THE BUSINESS SUSTAINABILITY OF AN AUTOMOTIVE REFINISH PAINT DISTRIBUTOR

BY

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DECLARATION

“I Vusumzi Michael Msuthwana hereby declare that:

- the work in this paper is my own original work;

- all sources used or referred to have been documented and recognised; and

- this paper has not been previously submitted in full or partial fulfilment of the requirements for an equivalent or higher qualification at any other recognised education institution”

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ABSTRACT

From a broad overview of business management literature, the proposition emerged that strategic conditions within an organisation can translate into sustainable business development outcomes. However, in the rapidly evolving business environment, the quest to grow or sustain competitive advantage demands that business practices become more proactive, creative and innovative. Globalisation and technological advances drive the need for innovation within a business context and the resultant rapid pace of change demands that businesses adopt a customer-focused entrepreneurial orientation to accommodate this need for innovation.

This study investigated whether the principles of marketing, business management tools and management of the customer-base could be incorporated as key drivers to develop innovative and creative tactics that could serve as viable solutions to sustain business development strategies of automotive refinish paint distributors. An initial step in this research comprised a theoretical overview of the internal business environment as a system of the enterprise that aims to provide an in-depth understanding of the organisation, which could be applied to support strategic business goals and objectives.

The literature review further entailed an investigation and explorations regarding best practices that automotive refinish paint distributors could follow in order to identify, focus on and develop their source of competitive advantage, sustainability and profitability. From the literature review, a methodological framework was developed that could be applied to specific success indicators, moulded to produce distinctive competencies in the
automotive refinish paint industry; defining a significant foundation from which the objectives of this study could be researched.

The study adopted the qualitative research approach and focused on a single case of a refinish paint distributor. The reason for selecting the case study method is that an entire organisation could be investigated in depth with particular attention to detail. A detailed questionnaire was drawn up in order to conduct face-to-face interviews with selected respondents, based on the profound expertise of the selected personnel. This was done to enable the researcher to assess the prevalent elements of business sustainability applied by the automotive refinish distributor to enhance their competitive advantage.

The design of the empirical element of this study, aimed at providing a blueprint that would enable the researcher to structure the research problem in such a way that the outcome of the study would be valid, objective and reliable.

Due to the qualitative nature of this study, the results are interpreted through inductive reasoning, observations, projective and participatory approaches all of which are integrated into a comprehensive model indicating key drivers to promote, improve and facilitate the business sustainability of the automotive refinish paint distributor.

A range of recommendations and managerial implications extracted from the results of the empirical study are presented in the final chapter.
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CHAPTER 1

PROBLEM STATEMENT AND SETTING THE SCENE

1.1 INTRODUCTION

The ever-changing nature of competition, soaring customer demands and immensely competitive refinish market has resulted in some automotive refinish paint distributors having to adopt innovative, creative and proactive approaches when planning the strategic execution of their sustainable business development strategies.

Some of these innovative, creative and proactive approaches are difficult to evaluate against marketing principles or by using traditional business management tools. What is perceptible to the management of these automotive paint distributors, albeit unknown to them, is that they are practicing a multi-dimensional approach to doing business in the automotive refinish retail distribution sector – a strategic mix between customised customer-management support structure, sales support activities and the management of the brand’s functional value.

A customised customer-management support structure and sales support activities are made possible by a well coordinated and structured technical and sales support system individually crafted for a specific customer base (Anacchino 2003:418). Therefore a knowledgeable, dedicated and committed group of sales and technical specialists might have contributed to allow the refinish paint distributors to deliver superior customer value.
that has resulted in their customers' functional and emotional satisfaction which is brought about by the brand's functional value.

In essence, the main objective of any organisation in a free-market economy is to create and satisfy the needs of customers (Field 2002; May 2005; Drucker 2009). The role of management therefore, is to guide the organisation towards this main objective that serves as the first stage of any strategic business planning. This objective might also be the main contributing factor in cultivating a number of the innovative, creative and proactive approaches that were adopted by some of the automotive refinish distributors.

With many years of extensive experience in automotive refinishing, the refinish paint distributor's management have studied their competition and prepared themselves well for the future micro and macro economic volatility, and developed a strategic mix that reinforced their organisational positioning. They made the necessary creative changes to their corporate strategic plans to sustain their survival.

In order to conceptualise the automotive refinish paint distributor's strategic mix, it is imperative to understand how they manage to plan, develop and successfully implement their sustainable business development strategies, ensuring that they remain synchronised with developments in the general automotive refinish environment consistent with their business goals and objectives.
1.2 PROBLEM STATEMENT

Marketing, like all evolving disciplines is subject to the influence of a broad-spectrum of environmental dynamics and strong academic examination (Lancaster & Reynolds 2004; Stone & Desmond 2007; Baker 2008). Such is the case with one of the fundamental concepts, ‘satisfying customer needs’, which has become a basis for contemporary marketing.

This mindset of marketing thinking holds the opinion that, if businesses direct their time, resources and focus on strategic insight that is built upon satisfying the needs of their customers, they will be in a good position to head an undertaking of orchestrating their growth and development plans which would drive their competitive advantage.

Kotler, Armstrong, Saunders and Wong (2002:2), Luo and Homburg (2007:133) as well as Kotler, Armstrong and Tait (2010:27), presented a useful learning and enlightening view on the concept of satisfying customer needs. They suggested that successful businesses at all levels have one aspect in common – their success is founded upon a strong customer focus and heavy commitment to marketing. In the contemporary competitive environment, it is therefore necessary that businesses dedicate themselves to sensing, servicing and satisfying the needs of customers in well-defined target markets.

This notion of satisfying the needs of customers in well-defined target markets as a lead driver for business success does not go well without business management scrutiny. In the automotive refinish paint industry, manufacturers and suppliers are competing in the customer-ruled and technology-driven marketplace where a continuous creation and delivery
of superior value for customers are of utmost importance. Therefore, it is not just the manufacturers and suppliers who dedicate themselves to satisfy customer needs, but it is the customers who are setting, directing and driving the rules.

Marketing alone cannot be used as a driving force for sustainable business development. There are business skills and competencies that businesses need to develop in order to measure customer satisfaction and customer value. These business skills and competencies must go beyond exploring, creating and delivering customer value. Instead, the business’s corporate strategy should be aligned with current and future business planning initiatives (Jewell 1990:198; Griffin & Ebert 1993:109; Mohr 2005:85), all of which must put the customer at the centre of any business management framework.

Business management literature often suggests the use of the organisation’s business plan as a basis for formulating business strategies and making complex business decisions with the purpose of satisfying customer needs (Mohr 2005:51; Weltman & Silberman 2006:11). Although the business plan will always constitute a base-line document on which future planning endeavours could be based (Stone & Desmond 2007:399). In the contemporary automotive refinish environment it is often not the well-formulated document that promotes growth and sustainable business development, but a more enlightened and holistic multi-dimensional approach that is specifically synchronised to align an organisation’s strategies with the developments of the current business environment and also consistent with a particular organisation’s goals and objectives.
A well-formulated business plan could not be ruled out as a source document for management in understanding the strategic moves of the business, and for establishing the plan of penetrating the markets, or for deciding on the products and/or services the organisation has decided on pursuing (Hodgetts & Kurakto 2002:83; Weltman & Silberman 2006:12). However, this information is often readily available, known and understood by most businesses in the refinishing sector; it could therefore be the innovative and creative tactics to identify the routes to follow when blending marketing principles, business management and retail distribution management that has differentiated the successful automotive refinish paint distributors from those that are not performing well in the market.

The problem statement for this research can thus be formulated in the form of the following question, namely:

**How does the automotive refinish paint distributor manage to sustain business development for a successful operation?**

### 1.3 OBJECTIVES OF THE STUDY

The main objective of the study is to establish whether the principles of marketing, business management tools and management of customer-base could be used as key drivers to develop innovative and creative tactics that could serve as viable solutions to sustain business development strategies of the automotive refinish paint distributors.
In order to deal with the main objective, the following secondary objectives are proposed, namely:

- to establish the main needs of customers of the automotive refinish paint industry;

- to investigate the innovative, creative and proactive approaches that are used in the automotive refinish market to sustain business development strategies;

- to scrutinise whether the paint distributor applies marketing principles, business management tools and management of the customer-base to sustain its business development strategies;

- to examine the different types of brands that are sold by the distributor, and whether they contribute towards promoting sustainable development;

- to analyse the effects of technical services and support systems on the sustainability of the automotive refinish retail distribution business; and

- to develop a comprehensive model that will indicate key drivers to promote, improve and facilitate the sustainability of business development strategies of the automotive refinish retail distribution sector.
1.4 PURPOSE OF THE STUDY

This research aims to solve the research problem through a well-defined methodical process of investigation and extensive analysis. The study proposes to provide a brief historical background of the evolution and development of the establishment under investigation. Initiatives such as customer service and support systems, customer training, brand development strategies, the extent to which the paint distributor has succeeded in devising growth and development plans of the organisation, as well as the challenges they have encountered along the way will be analysed.

This study could reveal important insights that could lead to strategic changes in the planning, analysis and implementation of business management strategies that are aimed at promoting sustainable business development structures for the automotive refinish paint distribution industry.

The objective of this research is therefore to attempt to develop a comprehensive model indicating the key drivers to promote, improve and sustain business development strategies in the automotive refinishing sector.

Recommendations from the empirical study will be presented on how the existing status quo of the under-performing distributors can strategically be modified and adapted to the current complex business environment in an attempt to promote future growth and sustainable business development, and enable them to fulfil their business development goals more efficient and effectively.
1.5 THE UNIT OF STUDY

Geographically the research will be confined to a specific business establishment, namely Popular Paints in the city of East London in the Eastern Cape Province, South Africa.

There are 16 employees in the business, many of whom have been with the firm business for more than 15 years. Sales are primarily to the automotive refinish industry which includes panel beaters, bus and truck repairers as well as light industrial manufacturers. The focus is on achieving competitive advantage and long term customer satisfaction.

Products sold by the automotive refinish paint distributor include automotive refinish paints, abrasives and polishes, and various other ancillary items. The full description of the firm Popular Paints and all its business operations are outlined in Annexure B.

1.6 RESEARCH METHODOLOGY

Methodology refers to the overall approach to the research process, from a theoretical underpinning to the collection and analysis of the data (Collis & Hussey 2009:150). The research method for this study is based on exploratory research. The method that will be followed included a literature study and an empirical study. These will be employed to solve the primary and secondary objectives.

The research takes a qualitative approach which, according to Collis and Hussey (2009:13), is more subjective in nature and involves examining
and reflecting on perceptions in order to gain an understanding of social and human activities. Furthermore, qualitative research is associated with research questions and phenomena of interest that require exploration of detailed in-depth data, aimed at description, comparison or prescription (Partington 2002:109), which are the points of interest in addressing the outcome of this research.

This study also focuses on a single case of a refinish paint distributor, because a case study is designed to gain an understanding of a phenomenon (unit of analysis) within its operating context. Of necessity, case study research is about engaging with the complexities of the real world, and about making sense of them (Partington 2002:177). Case study research is therefore flexible and can be adapted to many areas of knowledge creation. Consequently, most case studies use a qualitative approach (Neuman 2006:41).

The interview is probably the most widely employed method in qualitative research (Bryman & Bell 2007:341), hence in-depth face-to-face interviews are deemed most suitable for this study based on the nature of the topic and the profundity of expertise of qualified personnel in the automotive refinish paint industry.
1.6.1 Literature Review

The theoretical framework underpinning this research consists of three bodies of literature:

- The classic debate about marketing principles as a business philosophy to promote sustainable business development strategies (Hoffman et al. 2005);

- The theory of business management architecture as blueprint of the enterprise that provides an extensive understanding of the organisation that could be used to align strategic business goals and objectives (Hellriegel et al. 2004; Ghillyer 2009); and

- Professional management of a customer-base and its importance in creative strategy formulation for profitability (Wisner, Tan & Leong 2009).

