’ customers”. This would only prove achievable by first addressing sub-problem one and two:

5.2.2 Sub-Problem One

The aim of resolving sub-problem one was to identify the factors that play a role in Multifibres customers’ purchasing decisions or buying behaviour. This information was obtained from pilot interviews and also through interaction with clients by way of informal discussions when conducting day to day business. While a large array of factors was forthcoming, five predominant themes stood out which were regularly referred to by pilot interview respondents and customer, namely:

- product quality;
- price;
- service;
- relationships; and
• convenience.

Sub-problem one was therefore answered facilitating the commencement of answering sub-problem two.

5.2.3 Sub-Problem Two

The aim of sub-problem two was to indentify, understand and interpret why or in what way these factors identified in sub-problem one affect the purchasing decisions of cleaning rag buyers. This was achieved by analysing and interpreting the responses to questions and probes put to respondents during the in-depth and semi-structured interviews conducted by the researcher.

By solving sub-problem two, the researcher was able to compare the factors that play a role and document how the different category of buyers’ purchasing decisions are influenced based on their specific set of circumstances or the application of the product.

5.3 CONCLUSIONS

5.3.1 Walk-in Customer

The walk-in customers’ buying behaviour is influenced by two predominant factors, namely:

• Price; and
• Convenience.

The walk-in customers hold the view that buying directly from the manufacturer ensures they receive a good deal. They do not necessarily gain additional value, but enjoy the benefits of a financial saving. The
convenience of being able to stop in as and when rags are required is seen as a benefit to these customers as they avoid the administrative frustrations and delivery delays of having to place orders telephonically and wait for delivery of the rags.

5.3.2 Industrial reseller

The industrial reseller is dependent on the rags to add to the diversity of their product range. While quality and price are important, they attach more value to the quality of the relationship and enjoy an informal direct channel of communication when placing orders and interacting with their supplier.

Their service requirements, while demanding, are not overly unreasonable and the service attribute they value most is reliability. The relationship attributes they most value is that of honesty and trust. Price, quality and service, according to the majority of resellers, are to a degree underpinned by the quality of the relationship and mutual trust. They enjoy inter-personal interaction with suppliers and gain insight into and an understanding of, the supplier’s business through this interaction.

5.3.3 Industrial end-user

The industrial end-user buying process is more formal, procedural and less relationship-orientated. Their purchasing decisions are, to a large degree, influenced and constrained by organisational goals and objectives. The influential factors identified were those of price, quality and service.

When quality is not critical in the end-use of the product, price will drive the purchasing decision. If quality is critical, buyers will concede to paying a higher price in the knowledge they are receiving the correct product specifications and quality. Speed and reliability of delivery are service attributes most valued by industrial end-users.
5.4 RECOMMENDATIONS

It is recommended that Multifibres management take note of the prevalent themes that have emerged from the study and their impact on the various buyer categories. Short of detailing a relevant marketing plan, the following examples can be considered.

- The price of the product plays a significant role through all three channels and this factor will need to be communicated to the market first and foremost through whichever promotion medium the company deems most effective.

- Relationships are regarded as being of importance to resellers and thus, promotion in the form of personal selling would need to focus on this factor in an attempt to win new business and solidify current business.

- Walk-in customers need to be made more aware of the location of the premises and appropriate advertising material or signage needs to be considered in an attempt to maximise location advantage and attract more of this type of customer.

5.5 LIMITATIONS OF THE RESEARCH

The study only concentrated on Multifibres’ customers. While the results of the study may prove conclusive for the researcher in terms of addressing the identified research problems, these results may not necessarily be representative of all buyers in all industries, or in the same industry in other geographical regions.
5.6 OPPORTUNITY FOR FURTHER RESEARCH

During final interviews certain respondents made reference to the investigation of buyers’ apparent resistance to change as a topic worthy of further research.

While the recommendations presented only represent a small proportion of what can be gleaned from the study, the creation of a formal, detailed marketing strategy based on the results of the study is deemed to be a topic that merits further research.
LIST OF REFERENCES


Dear .................,

I am currently studying towards my Masters Degree in Business Administration through the NMMU Business School and am presently conducting research for my treatise to facilitate the completion of the course.

The topic of my treatise is “A comparative assessment of the factors affecting the purchasing decisions of cleaning rag users in the Eastern Cape” The aim of this research is to identify and compare channel-specific factors that underpin the purchasing decisions of our (Multifibres) clients.

I would sincerely appreciate you agreeing to be interviewed by me during the week of .................August. The interview will take approximately 45 minutes and complete confidentiality will be guaranteed.

Obtaining insight from a member of an organisation such as .......... will definitely add substance and validity to my research material and I would sincerely appreciate you assisting me by agreeing to be interviewed.

Sincerely

Dave Shearer                                                      Dr John Burger
Researcher                                                         Supervisor

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Affiliate Campuses and Satellite Offices: Cape Town, George, Port Elizabeth, East London, Durban, Pietermaritzburg, Pinetown, Richards Bay and Gauteng

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ANNEXURE B: PROFORMA QUESTIONNAIRE

1. Please explain how the quality of the product may influence your decision-making when purchasing cleaning rags?

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2. How would you describe the role or influence that price plays in your decision-making when buying cleaning rags.

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3. How do you think service affects your decision-making when deciding where to buy your cleaning rags?

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4. How would describe how your relationship with your supplier influences your decision-making when buying cleaning rags.

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ANNEXURE C: FINAL INTERVIEW QUESTIONNAIRE

INTERVIEWEE ..........: INDUSTRIAL BUYER AND RESELLER

INTERVIEW QUESTIONS

1  PRODUCT QUALITY

How would you describe or explain the effect that quality plays in your decision-making when sourcing cleaning rags?

How do you evaluate the quality of the product?

How critical is the colour and type of material required for your use?

How important is the packaging of the product to you in terms of:

    Appearance?
    Durability?
    Size?

When relieving a complaint relating to quality how do you proceed?

If the problem were to persist, what options would you consider?
2  **PRICE**

How would you describe the role that price plays in your decision-making when buying cleaning rags?

Do you regularly check the price of alternate suppliers?

What would trigger or initiate a price benchmarking exercise to be carried out?

When offered a cheaper price from an alternate supplier how would you proceed?

Do you have the authority to accept a price increase?

3  **SERVICE**

How would you describe the role that service plays in your decision-making when sourcing/buying cleaning rags?

What lead-times would you expect on deliveries from your supplier?

How would unavailability of the product impact your business?

What service attributes do you regard as being most important to you? Why?
What would you consider an acceptable frequency with regards to sales calls from our sales personnel?

4. **RELATIONSHIPS**

Would your relationship with your supplier play a role in your choice of cleaning rag supplier?

If trust were to be compromised, how would this affect your decision-making?

We have now touched on four main themes, being price, quality, service and relationships, in order of preference how would you rank them on a scale of 1 most important to 4 least important when considering / deciding on which cleaning rag supplier to use?

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<thead>
<tr>
<th>FACTOR</th>
<th>RANK</th>
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<tbody>
<tr>
<td>Product Quality</td>
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<tr>
<td>Price</td>
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<tr>
<td>Service</td>
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<td>Relationships</td>
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