A study of business management literature in general and specifically information dealing with productive thinking, creativity, innovation, employee management as well as change management as business strategies which could be used to promote sustainable business development were investigated. This assisted the researcher in understanding important drivers of competitive advantage for the business, its key principles and its importance.

Marketing literature was scrutinised in order to establish the vital importance of customers to the organisation, and that the most significant managerial task in any enterprise is first to identify the needs and wants of
the consumer and then to ensure that its operations are geared to meeting those requirements profitably. The theory assisted the researcher to understand the concept of marketing a business enterprise, its products, brands, and services.

A literature review that deals with management of customer-base was also undertaken in order to show that the automotive paint distribution industry is in a constant state of adjustment and adaptation. This is because modern day consumers do not only have more choices than ever before; they also have more information at their disposal. The literature review enabled the researcher to investigate how the businesses in the automotive paint distribution sector could rethink their current business development strategies in order to meet the ever-changing demands of customers.

1.6.2 Empirical Study

The empirical study used in this research, based on the key concepts gained from the literature study, consisted of the following elements:

Questionnaires, face-to-face interview, focus groups and a specific sample of respondents.

(i) A questionnaire was prepared from the important prerequisite characteristics that are accepted for the purposes of this study as outlined in the literature review.
(ii) Face-to-face interviews were conducted with a selected sample of respondents to gain an insight and understanding of the underlying reasons and motivations.

(iii) The specific sample of respondents provided concepts that are in the form of themes, motives, generalisations and taxonomies. Concepts were interpreted in a number of ways; holistically and a broad focus.

An investigation was carried out to identify the key issues critical to the study of human experiences, based on the idea of Zikmund and Babin (2010:137) that human experience itself is inherently subjective and determined by the context in which people live.

1.6.3 Sampling Methods

Selecting a sample is a fundamental element of a research study (Collis & Hussey 2009:155). A simpler and cheaper means of obtaining a representative sample is to set a quota for the interviewers to obtain a sample that mirrors the population that is being researched. Filling the quota provides a mix of respondents that is reflective of the population being targeted (Hague, Hague & Morgan 2004:91).

Quota sampling used in this study was made up of senior managers (Owners or CEO’s or MD’s), sales and marketing personnel, technical representatives and general workers of the paint distributor.
1.6.4 Measuring Instruments

The researcher developed a questionnaire for the paint distributor’s managers and employees. This was done in order to evaluate all the respondent’s views about sales growth strategies and business development strategies. The following areas were covered:

- The perception of the respondents regarding the concepts ‘customer-management support structure’ and the intuitive functional value of the brand as a basis for growth and sustainable business development strategies;

- The application of productive thinking, creativity and innovation as business strategic tools for competitive advantage; and

- The role of long-term relationships with customers as a lead driver in creating superior customer value and satisfaction.

The researcher then analysed the data obtained according to the principles of marketing and management of the customer-base, taking into cognisance the significant role of a well-structured business management composition, leadership style, motivation, knowledge, change management, technical services and customer support systems within an organisation.
1.7 DELIMITATION OF THE RESEARCH

Delimiting the research makes the research topic manageable. Although this research is limited to Popular Paints, it is assumed, for purposes of this study, to be representative of similar types of automotive refinish paint distributors.

1.7.1 Geographic delimitation

The empirical component of the study was limited to and focused on managers, employees and customers of Popular Paints in the Eastern Cape area.

1.7.2 Respondents

Addressing the research objectives required a comparison of the opinions of the different key staff members within the firm, in particular, senior managers (owners or CEO’s or MD’s), sales and marketing personnel, technical representatives and general workers of the paint distributor. This was done to establish what the current business sustainability strategies were and how do these key people manage to sustain their business operations even during difficult economic times.

In particular, the discussions were focused on the business operation’s structure to determine its viability and feasibility regarding the most successful tools currently in use. These key decision makers were also
asked what they felt were the most creative, innovative, effective and profitable ways to ensure the retention of customers in the long term.

1.8 SIGNIFICANCE OF THE RESEARCH

The current competitive nature of the automotive refinish paint distribution sector increases the significance of this research. In order to promote a competitive edge of the refinish paint distributors, an effective customer-management support structure, productive thinking, creativity, innovation, and a strategic building of the innate functional value of the brand could assist in delivering world-class customer service that could successfully promote, improve and facilitate the sustainability of the automotive refinish paint distributor’s growth and development strategies.

Since little research has been conducted specifically on automotive refinishing in the business management literature, this study will contribute significantly towards the body of knowledge on understanding both tangible and intangible dimensions involved in the management of the automotive retail distribution industry.

The significance of the research study is to provide a comprehensive business management model to promote the continuance of growth and sustainable development of the automotive refinish paint distributors from a strategic business management point of view. It is only through ongoing research that growth and sustainable development strategies can be identified, analysed and implemented.
“All progress is born of inquiry. Doubt is often better than overconfidence, for it leads to enquiry, and enquiry leads to invention” is a famous Hudson Maxim (1853 – 1927) in which context, the significance of research can be well understood. It is envisaged that this research will serve as a point of reference for future studies of growth and sustainable development strategies in the automotive refinish market. It will help managers of the automotive refinish paint distributors to identify the viability of the proposed model, or improve it by adapting it to their individual businesses.

1.9 ASSUMPTIONS

In research, according to Leedy and Ormrod (2005:5), assumptions are equivalent to axioms in geometry – self-evident truth, the *sine qua non* of research. The assumptions must be valid or else the research is meaningless.

The study is based on the assumption that the successful paint distributors, like other automotive paint distributors in South Africa, are facing similar micro and macro economic challenges in the automotive refinish paint environment.
1.10 DEFINITION OF CONCEPTS

The following terms relating to this study will be defined in order to avoid possible misunderstanding:

1.10.1 Business strategy

Ungerer, Pretorius and Herholdt (2007:30) as well as Ireland, Hoskisson and Hitt (2009:124) defined business strategy as tactics that are aimed at searching for the sustainable competitive advantage of a business unit.

The task of developing and executing a business strategy is the heart and soul of managing a business enterprise and winning in the market place (Thompson et al. 2004:3). In order to position itself differently from competitors, a firm must decide whether it intends to perform activities differently or to perform different activities (Ireland, Hoskisson and Hitt 2009:129).

1.10.2 Marketing strategy

Marketing strategy is defined as the birthplace of a product’s value proportion – the bundle of benefits the product provides to fulfil customer needs and wants (Hoffman et al. 2005:17). Strategies are the means through which marketing objectives can be achieved (Lancaster & Reynolds 2004:354). In the effort to reach particular markets, marketers develop specific marketing mixes tailored to meet the needs and wants of the desired target markets (Hoffman et al. 2005:17).
1.10.3 Retail distribution strategy

From the viewpoint of Fernie, Fernie and Moore (2003:70), retail distribution strategy is about environmental analysis; identification of those factors critical to success; recognition and building of corporate competencies; developing, maintaining and communicating strategic direction – to staff, to customers, to competitors.

1.10.4 Refinish paint

Automotive refinishing refers to paint products applied to any motor vehicle subsequent to the initial manufacturing process (Howe-Grant 1993). Automotive refinishing includes operations in auto body repair/paint shops, production auto body paint shops, new car dealer repair/paint shops, fleet operator repair/paint shops, and custom made car fabrication facilities.

1.10.5 Customer relationship management

Customer relationship management (CRM) means different things to different people. Even the meaning of the three-letter acronym ‘CRM’ is conflicting (Buttle 2004:3). In general CRM refers to customer relationship management (Winer 2001; Lemon, White & Winer 2002; Payne & Frow 2005) – as it is used in this study. Others use CRM to mean customer relationship marketing (Kinser & Fall 2006; Aksoy, Keiningham & Bejou 2008; Moeller, Fassnacht & Klose 2008).
Whatever it is called, CRM is a business practice focused on customers. Hence CRM is defined in this study as a business strategy that succeeds in integrating business’s people, processes and technology in such a way that it maximises relationships with its customers, distributors and suppliers.

1.10.6 Productive thinking

Productive thinking is the process of producing innovative ideas (Michalko 1998:6). Productive thinking is used as a process of suspending judgement to generate long lists of ideas and then returning to those lists to make choices by judging the ideas against pre-established success criteria (Hurson 2008:92).

1.10.7 Creativity

Hellriegel et al. (2004:171) and Roelofse (2006:17) define creativity as the ability of an individual to visualise, foresee, generate, and implement new ideas. Creativity increases the quality of solutions to many types of problems, helps stimulate innovation, revitalises motivation and commitment.

1.10.8 Creative thinking

According to Hurson (2008:262), creative thinking is a thinking mode that explores new meanings, new connections and new perspectives. This
mode of thinking is non-judgemental and expansive so that it can generate long lists of possibilities for the development of unique and innovative ideas.

1.10.9 Innovation

Tidd, Bessant and Pavitt (2005:66) defined innovation as a process of turning opportunity into new ideas and of putting these into widely used practices. Innovation is also seen as an important strategy for ensuring sustainable business growth, value creation and competitiveness.

1.11 OUTLINE OF THE STUDY

The study was divided into eight chapters.

Chapter One outlined the scope of the study; the context and the problem statement were expressed as well as the research design and methodology to be followed.

In Chapter Two the theoretical perspective of internal business environment as a blueprint of the enterprise that provides a comprehensive understanding of the organisation that could be used to align strategic business goals and objectives, will be examined.

Chapter Three discusses customer-focused strategy management as a source of competitive advantage to promote sustainable business development strategies.
In **Chapter Four** a multidimensional concept of brand equity which is moulded for a specific customer-base for the business to operate efficiently to provide increased service value will be discussed.

**Chapter Five** discusses the research methodology, which includes research paradigms, sampling methods and measuring instruments. Reliability and validity will also be discussed in this chapter.

In **Chapter Six** the research findings of this study are reported.

In **Chapter Seven** the research findings of this study are examined and interpreted in an attempt to provide insights into the development of a comprehensive model for business sustainability of the automotive refinish paint distributors.

The study concludes in **Chapter Eight** with various recommendations including areas for further research, managerial implications as well as some concluding remarks.

### 1.12 SUMMARY

This chapter has provided an overview of this thesis from a strategic business management point of view. The context of the study and the problem statement were expressed as well as the research design and methodology to be followed. The objectives of the research were clearly stated and the research questions specified. Lastly, an overview of the chapters that constitute this thesis has been provided.
The theoretical framework that underpins this research consists of three bodies of literature namely, business management architecture, marketing principles and management of the customer-base. An overview of the theory that underpins this study is provided in the following chapter.
CHAPTER 2

OVERVIEW OF THE CUSTOMER-BASED INTERNAL BUSINESS ENVIRONMENT

2.1 INTRODUCTION

The purpose of Chapter two of this research study is to examine the theoretical perspective of the internal business environment as a blueprint of the enterprise to provide an extensive understanding of the organisation that could be applied to align strategic business goals and objectives.

In order to achieve this, extensive effort of this chapter concentrates on the fundamentals of business management architecture where management is expected to create a favourable business environment that would facilitate an organisation to select appropriate strategic positions that are expected to increase its value. This often includes motivating and leading employees to effectively direct them towards creativity thereby, enabling them to fulfil their individual growth and development desires and to contribute towards achieving the goals and objectives of the organisation.

While true wealth may be created when new processes and systems are developed, building and sustaining competitive edge in the dynamic technological and market environment, require an understanding of the fundamentals of the business and marketing concepts including knowledge and the willingness to change. In a customer orientated
business the customer is at the centre of the organisational focus, as a result, knowledge and change management that is built on a new vision, new realities of business competition and a vibrant automotive refinish paint distribution market, require creating a new system of business management framework.

Such a system must exceed traditional strategy framework of simple economic growth – one of stable, scale-oriented industry environments, high systematic growth rates and meaningful opportunities for product differentiation. Hence competitive advantage of productive thinking, creativity and innovation for sustainable development of the automotive refinish paint distributors will define a meaningful base from which the objective of this study can be researched.

### 2.2 THE BUSINESS CONCEPT

Drucker (2000:32) maintains there is only one valid definition of business purpose: to create a customer. Accordingly, in the current complex and turbulent market environment, building growth and sustainable business development that focuses on creating a customer, should be a business corporate strategy and an integral part of the business management milieu. Thus, to remain competitive, businesses need to be dynamic and be able to act in flexible and adaptive ways to create a customer (Van Heerden & Du Toit 2000:82; Rosenberg 2007:18).

The contemporary metaphors, such as a win-lose paradigm, that involve ranking, power over others, hierarchies of control, competition and the institutionalisation of business violence, used to describe the business
world can be limited in times when an emergent paradigm calls for new visions and actions (Laszlo 2003:605). A developmental understanding, grounded in a well developed strategic mix, can open possibilities for leadership and innovation toward business sustainability.

As such, the single most important aspect of business management is to establish a simple, clear, focused idea of how a firm's products and services are perceived by customers, which differentiate them from those of the competitors (Peeling 2005:107). To do this, management must ensure that their sustainable business development strategies are consistent with their business goals and objectives so that the firm's resources and capabilities can be moulded to produce distinctive competencies. These competencies enable creativity, innovation, efficiency, and customer responsiveness, all of which create competitive advantage.

Since the purpose of this study is to develop a comprehensive model indicating the key drivers to promote, improve and sustain business development strategies in the automotive refinishing sector, it is essential that business management and marketing literature be reviewed to identify key challenges for success in this industry.

2.3 THE MARKETING CONCEPT

The concept of marketing as an integrative function within the organisation – linking the needs of the consumer with the various functional areas of the business – is central to modern definitions of the term and lies at the heart of a business philosophy known as the 'marketing concept' (Burns &
According to the marketing concept, the customer is of prime importance to the organisation, and the most significant managerial task in any business is to first identify the needs and wants of the customer and then to ensure that its operations are geared to meeting these requirements profitably (Davis & Gregory 2001:47; Worthington & Britton 2006:451).

There is significant evidence in the marketing literature that customer satisfaction is an important driver of a firm’s profitability (Luo & Homburg 2007:133; Stone, Kurtadikar, Villanueva & Arnold 2008:489 and Kotler, Armstrong & Tait 2010:27). Marketing literature also concede that consumers are in control, and have been since the start of the 21st century (Passikoff 2007:42). Thus, contemporary businesses must strive to satisfy customer needs in the most convenient way, minimising the time and energy that customers spend in searching for, ordering and receiving goods and services (Kotler, Jain & Maesincee 2002:10).

Marketing, more than any other business function, deals with customers (Kotler, Armstrong & Tait 2010:18). Therefore, marketing is defined as the management process responsible for identifying, anticipating and satisfying the requirements of the customers profitably (Engelbrecht 2005:4 and Herbst & Forrest 2008:36). This implies that the first task of marketing is to discover customers’ current and future needs. Only by finding out the needs of customers can business organisations respond to these needs (Kotler & Armstrong 2006:6). The identified needs are satisfied by the provision of goods and services (Jewell 1990:74). Moreover, marketing is not a stand-alone individual or departmental function, but a core organisational process (Calder & Malthouse 2005:357). Therefore, as an organisational process, marketing offers
guidelines on how to develop and implement marketing strategies within a business climate marked by frequently changing environmental forces (Hoffman et al. 2005:10).

In a market where competitive advantage is fragile, winners are those businesses who bring superior value to customers by providing customers with best value for their money. This can be achieved by positioning the business in such a way that differentiates its products and services that are offered to a distinct group of customers (Marcus 2006:9). For these reasons, marketing must combine all the organisation’s resources in well-defined market-oriented target markets that are aligned with the overall business goals and objectives, all of which must be associated with satisfying customer needs. It is therefore imperative that customer needs are clearly defined and understood by business so as to develop appropriate innovative strategies to fulfil their needs at a profit.

2.4 DEFINING AND UNDERSTANDING CUSTOMER NEEDS

Customer needs are the problems a business would like to solve (Hoffman et al. 2005:282). Products deliver solutions to customers’ problems and there are usually many different kinds of solutions for each customer need (Olsson & Karlsson 2003:311). Customers also have very specific needs that a product must address to be truly successful (Bakken 2001:31). These detailed needs can be difficult to unearth, because most detailed needs are specific to particular context in which the product is used (Kärkkäinen et al. 2001:293). Clearly, no product is perfect. Each product is a compromise, in that it only partially solves a complex set of customer
problems. Ultimately, products are sets of features that deliver extremely well for some needs, adequately for others, and not deliver at all for others (Hoffman et al. 2005:282). Over time, customers choose products with the set of features that deliver the maximum benefit for them (Stone et al. 2008:492).

It is therefore imperative to understand that customer needs are complex and developing successful products requires an understanding of the details of their needs. While needs are rather stable, the most successful solutions change over time (Bakken 2001:35). Accordingly, customer needs are often ascertained initially through qualitative market research. Qualitative market research is often conducted with a small number of customers. Three methods, from the perspective of Hoffman et al. (2005:284) are especially useful for determining customer needs qualitatively, namely:

- becoming the people with the problem the firm wants to solve;
- critically observing those with the problems of interest; and
- talking, through interviewing, to people in depth about the problem.

Once a full set of needs has been gathered qualitatively, then a number of quantitative market research techniques can be used to predict which needs are more important (Hoffman et al. 2005:284). There is however no single technique that is sufficient to produce a full understanding of customer needs, consequently the best outcomes are obtained when multiple methods are used to understand consumers’ problems in detail. This research investigates whether the needs of the automotive refinish customers could be satisfied by implementing a strategic mix of personal selling, brand value and customer relationship management. To do this
the study seeks to develop a combination of innovative strategies which are centred both around market and customer focus that would work together to produce a sustainable business.

2.5 SUSTAINABLE BUSINESS DEVELOPMENT

Traditionally strategy framework was oriented towards a simpler economic time, one of stable, scale-oriented industry environments, high systematic growth rates, and meaningful opportunities for product differentiation (CEO series 2003:40). However, in the current aggressive business environment, traditional strategy tools – with their emphasis on market growth and relative market share, on core competencies, on ‘time-to-market’ and ‘experience curve’ economies – cannot provide valuable sustainable growth. That is why Worthington & Britton (2006) and Freemantle (2007), proposed the philosophy of sustainable business development as the only way forward to create a competitive world economy.

Sustainability is often employed as a short-hand term for sustainable development (Morse 2010:1). Many traditional business people assume that sustainability refers to ‘eco-efficiency’ initiatives, (Hartshorn & Wheeler 2002:108; Luchsinger 2009:163), that will add costs to products or services (Tremwel 2007:11; Dyllick & Hockerts 2002:130). Many people also think that sustainability means only environmental regulation and is therefore anti-business (Welford, Young, & Ytterhus 1998 in Veleva & Ellenbecker 2000:102). This is an unfortunate assumption because business sustainability is actually connected to a wide range of diverse areas, including organisational behaviour, business strategy, operations
management, accounting, finance, economics, environmental science, ethics, and social psychology – just to name a few (Freese 2007; Pojasek 2007). Some business leaders understand that sustainability increases efficiency and reduces waste and costs (Day 1997:247; Freese 2007:28). In short, sustainability requires good customer-oriented business processes.

A sustainable business is one whose characteristics and actions are designed to lead to a “sustainable future state” (Funk 2003). However, as there are no ‘perfect’ or ‘ideal’ indicators of business sustainability applicable to any organisation (Veleva & Ellenbecker 2000:117), the use of a well developed strategic mix that is based on satisfying customer needs can be considered as an ideal philosophy in the current customer-ruled and technology-driven marketplace.

Having the foresight to identify the threats and opportunities posed by the market and the tools to respond appropriately is critical for sustainable business growth (Hartshorn & Wheeler 2002:108). Success is not only a question of achieving competencies or skills within a single strategy element – success is a multidimensional concept, and there exists an interaction between each success criteria (Martensen & Dahlgaard 1999:632).

Whilst all businesses wish to sustain their operations as far into the future as possible (Dobson & Swift 2008), the question of sustainability is more than one of mere commercial development for the automotive refinish paint industry. It rather seek to create long-term shareholder value by embracing the opportunities and managing the risks that result from an
organisation’s economic, environmental, and social responsibilities, all of which are associated with satisfying customer needs (Pojasek 2007:81).

Given that most of the past attempts at diversification have been largely unsuccessful in creating the required topline growth (Davila, Epstein & Shelton 2006:13), the approach to adopt an innovative, creative and proactive multidimensional concept of building a sustainability strategy, whilst aiming to accomplish innovative management processes has, in this study, been identified as one of the key concepts that play an important role in orchestrating sustainable business development objectives throughout the organisation.

2.6 MOTIVATING AND LEADING EMPLOYEES

Discussing internal business strategy, Frisch (1998) comments that being creative is not sufficient on its own but that strong leadership skills and visionary competencies are also essential to success. Hence, motivating, satisfying and leading employees which are important managerial tasks are discussed in sections 2.6.1 and 2.6.2.

2.6.1 Motivating employees

Werner (2007:69) describes motivation as the force within a person that arouses, directs and sustains a person’s behaviour. The first part of this definition, arousal, is about energy that drives a person’s behaviour. The second part of the definition concerns the choices that a person makes between different behaviours to achieve his/her goals, the direction of
his/her behaviour. The third part of the definition is concerned with how long a person is willing to persist at attempting to meet his or her goals, to sustain his or her behaviour.

Basically, motivation determines what people will actually do (Pretorius, Millard & Kruger 2005:57; Ghillyer 2009:276). Thus, effective managers know that they must understand their employees and what motivates them. In order to understand what motivates employees, a manager must find out what their needs are and what goals they have set for themselves. Highly motivated employees strive to produce at the highest possible level and exert greater effort than employees who are not motivated (Werner 2007:70).

Some drivers of change originate from within firms and they are caused by driving forces that are attributed to the creativity, skill and knowledge of the employees (Halemane & Janszen 2004:23). This means that an effective manager must direct employees’ work towards creativity to enable them to fulfil their individual needs and contribute to achieving the goals and objectives of the organisation.

2.6.2 Leading employees

Many leaders have, on paper a wealth of leadership talents, strategic, and analytic skills; an aptitude for team building; and certainly the ability to develop vision. Unfortunately, during their day-to-day activities, they often do not adequately communicate the vision to the organisation, and in particular, they do not convey it in a way that helps their employees understand what they are supposed to be doing to drive the business
It is very difficult to lead people if they do not have a firm grasp of where they are heading towards and what is expected of them.

Leadership seems to be a complex concept, and different ways of becoming a leader can be observed (Von Krosigk 2007:27). At its simplest, leaders set the direction and goals for their teams and leads the team towards those goals. In order to achieve this, leaders need to creatively formulate a vision for the future, and have the respect and trust of their teams so that the teams will willingly follow (Peeling 2005:25).

Creative leadership is seen as an inclusive process or mutual influence and communication in which the leader functions as a catalyst for navigating change along its full spectrum. This conception of creative leadership includes behaviours related to both leading and managing (Isaken & Tidd 2006:142).

Creative leadership includes understanding people, desired outcomes, methods and context. It is about helping people use the style and level of creativity they have to produce novel useful results. It also involves creating an environment or atmosphere that supports the productive engagement in creative process. The role of a creative leader requires a constant conscious consideration of multiple factors aimed at understanding, recognising and then nurturing the full spectrum of creative talent in people (Isaken & Tidd 2006:144).

Ancona, et al. (2007:94) views leadership as a set of four capabilities:

- Sensemaking – understanding the context in which a firm and its people operate;
• Relating – building relationships within and across organisations;
• Visioning – creating a compelling picture of the future; and
• Inventing – developing new ways to achieve the vision.

The present study will not explore these four capabilities in detail; however it is worth mentioning that sensemaking, relating, visioning and inventing are interdependent. Without sensemaking, there is no common view of reality from which to start. Without relating, people work in isolation, or worse, strive toward different objectives. Without visioning, there is no shared direction. And without inventing, a vision remains illusory (Ancona et al. 2007:99).

That is why it is important to examine the whole organisation to ensure that it is appropriately balanced. It is a leader’s responsibility to create an environment that lets people complement one another’s strengths and offset one another’s weaknesses (Ancona et al. 2007:100). In this way, leadership is distributed across many people throughout the organisation.

Leadership appears to play an important role in the corporate adoption of sustainability practices (Petrini & Pozzebon 2010:364). This view sets up a path to suggest that leaders must formulate a blueprint, strategy and plans for innovation that has to be linked to the company’s vision and overall business strategy. When this is done, leaders must communicate these strategies and plans to all employees involved. Goals and action plans must be cascaded through the organisation; otherwise the employees’ participation and the necessary coordination by all levels and all functions of the organisation will not take place (Martensen & Dahlgaard 1999:629).
The literature shows that some drivers of corporate sustainability practices originate from within firms and they are caused by driving forces that are attributed to the creativity, skill and knowledge of the employees. In this context, if corporate standpoint is cautiously and attentively applied, any firm is bound to gain a competitive edge in the market place.

2.7 KNOWLEDGE MANAGEMENT

Maintaining and enhancing an organisation’s responsiveness to customers and competitors has become an increasingly important managerial task in contemporary businesses (Homburg, Grozdanovic & Klarmann 2007). This perspective is supported by Werner (2007:374) who contend that changing consumer lifestyles, technological breakthrough, economic conditions, political orders, social systems and employee profiles force organisations to adapt or die.

Residing in individual and social relationships in the firm, knowledge is seen as tacit and personal, and the only way to reveal and transfer it is to establish closer and more interactive personal relationships (Leibold, Gibbert & Kaes 2001:2). Knowledge management is thus defined as the acquisition, creation, packaging or application of knowledge (Pretorius & Steyn 2005:41).

Knowledge (information, intelligence, and expertise) is the basis of technology and its application. In the competitive landscape of the twenty-first century, knowledge is a critical organisational resource and an increasingly valuable source of competitive advantage (Simmie 2004:
Knowledge consists of truths and beliefs, perspectives and concepts, judgements and expectations, and methodologies and know-how. Knowledge management, on the other hand, is the process of continually managing knowledge of all kinds to meet existing and emerging needs, to identify and exploit existing and acquired knowledge assets and to develop new opportunities (Von Stamm 2003:207).

Capabilities are composed of knowledge that is enhanced by learning within the organisation (Halemane & Janszen 2004:23). As a result, sustaining and keeping knowledge is one of the biggest challenges in business (Rylatt 2003:103). Contextually, it was in recent years when Misch (2006:41) pointed out that a competitive advantage from knowledge management is created when employees are able to share insights that help them think differently. “This requires employees to make decisions and take action which is far more difficult than merely exchanging information…”.

While true wealth is created when new processes are developed and new thinking produces productivity, growth and business development, the question, according to Misch (2006:41) remains how to encourage such activity and make it pertinently part of the organisational culture. Traditional management approaches combined with recognising the staff members' different cognitive abilities and an appropriate organisational structure designed around these abilities, may go a long way to establishing creativity that forms part of the organisation's processes and culture.
Ireland, Hoskisson and Hitt (2009:12) argue that knowledge is gained through experience, observation, and inference and is an intangible resource. The value of intangible resources including knowledge is growing as a proportion of total shareholder value. Rylatt (2003:6) states that knowledge is essentially a social experience. It needs exchange and interaction. It is not about flooding people with information, but is about creating value for the business, its employees, its customers and society.

Misch (2006:41) also argues that to achieve this, knowledge management efforts must be directed at ensuring that the corporate environment supports knowledge sharing and that the corporate information structure meets the needs of the organisation. “This does not only involve designing products, services, internal and external processes and structures and planning, execution and improvement”, it is a process of searching for innovations and improvements within the larger industry context within which the firm operates that will ultimately determine the sustainability of the organisation.

According to Ireland, Hoskisson and Hitt (2009:12), the probability of achieving strategic competitiveness in the current competitive landscape is enhanced for the firm that realises that its survival depends on the ability to capture intelligence, transform it to usable knowledge, and diffuse it rapidly throughout the organisation. Therefore, firms must develop (for example, through training programs) and acquire (for example, by hiring educated and experienced employees) knowledge, integrate it into the organisation to create capabilities, and then apply it to gain a competitive advantage.
The objective of ‘open innovation’ is the tapping of knowledge and expertise of individuals both inside and outside the organisation in conceiving a business model that creates value to customers (Chesbrough 2003). The ultimate outcome of knowledge management programs is the application of knowledge in a way that creates additional value for the business and its customers (Arnett & Badrinarayanan 2005:332). From the preceding literature, it is thus appropriate to note that knowledge is recognised by many business management authors as an intangible resource that can be used to drive the sustainability of the organisation.

2.8 MANAGING CHANGE

In order to develop new vision, innovative products and businesses for dynamic markets, organisations need to consider various drivers of change within and from the environment, and the way in which they interact with each other. The resource based view falls short of this, in that it does not explicitly address competencies in organisational capabilities and market orientation (Halemane & Janszen 2004:23). In this study, the proposal is to bring change management into the business sustainability framework of the automotive refinish paint distributors, whereby internal resources and the external orientation can be combined at operations and business level in order to become the drivers of change.

In recent years, Kotter (2007:96) witnessed more than 100 organisations try to remake themselves into significantly better competitors. These organisations, large and small, have implemented many systems and strategies including: total quality management, reengineering, rightsizing,
restructuring, cultural change, and turnaround. In almost every case, the basic goal has been the same, namely: to make fundamental changes in how business is conducted in order to help cope with a new, more challenging market environment.

Trying to manage the new realities of business competition is not easy. People change, conditions change, technologies change, and rules change. Management also evolves whenever new theories are presented or new practices are implemented. If the theories seem to have merit or the practices appear to succeed, their use spreads to more and more organisations until, over a period of time, they become an accepted way of managing (Hellriegel et al. 2004:22).

Organisations today face many demands and changes in the external environment. These include international competition, international manufacturing and service standards, a possible recession, technological challenges, socio-political service demands and changes in the profile of the workforce. Organisations that ignore these forces stand to lower their profitability and might even cease to exist (Werner 2007:379). Thus, winning companies are those who anticipate change and react to it in time (Kourantas & Jordaan 2001:40).

A major challenge facing management is the need to manage change in response to the changing environment. The changes may involve new technology, new methods of working and new ways of organising. Continued success of the organisation depends upon changing with the environment (Jewell 1990:248; Palmer, Dunford & Akin 2006:49). Management’s mandate is to minimise risk and keep the current system
operating. Change, by definition, requires creating a new system, which in turn always demands leadership (Kotter 2007:97).

Innovative organisations often succeed in meeting the challenges associated with the drivers of change. They are capable of identifying the appropriate moment to initiate a change to meet the competitive forces in the market (Halemane & Janszen 2004:24). Sometimes proposed changes, particularly of a strategic nature, are not complemented by clear information as to the specific implications at the level of action by individuals. Where this is the case, the chances increase that employees will fail to convert a change initiative into support action at their level of the organisation (Palmer, Dunford & Akin 2006:150).

Some drivers of change originate from within businesses and they are caused by driving forces that are attributed to the creativity, skill and knowledge of the employees (Halemane & Janszen 2004:23). In these cases, business needs to help people stay afloat and gain control by providing practical support to build their capability and enthusiasm for learning. New networks and knowledge-enhancing relationships need to be identified and built to grow competitive advantage. Individual and team creativity must be integrated and blended into the business brain by involving people, important decision-making and knowledge-sharing activities (Rylatt 2003:87).

Change implies a large amount of complexity. And it often includes the use of cross-functional or cross-cultural teams and individuals. This implies an increasing need to understand and appreciate diverse backgrounds, approaches and behaviours (Isaken & Tidd 2006:151). Each organisation is unique. Even if two organisations are identical in size,
formal structure and product range, they each have unique features. These intangible but nonetheless pervasive features of the organisation are known as the culture of the organisation (Jewell 1990:243). Ultimately, it is an organisation’s culture that sustains high performance with high integrity (Heineman 2007:100). To anchor changes in the corporate culture of the organisation, Kotter (2007: 103) suggest that the first step is a conscious attempt to show people how the new approaches, behaviours, and attitudes have helped improve performance. This requires proper communication. The second factor, as suggested by Kotter (2007:103), is taking sufficient time to make sure that the next generation of top management really does personify the new approach. If the requirements for promotion do not change, renewal rarely lasts.

In reality, even successful change efforts are muddled and full of surprises. Just as relatively simple vision is needed to guide people through a major change, so a vision of the change process can reduce the error rate (Kotter 2007:103). Thus, managing change in an organisation is not a simple process, and there is no simple prescription for successful organisational change – what may work in one situation may prove to be inappropriate in another (Werner 2007:391). The future cannot be predicted accurately, and therefore managing change will be punctuated by unexpected challenges, which will require flexible, creative and innovative strategies.

In a dynamic technological and market environment, where there are many drivers of change that are mutually influencing each other, a thorough analysis of these drivers is an essential step for building and sustaining competitive edge in the market (Halemane & Janszen 2004:38). Integration of productive thinking, creativity and innovation
within internal business processes of the organisation are proposed to be the drivers of change in this study, and are also essential for businesses to be flexible with respect to their resources, capabilities and competencies.

2.9 SUMMARY

In Chapter two, theories of business management literature where a customer is at the heart of the organisational internal business processes have been intensively discussed as they form part of the business development strategies and internal business environment of the automotive refinish paint market. In addition, a favourable business environment where employees and management are working together to achieve the organisation’s goals and objectives was identified as a creative approach that could be used in this industry to achieve competitive advantage in the market.

As the participants in this research are people in the retail distribution sector of the automotive refinish paint, it was important that the characteristics of their business management strategies are discussed, so that there is a frame of reference for the research. As a result, chapter three deals with customer-focused strategy management, another important aspect of the automotive refinish business which could be used as a source of competitive advantage to promote sustainable business development strategies.
CHAPTER 3

CUSTOMER-FOCUSED STRATEGY MANAGEMENT

3.1 INTRODUCTION

Chapter two introduced one of the fundamental concepts, ‘satisfying customer needs’, which has become the foundation of contemporary marketing. This strategic view point presupposes that, if businesses direct their time, resources and focus on strategic insight, built upon satisfying the needs of their customers, they will be in a good position to orchestrate their growth and development plans which in turn would drive their competitive advantage.

In an effort to integrate different streams of strategy management literature, chapter three poses the fundamental question of whether a firm’s market competitiveness, in conjunction with its creativity and innovation, can be applied to investigate the sustainable business development of the automotive refinish paint distributors. More specifically, this chapter explores whether an organisation’s business and marketing strategy, specifically in terms of market and customer focus where attracting and keeping customers is a core business strategy, exerts an influence on its competitive advantage.

In addition, this chapter centres on strategies for identifying, focusing and developing of the firm’s source of competitive advantage, sustainability and profitability. Customer relationship management and customer
management strategies as elements for business sustainability are also focused upon.

3.2 STRATEGY FOR COMPETITIVE ADVANTAGE

A strategy is an integrated and coordinated set of commitment and actions designed to exploit core competencies and gain a competitive advantage (Ireland, Hoskisson & Hitt 2009:4). The use of this definition is relevant to this study in the sense that it focuses on actions designed to exploit core competencies to gain competitive advantage, which is the basis upon which this research is founded.

For many years military strategies served as a model for corporate strategy, but in recent times corporate leadership has become the prototype for the management of strategy. Strategy has become indispensable in directing businesses (Ungerer, Pretorius & Herholdt 2007:5).

Organisational strategy is the collaborative and conscious behaviour which people in organisations exhibit in an effort to ensure sustainable organisational survival (Ungerer, Pretorius & Herholdt 2007:14). For many organisations the context of business strategy is the marketplace in which it is played out, so discussions of strategy must begin with reference to the market (Morris 2009:192). For this reason, Thompson et al. (2004:6) describes a business’s strategy as typically a blend of:

- proactive and purposeful actions on the part of business managers and;
• as-needed reactions to unanticipated developments and fresh market conditions.

A useful approach to discussing strategy is to describe the different levels of strategic thinking associated with different strategising activities (Ungerer, Pretorius & Herholdt 2007:29; Ghillyer 2009:120). This helps to define more accurately the type of strategic work required at different levels in the organisation, and it focuses the approach to assist in defining the desired outcomes of the strategy task that should be performed at a particular organisational level (Ungerer, Pretorius & Herholdt 2007:29). Three levels of strategy can be identified, namely; corporate strategy, business strategy and functional strategy.

3.2.1 Corporate strategy

Corporate strategy, as explained by Ungerer, Pretorius and Herholdt (2007:29), is concerned with the business strategy, resource allocation and the exploitation of the complementarities between diverse business units, to increase overall strategic fit.

The main questions that corporate strategy addresses are:

• What set of businesses should we be in?
• How can we leverage the synergies between business units?
• What are the global trends impacting on the business arena, and how can we influence them?

Corporate strategy helps businesses to select new strategic positions – positions that are expected to increase the firm’s value. Firms use
corporate strategy as a means to grow revenues and profits. The decision to take actions to pursue growth is never a risk-free choice for firms to make. Effective firms carefully evaluate their growth options before committing the firm’s resources to any of them (Ireland, Hoskisson & Hitt 2009:154).

Evidence that has been revealed by Ireland, Hoskisson and Hitt (2009:155) suggest that the value of a corporate strategy is ultimately determined by the degree to which “the businesses in the portfolio are worth more under the management of the firm than they would be under any other ownership”.

3.2.2 Business strategy

Ungerer, Pretorius & Herholdt (2007:30) and Ireland, Hoskisson & Hitt (2009:124) maintain that business strategy is concerned with the search for the sustainable competitive advantage of a business unit.

Business strategy mainly addresses the following:

- What resources do we have in order to succeed in this business unit?
- Which markets can we excel in?
- What is our unique differentiating value proportion?
- How can we evolve our competitive advantage to ensure sustainability over time?

The task of developing and executing a business strategy is the heart and soul of managing a business enterprise and winning in the market place.
To position itself differently from competitors, a business must decide whether it intends to perform activities differently or to perform different activities (Ireland, Hoskisson & Hitt 2009:129).

The central thrust of a business’s strategy is undertaking moves to strengthen the business’s long-term competitive position and financial performance (Thompson et al. 2004:3).

3.2.3 Functional strategy

According to Ungerer, Pretorius & Herholdt (2007:30), functional strategy is concerned with the implementation of business strategy within a specific functional domain.

Some of the questions that functional strategy addresses are:

- What should we do to support the business strategy?
- What should we do in the short term to ensure long-term results?
- How can we improve our efficiencies?

What separates a powerful business strategy from an ordinary or weak one is management’s ability to forge a series of moves, both in the marketplace and internally, that produce sustainable competitive advantage (Thompson et al. 2004:3). While according to (Mehanna & Yazbeck 2009:2), the potential to create a competitive advantage at the corporate level lies in the development of innovative products and processes, including conducting innovation-driven business strategies, the preceding literature drives this study and suggests that an integrated and
coordinated corporate strategy that focuses on sustainable business development should not be underestimated.

3.3 CUSTOMER-BASED MANAGEMENT STRATEGY

Operating successfully in any business environment requires businesses to become much more involved in how their suppliers and customers do business. As global markets expand and competition increases, making products and services that customers want to buy means that businesses must pay closer attention to where materials come from. They also need to determine how their suppliers’ products and services are designed and assembled, how finished products are transported and stored, and what their direct consumers and end-product users are really asking for (Wisner, Tan & Leong 2009:5).

Fernie, Fernie and Moore (2003:70) explain that in the retail distribution sector, strategy is about corporate survival and prosperity in a changing business environment. It is about environmental analysis; identification of those factors critical to success; recognition and building of corporate competences; developing, maintaining and communicating strategic direction – to staff, to customers and competitors. The implementation of strategy requires that managers of the retail distributor should be aware of the financial implications of their decisions. In such an intensely customer-oriented and detail-driven business as automotive paint retail distribution, there is always a temptation to see financial performance as something for senior managers to care about. This view is mistaken. Unless the financial factors of success are clearly understood by everyone in the organisation
and applied for improvements in financial performance, no operating strategy has a chance of success (Reynolds & Cuthbertson 2004:165).

The strategies which are most likely to succeed are those which fit the current organisational direction and capabilities most closely. Strategies can be evaluated and compared on a range of dimensions (Fernie, Fernie & Moore 2003:97), some of which include creating value for the customers by differentiating the refinish paint distributor’s value-added offerings from competition, thereby attracting customers who are willing to pay a premium price for added value. Retail distributors for automotive refinish paint, like all marketers, must first identify their target market and then determine the specific retail mix that will appeal to this target market in order to (1) attract consumers to come inside their store, and (2) turn these consumers into loyal customers by enticing them to make a purchase (Hoffman et al. 2005:410).

3.3.1 Attracting consumers

The aim of attracting and retaining customers, at its simplest, means ‘customer retention’ of profitable customers (Tripathi 2009). In order to achieve and maintain profitability, customer retention also encompasses personal selling (Blythe 2006; Donaldson 2007; Peterson & Limbu 2009; Malik & Naeem 2010) and the importance of customer retention is mostly due to the fact that "acquiring new customers is much more expensive than keeping them" (Too, Souchon & Thirkell 2001:288). Thus, the customer base is viewed as a key strategic asset for the reason that the retention of customers can improve revenue by decreasing the costs incurred in acquiring customers (Omar, Azrin & Sarah 2009).
Many businesses, especially in the automotive refinish paint sector, think that attracting consumers is their most difficult task – getting people to come into their store. However, research has pointed out that it costs the average retailer five times as much to get a consumer to enter a store for the first time than it does to keep one or even get an unhappy customer to return (Cox 2004; Constantinides 2006; Tripathi 2009). The starting point, to get customers inside the store, is the store’s image in the mind of the consumer. A store’s image includes the merchandise carried in the store, along with the retail distributor’s promotional activities, customer service and support systems, the sales force, and the physical appearance of the store itself (Theodor & Paula 2008).

Stores fixtures must also be consistent with the overall image the retail distributor wishes to project. If a retail distributor wants the store to project a quality image, the display units themselves must be adequately spaced and accessible. Effective store design must appeal to the human senses of sight, sound, smell, and touch (Hoffman et al. 2005:411).

### 3.3.2 Turning consumers into loyal customers

When consumers enter a store, they have expectations about the different kinds of products and experience they will find there. These expectations are based on received information and/or past experiences. If the expectations are not matched then they may take their custom elsewhere. In an effort to turn consumers into loyal customers, businesses must understand that superior service experience may be one of the best ways to unleash the internal intangible dimension such as ‘winning consumer
hearts and minds’. As Hoffman et al. (2005:410) elucidates, there are two ways to grow sales once the customer is in the store:

(1) increase the average number of units sold of typically purchased product lines;

(2) motivate the customer to purchase additional products not normally purchased in this store.

To achieve these dual objectives, automotive paint retail distributors need the right brand, the right technical support, and the right sales force.

Customer satisfaction is considered a primary tool for retaining customers (Tripathi 2009:92). Loyal customers are considered as the key to survival and success in many businesses, especially in the automotive refinishing sector (Yuen & Chan 2010). Thus, the ultimate measure of the success of any strategy is its effect on organisational performance (Cravens & Guilding 2000:35).

The characteristics of most strategies that are aimed at turning consumers into loyal customers is that they grant benefits to customers, depending upon the volume of sales that they generate. These benefits can be in the form of monetary or non-monetary incentives like points, discounted products in return for a customer’s repeat patronage of the retail store. Generally, in the automotive refinishing, these strategies differ with respect to the various types of benefits made available and whether they grant them exclusively to their valued customers. It is argued by Aksoy, Keiningham and Bejou (2008) that to sustain a relationship one needs benefits that are important to customers and difficult for competitors to duplicate.
3.3.3 Competitive Advantage of productive thinking

When a functional strategy has been planned and formulated, new strategic positions of the business have been established, competitive advantages have been identified, goals and objectives have been set and the environmental scanning and evaluation has been completed, it is the manager’s responsibility to re-direct the organisation into a different mode of thinking. The question that arises is how do managers inspire this different thinking technique for business sustainability? This study seeks to investigate whether productive thinking can be used as a strategy for sustainable business development of the automotive refinish distributors where the customer is at the centre of the business strategy.

The Productive Thinking Model was developed by Hurson (2008) with its six-step, productive thinking, problem-solving and opportunity-finding framework that defines its potential to increase people’s chances of finding, developing, and ultimately implementing innovative solutions through unexpected connections.

Productive thinking is acknowledged as a process of producing ideas and an idea is nothing more or less than a new combination of old elements (Michalko 1998:6). Thus, what is most valuable to know, according to Hurson (2008) is not where to look for a particular idea, but how to train the mind in the method by which all ideas are produced; and how to grasp the principles which are the source of all ideas. Hence productive thinking can be understood as the art of producing innovative ideas.

Hurson (2008) suggests that instruction in productive thinking helps individuals and teams to develop the ability to solve problems, and to think
critically, creatively, and logically. With productive thinking, one generates as many alternative approaches possible, considering the least as well as the most likely approaches. Michalko (1998:3) further argues that it is the willingness to explore all approaches that is important even after one has found a promising one, that inspires productive thinking abilities.

People’s minds are consistent. Once they assign a meaning to something, they are almost inevitably locked in to it. When people’s minds close in on one answer or interpretation, they effectively block out any others (Hurson 2008:58). Productive thinking reinvigorates the thinking process by suspending judgement to generate long lists of ideas and then returning to those lists to make choices by judging the ideas against pre-established success criteria. In business, the successful manager is the one who is decisive and always has the right answer (Hurson 2008:64). For that reason productive thinking is the ideal tool that could be used by managers to produce the right answers.

Productive thinking creates a sense of limitless possibility. Fundamentally, the conventional thinker prefers to accept the world just as it is, whereas the productive thinker welcomes the challenge of shaping the world for the better (Martin 2007:67). Productive thinking also provides tools to perceive the problem accurately, picking the best solution from a broad range of possibilities and to do something in a way that offers the greatest chance of achieving success (Hurson 2008:90). With productive thinking, individuals discover a new sense of freedom, confidence, and teams perform at their highest level of productivity and creativity, and solutions are transformed from a good solution to an innovative solution.
It is thus important for businesses to create a favourable environment where productive thinking becomes an organisation’s culture, competencies and competitive capabilities. In this study it is believed that businesses that succeed in producing a continuous stream of productive thinking employees, each fulfilling original customer needs, are in a good position to be successful in the long term.

### 3.3.4 Creativity as a core business strategy

Creativity is defined as the ability of an individual to visualise, foresee, generate, and implement new ideas (Hellriegel et al. 2004:171; Roelofse 2006:17). In the nineteen sixties Camella (1966) pointed out that ideas are the main resources of creativity. However, due to its subjective and intangible nature, scientific testing of creativity is difficult to achieve (Fillis 2002:382) and its measurement is inherently problematic (Eysenck 1996 in Fillis 2002:387).

In recent studies however, Isaken and Tidd (2006:142) revealed that when the organisation considers innovation, transformation and growth then the variety of challenges that managers and leaders face in the current competitive environment, require creativity. This finding invalidates the earlier claims of Eysenck (1996) and Fillis (2002) that creativity cannot be scientifically tested and measured. Further evidence shows that creativity increases the quality of solutions to many types of problems, helps stimulate innovation, revitalises motivation and commitment, all of which can be tested and measured (Hellriegel et al. 2004:171; Pretorius, Millard & Kruger 2005:57; Roelofse 2006:16).
According to Bilton (2007:4), creativity depends upon two criteria: First, creativity must produce a new product or service. Secondly, creativity must produce a product or service that is valuable or useful. Therefore creativity can be seen as a dual process of producing not just a new and valuable product or service but often requires an integration of thinking and a pooling of talents.

Creativity does not always have to be complicated; sometimes the most simple notion is the most effective (Collings 1999), and involves mutual influence of people, desired outcomes, methods and styles to produce innovative results (Isaken & Tidd 2006:142). In most cases, to be creative, an idea must also be appropriate, useful and actionable.

People searching for new ideas need to bring with them an open mind-set toward ideas and a broad perspective toward the needs of their organisation (Chesbrough 2003:111). Therefore creativity as a business process requires more than just doing things differently (Amabile 1998:77) but also ensuring that business processes remain synchronised with developments in the general market environment and also consistent with a particular organisation’s business goals and objectives.

Since creativity is more than just doing things differently, emotions of the people involved must be considered if flourishing creativity is required. The study of Amabile and Kramer (2007:72), investigated the effects of emotion on creativity, and found that people are more creative when they are motivated primarily by the interest, enjoyment, satisfaction, and challenge of the work itself. Thus, it must be a business corporate strategy to develop favourable business environment that would promote positive emotions in order to increase creativity amongst employees.
To be able to investigate the sustainability of the automotive refinish paint distributors, this research concentrates on various forces of creativity that have been derived from the work of Fillis (2002:379) who contends that creativity is a driver of competitive advantage linked with related issues such as innovation, vision, leadership and motivation that are known to be the basis to which successful customer-oriented strategies could be formulated.

### 3.3.5 Innovation as a strategic business focus

Innovation refers to doing new things (Ghillyer 2009:94). Innovation, however, does not refer to the creation of new and innovative products and services exclusively. The concept encompasses a broader range of actions, such as building new business processes and models, creating new markets for new needs and new customers, innovating technologies and strategies (Suciu, Ivanovici & Neagu 2009:1315). It is acknowledged by many authors of academic literature to be the most important strategy for ensuring sustainable business growth and development, value creation, competitiveness and customer satisfaction (Amidon 2003:40; Ungerer, Pretorius & Herholdt 2007:124; Ireland, Hoskisson & Hitt 2009:370).

In the current aggressive business environment, opportunity is the source of innovation (Drucker 2007:62). For this reason, innovation represents not only the opportunity to grow and survive, but also to significantly influence the direction of the industry (Davila, Epstein & Shelton 2006:12). In recent times, innovation has broken loose from the Research and
Development (R&D) departments, as it has always been thought to reside in the early twentieth century, as reported by Krell (2009:6), extending beyond products and services into internal business processes, and spilling outside the boundaries of individual companies. “Innovation has become more collaborative, inclusive and interdisciplinary”.

As the current dynamic market is flooded with competition, successful companies no longer try to achieve decisive advantages through cost leadership or advances in quality or technology alone. They tend to differentiate themselves through innovative products and services (Hertog & Jong 2007:352). They understood that sources of competitive advantage are not permanent. Low cost strategies, brand strengths, technological dominance and new manufacturing techniques are all temporary sources of competitive advantage, which are rapidly lost should there be no or limited innovation to sustain them (Pinchot & Pellman 1999:1). Innovation is the key element in providing aggressive topline growth and for increasing bottomline results (Davila, Epstein & Shelton 2006:13).

Innovation is an important strategy for ensuring sustainable business growth and development, value creation and competitiveness. It is likely to be more so in the coming years. However, it still leaves many businesses with an important question of whether or not people can actually manage what is clearly an enormously complex and uncertain process of sustaining innovation within the organisation’s management make-up (Tidd, Bessant & Pavitt 2005:75). For this reason, it is worth to explain how to sustain innovation for the automotive refinish paint distributors in the business management point of view.
3.3.5.1 Enlightening business innovation

There are many good reasons why businesses need to innovate (Rapp, Schillewaert & Wei Hao 2008; Mehanna & Yazbeck 2009; Di Resta 2010), one of which this study seeks to pursue, being different through internal business processes such as opening up an environment where productive thinking, creativity and innovation becomes organisational culture.

Most organisations in the automotive refinish industry share a common mind set and views about how they compete in their industry, strategic focus, value chains and chosen markets. As emphasised by Leibold, Voelpel and Tekie (2004:61), this commonality often compels organisations to benchmark competitors, follow similar strategies and to focus on competing head-to-head with their rivals, or to achieve a unique position or 'fit' with the environment. The increasing ‘discontinuous’ change that takes place in the business environment often destroys the competence of incumbent businesses in an industry, requiring them to acquire new skills, abilities and knowledge for radical business innovation.

Individuals and organisations have mindsets that reflect how they view themselves and the world around them. This phenomenon is relevant to business innovation as it defines the way individuals and organisations perceive markets, products, industries, boundaries, strategies and capabilities (Leibold, Voelpel & Tekie 2004:62). To be considered an innovation in business, according to Morris (2009:194), the result has to be increased value in the form of new or improved functionality, reduced cost, a price increase (good for the seller), a price decrease (good for the buyer), better margin for the seller, or some combination of these.
Success cannot be based on past or already existing products or services. The market is likely to behave unexpectedly and sometimes this change is very fast. Thus, meeting demand in due course is extremely important, especially under the circumstances, where opportunities are chased by any other organisations acting on the same or different markets and looking for those opportunities. This study explores the nature of business cognitive competitiveness to drive organisational innovation to higher and appropriate levels for its proactive sustainability drive. The requirements for a favourable environment mean that the pursuit of innovation advantage must be exploited through unconventional methods, particularly the utilisation of the supreme actions of individuals.

### 3.3.5.2 Innovation as a management question

Innovation may be seen as a management question, in the sense that there are choices to be made about resources and their disposition and coordination. Also, innovation can be understood as a management process. The importance of understanding innovation as a management process is that this understanding shapes the way in which people try and manage it. In practice, innovation is a coupling and matching process where interaction is the critical element (Tidd, Bessant & Pavitt 2005:75). Close analysis of many technological innovations over the years, as outlined by Tidd, Bessant and Pavitt (2005:80) reveals that although there are technical difficulties, the majority of failures are due to some weakness in the way the process is managed.

Innovation has to be managed in an integrated and holistic way to succeed (Martensen & Dahlgaard 1999:633). Successful innovation
management routines are not easy to acquire. The routines represent what a particular firm has learned over time, through a process of trial and error, thus they tend to be very firm-specific (Tidd, Bessant & Pavitt 2005). Innovative decisions normally represent a sharp break with the past and normally do not follow an orderly sequence (Hellriegel et al. 2004:150). The real test of innovation success is therefore not a once-off success in the short term but sustained growth through continuous invention and adaptation (Tidd, Bessant & Pavitt 2005:83; Ungerer, Pretorius & Herholdt 2007:133).

Many innovation discussions during good times tend to be more optimistic and opportunist, however during recessions, innovation should target specific growth and cost-reduction opportunities (Krell 2009:7). However, businesses cannot grow through cost reduction and reengineering alone (Davila, Epstein & Shelton 2006:13). Businesses turn to innovation to produce growth when the conventional approaches fall short and when the combined forces of market expansion, anticipated mergers and acquisitions and the expected increased sales from products in the commercialisation pipeline fail to produce the required revenue growth to meet targets (Davila, Epstein & Shelton 2006:13).

Van Zyl and Mathur-Helm (2007:21) found that while higher levels of innovation positively contribute towards the performance of a business, success in innovation appears to depend upon two key ingredients – technical resources (for example, people, equipment, knowledge and money) and the capabilities in the organisation to manage them (Amidon 2003:8; Tidd, Bessant & Pavitt 2005:80). Managers should therefore not embark on the journey of creating a more innovative organisation unless
they are prepared to continue on that path and commit the necessary resources (Von Stamm 2003:82).

According to Misch (2006:42), assigning specific marketing functions to specific members of staff would reinvigorate the marketing efforts of the business through the generation of innovative and focused marketing approaches. What is surprising is how few businesses have effective diagnosis of their overall innovation activities. This is because without solid innovation diagnosis, it is hard to know where to start (Davila, Epstein & Shelton 2006:13).

Shared values and effective leadership are important approaches for achieving cross-functional integration and implementing innovation (Ireland, Hoskisson & Hitt 2009:378). Leaders and managers can provide time, tools and training to employees, as well as encourage others to use these resources at appropriate times and on challenging tasks that promote innovation and change (Isaken & Tidd 2006:145). The concept of “Open Innovation” by Chesbrough (2003) emphasises making the boundary between the firm and the environment more porous, becoming 'open' to the easy flow of ideas, innovation and knowledge both from inside and outside the organisation. Thus, by providing technical resources and capabilities the firm could promote unity, sustainable development and internal innovation.

As Drucker (1954:37) writes, "Markets are not created by God, nature, or economic forces, but by businessmen." The creation of markets means the creation of innovative products. The preceding information reveals that since the early nineteen-fifties, some authors of business management literature have realised that innovation that is driven by ‘businessman’ can
be used to produce the required business growth and development, value creation, competitiveness and cost-reduction opportunities; therefore, this study aims to explore the current business strategic execution of innovation as a focus of sustainable business development strategies.

3.4 MARKET FOCUS AND CUSTOMER FOCUS

The concept of customer focus or customer centricity has been discussed widely in marketing literature. Kumar, Venkatesan and Reinartz (2008:52) for example, define a customer orientation (which has also been referred to as customer focus) as the set of beliefs that puts the customer’s interest first, while Megicks and Warnaby (2008:105) suggest that the true essence of the customer-centricity paradigm lies not in how to sell products but rather on creating value for the customer. That is why one of the most fundamental principles of marketing is to meet – and possibly exceed – customer needs, as discussed earlier in the chapter. As a result, it is reasonable to say that being customer and market-focused is a hallmark of marketing-driven organisations (Haxthausen 2008:39).

Customer and market focus relates to an ‘outside in’ approach to understanding and gaining insight into market trends (Henry & Greenhalgh 2005:45), and thereby obtaining information regarding the achievement of providing superior customer value (Cravens & Guilding 2000:28). In the process of orchestrating sustainable business development strategies, a market focus is required in order to know which technological attributes to target in business development, how to define and configure the offering and how to resolve the many trade-offs that arise in the course of business development framework (Chesbrough & Rosenbloom 2002:534).
Kumar, Venkatesan and Reinartz (2008:50) suggest that the strategic advantage of a customer-focus organisation is to create value for the customer and, in the process, creating value for the business – that is, a focus on dual value creation. As a result, when implementing ways to improve customer focus, Henry and Greenhalgh (2005:45) assert that a firm should tune its methods to the types of customers it serves. In the automotive refinish sector, these can include; automotive body repair shops, truck and trailer repair shops, do-it-yourself (DIY) individuals, to name just a few.

Consequently, marketing-oriented retail distributors must realise that customer focus should underpin corporate decision making and that the concepts and tools of marketing can be used as a secure foundation for innovation and competitive advantage (Fernie, Fernie & Moore 2003:142). To enhance customer focus, Gulati (2007:98) found that successful organisations engage in the following four sets of activities:

- **Coordination.** Establishing structural mechanisms and processes that allow employees to improve their focus on customers by harmonising information and activities across units.

- **Cooperation.** Encouraging people in all parts of the organisation – through cultural means, incentives, and allocation of power – to work together in the interest of customer needs.

- **Capability development.** Ensuring that enough people in the organisation have the skills to deliver customer-focused solutions and defining a clear career path for employees with those skills.
• **Connection.** Developing relationships with external partners to increase the value of solutions cost effectively.

The first three sets of activities, according to Gulati (2007:98), mutually reinforce the efforts to put customers at the organisations' fore; the fourth dramatically increases the power and reach of solutions by focusing beyond the firm's boundaries. All of them help organisations transcend internal silos into service of higher-value customer solutions.

Although a customer focus is central to build a competitive edge, it is itself not sufficient enough to be used for the purpose of promoting business sustainability; as a result Buttle (2004) asserts that the focus must be expanded to include building long-term relationships with customers. The building of long-term relationships with customers provides a context for this study, as attracting and retaining customers serve as the building blocks for sustainable business development strategies of the automotive retail distributors. For that reason, customer relationship management needs to be explored and discussed.

### 3.5 CUSTOMER RELATIONSHIP MANAGEMENT

In the current turbulent marketplace, the increase in pressure from the markets has led to shifting the management focus from the realisation of tasks toward the shaping of business processes on the one hand and from rationalising toward market and customer orientation on the other hand (Zinser, Baumgartner & Walliser 1998:154). This shift was brought about by the fact that marketing has moved from goods-dominant view, in which
tangible output and discrete transactions were central, to a service-
dominant view, in which intangibility, exchange process and relationships
are central (Kotler & Armstrong 2006).

As a result more businesses today are moving away from transaction
marketing, where the emphasis is on making sales. Instead, they are
practicing customer relationship management, which emphasises
maintaining profitable long-term relationships with customers by creating
superior customer value and satisfaction (Lemon, White & Winer 2002;
Aksoy, Keiningham & Bejou 2008). Businesses realised that, when
operating in mature markets and facing stiffer competition, the costs of
wresting a new customer from competitors are higher than to keep current
ones (Kotler et al. 2002:724). This opinion is acknowledged by Kotler, Jain
and Maesincee (2002:10) who perceptively assert that businesses need to
shift from focusing on their product portfolios, to focusing on their
customer portfolios. Hence modern marketing is currently more about
customer relationship management.

Customer relationship management (CRM) means different things to
different people. Even the meaning of the three-letter abbreviation CRM is
contented (Buttle 2004:3). Most people use CRM to refer to customer
relationship management (Winer 2001; Lemon, White & Winer 2002;
Payne & Frow 2005) – as it is used in this study. Others use CRM to mean
customer relationship marketing (Kinser & Fall 2006; Aksoy, Keiningham
& Bejou 2008; Moeller, Fassnacht & Klose 2008). Whatever it is called,
CRM is a business practice focused on customers. The central business
idea of CRM is that businesses that manage customers effectively and
efficiently are likely to be better in sustaining their businesses than those
that do not (Stone, Woodcock & Starkey 2003:121).
According to Rylatt (2003:142) and Kotler, Armstrong & Tait (2010:26), CRM is perhaps the most important concept of modern marketing. Lancaster and Reynolds (2004: 396), and Lamb, Hair and McDaniel (2011:660) on the other hand say that CRM is not just about keeping customers satisfied; it allows businesses to attract customers with speed, accuracy, availability, creativity and flexibility. Essentially, Hoffman et al. (2005:9) emphasise that the goal of CRM is to provide seamless coordination among all customer-facing functions by integrating people, process and technology to maximise relationships with all customers.

CRM focuses on managing the relationship between a business and its current and prospective customer base (Li, Chen, Ying & Barnes 2010:2), because customers are paramount to any business and that effective CRM is a key indicator of business success (Lancaster & Reynolds 2004:9; Donaldson 2007:112).

Strong interactive customer relationships often provide the foundation for the firm’s efforts to profitably serve customers’ unique needs (Ireland, Hoskisson & Hitt 2009:126). Effective CRM systems help firms customise the customer experience, which leads to increased customer satisfaction, customer retention, sales growth and profitability (Pride & Ferrell 2008:229). CRM is therefore a business strategy that succeeds in integrating business’s people, processes and technology in such a way that it maximises relationships with its customers, distributors and suppliers (Lancaster & Reynolds 2004:397; Herbst & Forrest 2008:36). For this reason CRM is the most certain way to increase value to the customers and profitability (Agrawal 2003:151).
Customers are the business’ major or even the entire source of income, hence customer loyalty is something all businesses desire (Terblanche & Boshoff 2000:1; Harvey 2003:42). Customers come back to businesses that show exceptional service which means they are satisfied that they are treated with special care. Good customer relationship management creates customer delight. In turn, delighted customers remain loyal and talk favourably to others about the firm and its products (Kotler, Armstrong & Tait 2010:33). Thus, one of the biggest drivers for improved performance and innovation is increasing customer loyalty (Rylatt 2003:148). It is therefore important to have customer loyalty systems in place.

From the perspective of Liu (2007:19) and Lamb, Hair and McDaniel (2011:548), loyalty programs are important components of a firm’s CRM strategy. In mature markets, a market penetration strategy that involves loyalty programs is often implemented (Hoffman et al. 2005:49). Loyalty programs aim to increase customer loyalty by rewarding customers for doing business with the firm (Stone & Desmond 2007:360). Through these programs, firms can potentially gain more repeat business and, at the same time, obtain rich customer data that aids future CRM efforts (Liu 2007:19). The challenge that is facing today’s businesses is that despite the prevalent use of loyalty programs, there is limited evidence on the long-term effects of such programs, and their effectiveness is not well established (Sullivan & Adcock 2002:272; Liu 2007:19), however from an analytical standpoint, a loyalty program can produce rich data about customers, which could be used to enhance a firm’s relationship marketing efforts (Alvarez, Raeside & Jones 2006:223; Xu & Qiu 2008:309).
Now that there is limited evidence on the long-term effects of loyalty programs (Sullivan & Adcock 2002:272), an alternative creative approach should be considered if businesses need to have a competitive advantage over their competition (Liu 2007:19). A creative approach which could be used to contend with customer-ruled and technology-driven marketplace, according to Baker (2008:7) is the adoption of a marketing orientation which puts the customer at the beginning rather than the end of the production-consumption cycle. This means that to be competitive in the current turbulent environment, businesses must develop innovative strategies to build long-term relationships with profitable customers and at the same time maintain loyalty.

If CRM-focused strategy is indeed useful in assisting organisations to achieve a long-term survival, then it is important to focus on the elements within the customer-centric domain with strong prospects in exploring such a strategy. This study would therefore expect businesses with strong CRM strategy to have creative and innovative products and services that are performing well enough in the market-place. Since the objective of this study is to investigate business sustainability of the automotive refinish paint distributors through superior customer value, confining analysis to successful implementation of CRM-focused strategy increases the likelihood that a multi-dimensional approach of doing business in the automotive refinish retail distribution sector will result in successful implementation.

Against the background described above, effective CRM-focused strategy is used in this study as an indicator of a business’s competitiveness, profitability and survival. Accordingly this study focuses on using creativity
and innovation as part of the CRM-focused strategy for building sustainable business development strategies of the refinish distributors.

### 3.6 CUSTOMER SERVICE AND SUPPORT SYSTEMS

One of the most important strategies for creating a competitive advantage in the automotive refinish market is the delivery of high-quality technical service and support. Customer service can be defined in the context of the broader construct of service quality. Gronroos (2007) suggested that service quality consisted of technical and functional aspects. Technical aspects of service quality refer to what is delivered, whereas functional aspects focus on how service is delivered. In the automotive refinish environment, both technical and functional aspects are used concurrently. As a result, customer service and support systems represent a key element of the automotive retail distribution strategy for maintaining a sustainable competitive advantage, even during difficult economic times (Grewal, Krishnan & Lindsey-Mullikin 2008:341). Consistent with these formulations, the term ‘customer service’ as used in this study refers to both technical and functional service quality delivered by employees.

At the heart of building long-term relationships with profitable customers is the quality of customer service, where quality is no longer considered as a separate discipline but as the central part of service (Omar, Azrin & Sarah 2009:68). Through extraordinary quality of customer service, an organisation can leverage differentiated services to provide a superior customer experience that can build brand loyalty and increase profits (Tripathi 2009:92). It is thus suggested by Omar, Azrin and Sarah (2009:73) that when employees are customer-oriented, have good rapport
with customers, and exhibit perceptive and attentive listening skills, customers will evaluate the service more highly and be more likely to return. Thus, drawing on the work of Yuen & Chan (2010), customer service can be said to be of high quality when customers are served in a manner consistent with their expectations regarding the interpersonal contributions that should be made by employees during the service encounter. Within the context of automotive retail distribution environments, the first level of expected customer service and support system is customer relationship. As a result, this study’s holistic approach is that customer service is all about attracting, retaining and enhancing customer relationships.

In the retail distribution sector, from the standpoint of Fernie, Fernie & Moore (2003:245), a customer service and support system can be defined in four ways:

- Firstly, retail distributors exist in order to provide products to customers, adding value to the products through bringing them together in one place, providing information about them, enabling customers to buy.
- Secondly, the wide range of services and support that retail distributors have put together to add value to the fundamental exchange relationship (money for products) has become an intrinsic part of customer service.
- Thirdly, the customer’s perception and experience of the service the retail distributor provides affect the level of customer satisfaction.
- Fourthly, customer service involves post-purchase facilities and services plus the complaints and returns.
A customer service and support system is both a competitive advantage and an organisational cost. It requires a serious strategic approach in order to decide what should be provided (Sullivan & Adcock 2002:248). The ideal test therefore is to ensure that every service provided adds value to the retail distributor’s operation and enhances the volume/value of business in a competitive marketplace to an extent that more than covers the cost of provision.

Managing a successful customer interface requires a well-developed and well-thought-out customer service strategy (Grewal, Krishnan & Lindsey-Mullikin 2008:341). Customer service is critical in creating retail identity and maintaining relationships with customers. Good technical service and support must meet or exceed the customer’s expectations (Hoffman et al. 2005:412). During difficult economic times, customer service is even more important to ensure customer retention.

The key applications support revolves around product and applications knowledge. An applications support team can enhance sales and establish immediate customer confidence before and after the sale. Therefore, the customer support team must be available at all times to support the applications of the products and warn of misapplication (Anncachino 2003:418). Managing customer service and support in a retail organisation, according to Fernie, Fernie & Moore (2003:240), includes developing both the ‘hard’ factors – the formal structure, process and procedures – which comprise the business, and managing the ‘soft’ factors – the informal style of doing business. The ‘hard’ and ‘soft’ factors include the following:
**Hard factors**

- Formal statements of objectives and strategies.
- Formal planning process.
- Organisational structure.
- Formal communication system.
- Formal processes and procedures.

**Soft factors**

- Shared norms and aspirations.
- Informal networks of communications which modify formal policies and information flows.
- The established style of doing work.
- The skills, knowledge and expertise of the workforce.

The soft factors are ‘people related’ rather than ‘process related’, and because customers’ perception of good service is closely related to their interaction with the workforce, it is especially important that retail managers recognise and manage the ‘fit’ of the informal culture of the organisation with the formal strategy and structure (Fernie, Fernie & Moore 2003:241).

Differentiated customer service optimises infrastructure, applications, business processes, and people to provide a customer service experience that sets a business apart from its competitors. At the core of market differentiation for any business is the ability to deliver superior customer service through providing the ultimate customer experience (Tripathi 2009:92).
From the perspective of refinish paint customers, anything that causes receiving the service more difficult is likely to impinge negatively on their perception of the service quality. Ease of access to technical support, good visibility of colour specialists and prompt response to customer complaints, among other things, is likely to make them feel good about the service provider. This is in line with Grewal, Krishnan and Lindsey-Mullikin’s (2008:341) revelation that customer satisfaction with the service provider and support system positively affects satisfaction. As a result another of the intentions of this study is to explore business sustainability of the refinish paint distributors through superior customer satisfaction.

3.7 SUMMARY

In Chapter three the customer-focused strategy management as a source of competitive advantage to promote sustainable business development strategies was discussed. While developing corporate, business and functional strategies for competitive advantage constitute a number of integrated and coordinated sets of commitments and actions; chapter three has demonstrated that it is the ability to attract consumers and turn them into loyal customers by using creativity and innovation that separates an acceptable strategy from an excellent strategy.

In addition, special mention was made of customer focus or customer centricity being of prime importance to the organisation and that the most significant managerial task in any enterprise is first to identify the needs and wants of the consumer and thereafter ensure that its operations are geared to meeting these requirements profitably.
In order to fulfil the requirements of this research, strategies for identifying, focusing and striving for excellent customer service and support systems as important elements of competitive advantage, which includes customer relationship management, sustainability and profitability, were also discussed.

Chapter four will explore the importance of customer-based sales and brand management and their role in creative strategy formulation for profitability.
CHAPTER 4

CUSTOMER-BASED SALES AND BRAND MANAGEMENT

4.1 INTRODUCTION

The rationale of Chapter four is to scrutinise customer-based sales and brand management, and their importance in creative strategy formulation for developing a marketing mix where customers are at the centre of value creation. By using an innovative, creative and proactive approach, this chapter looks at a multidimensional concept of brand equity which is moulded for a specific customer base for the business to operate efficiently to provide service of higher-value.

In order to examine and elucidate the branding concept in relation to value creation in all business relationships, a significant part of this chapter describes attracting and retaining customers as part of creating value for customers by differentiating the refinish paint distributor’s value-added offerings from competition. The chapter also focuses on a discussion of sustaining a brand’s competitive advantage and taking into consideration the fact that it is imperative for organisations to develop profitable brands where their characteristics are defined by the market. The chapter concludes by exploring different branding strategies where innovation is the brand’s primary driver and key to business sustainability.
4.2 THE MARKETING MIX

Few topics of the commercial theory have so intensively inspired as well as divided the marketing academia as the 4Ps marketing mix framework (Constantinides 2006:407). According to the 4Ps paradigm, marketing's primary role is to orchestrate the marketing mix of promotion, product, price and place. It articulates a clear consumer benefit of the product and attempting to ensure that the concomitant activities reflect this benefit (Calder & Malthouse 2005:356). The strength of the 4Ps approach is that it represents a memorable and practical framework for marketing decision-making and has proved useful for case study analysis in business schools for many years (Constantinides 2006:408). However it is evident in both the academic literature and marketing textbooks that the 4P marketing mix is deemed by many researchers and writers as inadequate to address specific marketing situations like the marketing of services, the management of relationships or the marketing of industrial products. According to Harwood, Garry and Broderick (2008:7), the traditional marketing mix approach of the 4Ps has been criticised by many authors of marketing literature for a number of reasons. These may be summarised as follows:

- The approach assumes that all clusters or segments of customers are similar and may be treated in a standardised way.
- The approach assumes consumers are passive absorbers of marketing information. However, with advances in multimedia technology, there increasingly are opportunities for two-way communication and interaction between consumers and marketing organisations using interactive media.
• It often assumes short term transactions based on the exchange of goods for money. So, the focus of this approach is on core product or service that is exchanged almost entirely for money with little value added in terms of additional services. However, in many markets there are periodic and ongoing demand for products or services providing opportunities to develop an ongoing relationship between the provider and the customer.

• Finally, it over-simplifies the variables required within a certain marketing context and fails to capture the broader complexity inherent in many markets.

To address these deficiencies, academics have periodically suggested additional elements or variables to the traditional marketing mix (some examples are shown in Table 3.1) in an attempt to reflect the ever-more complex nature of marketing interfaces (Harwood, Garry & Broderick 2008:8).

**Table 4.1: Examples of extended marketing mixes**

<table>
<thead>
<tr>
<th>The 4Ps</th>
<th>McCarthy (1960)</th>
<th>Product, Price, Promotion, Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>The 7Ps</td>
<td>Booms &amp; Bitner (1982)</td>
<td>Product, Price, Promotion, Place, Participants, Physical Evidence and Process</td>
</tr>
</tbody>
</table>

(Source: Harwood, Garry & Broderick 2008:8)
In order to fulfil the objectives of this research, the study concentrates on one of the most important elements of the promotional strategy (one of the P’s of the marketing mix) and a critical activity of marketing management - namely personal selling (Hoffman et al. 2005:476; Blythe 2006:546). Personal selling is one of the oldest professions in the world (Kotler, Armstrong & Tait 2010:479). Historically, personal selling involved person-to-person communication in which a seller informs and educates prospective customers and attempts to influence their purchase choices (Cotham & James 1968; Wotruba 1991). Although this is still the case even in recent times (Hoffman et al. 2005:431), but phone sales and other forms of electronic communications are being used increasingly (Robins 2000:250; Bakken 2001:34; Sharma & Tzokas 2002:250; Pride & Ferrell 2008:213). The people who do the selling go by names: salespeople, sales representatives, account executives, sales consultants, sales engineers, agents, account development reps, to name just a few (Kotler, Armstrong & Tait 2010:479).

Donaldson’s (2007:16) contention is that selling and sales processes have changed in recent years as businesses have become more market-focused and customer-focused. Sales management too had to change, yet, despite the internet, call centres and mobile communications, the cost and efficiency of the field sales force still account for much of the marketing budget in many organisations. It is thus vital that sales operations reflect the corporate and marketing strategy of the organisation as well as specific sales management objectives.

In the current turbulent marketplace, more than ever, there is a need to integrate sales, marketing and corporate objectives because of the high costs of personal selling and the limited time that salespeople spend with
customers. The management requirement is for a clear definition of the role of selling, the tasks that salespeople must perform and the responsibilities of the sales management (Donaldson 2007:16). For these reasons it is important to examine why such an expensive activity is necessary for business existence and survival.

4.2.1 The importance of personal selling

Promotional activities such as advertising and publicity consist largely of one-way, non-personal communication with the target consumer groups (Kotler, Armstrong & Tait 2010: 480). Personal selling however, is the interpersonal arm of the promotion mix with a two-way communication with the prospective customer (Blythe 2006:546). It also allows for a more communicative interchange between a salesperson and a customer (Cant & van Heerden 2004:4). According to Hoffman et al. (2005:477), there are three reasons why personal selling is such an important component of a promotional strategy:

- Firstly, since personal selling involves direct communication between a sales representative and a prospective customer, it is the only form of promotion that allows a firm to respond immediately to the needs of the prospective customer.
- Secondly, personal selling allows for immediate customer feedback, so a firm has timely information regarding customer satisfaction with its offerings.
- Thirdly, personal selling potentially results in an actual sale – the sales person can leave a customer’s office with an order in hand. Thus, personal selling is one of the few forms of promotion to which
the sale of a specific product can be directly traced. Consequently, successful companies truly value their sales forces.

Due to its two-way communication with customers and the fact that it allows for a more expansive exchange between the business and the customer, personal selling has become an important arm of the promotional strategy of any organisation.

4.2.2 The personal selling process

Writers like Lamb, Hair and McDaniel (2011:556); Cant and van Heerden (2004:20) as well as Hoffman et al. (2005:484), suggest the following steps in the sales process: prospecting, pre-approach and planning, approaching the client, identifying client needs, presenting the product, handling objections, gaining commitment, and follow up.

- **Prospecting** – involves finding qualified sales leads, which are potential customers who have a need for the salesperson’s product, financial means to purchase the product, and the authority to make the buying decision.
- **Pre-approach and planning** – is the collection of information about the potential customer and the customer’s company prior to the initial visit.
- **Approaching the client** – the approach is the development of rapport with the customer.
- **Identifying Client Needs** – Success at the need-identification stage of the sales process requires asking probing questions of prospective
customer needs throughout the sales process which is crucial to a successful sales call.

- **Presenting the product** – after needs have been identified, the salesperson should gain the prospect’s permission to begin the presentation. The salesperson must identify the customer’s needs and customise the presentation specifically for the individual customer.
- **Handling objections** – prospective buyers frequently raise objections about buying a particular product. However, these objections may indicate that the prospect is uninterested in the product. These objections may also indicate that the salesperson has failed to provide adequate information to the buyer, or has not demonstrated how the product meets the prospect’s needs.
- **Gaining commitment** – when the prospect agrees to take the action sought by the sales person. Usually, this means the buyer purchases the product, or at least signs a purchase agreement.
- **Follow up** – requires that the salesperson completes any agreed-upon actions.

For the automotive refinish paint retail distributors, the study seeks to investigate whether the process could be modified from the above to be more applicable to their situation:

- **Engaging the customer** – the purpose is the improvement of the involvement, commitment and communication basis with the customer.
- **Influencing customer needs** – successful sales calls often require salespeople to continuously build and influence customer relationships with prospective customers throughout the sales process.
• **Turning objections into a communication platform** – the sales person must always provide adequate information to the buyer for any possible objections so as to demonstrate how the product meets the prospective customer’s needs.

From the above discussion it could be construed that the ultimate function of the selling process must thus be turned into involvement, commitment and communication that focus on gaining a sales agreement. The preceding literature suggests that it would be vital for the automotive refinish paint distributors to be confident in the selling approach so that the sales person would be able to successfully execute the personal selling process that is adding value to the customer (Grewal & Levy 2002:306). The salesperson’s knowledge and capabilities must be aligned with the overall organisational sales strategy to achieve the desired performance.

**4.2.3 The interaction of the sales force with customers**

At the beginning of and up to the late part of the 20th century the groundwork was laid for the development of sales departments, sales management, and formal education in selling (Powers, Koehler & Martin 1988:12). During that time sales people were still viewed as persuasive and manipulative (Mayo & Jarvis 1992:1). However, in the current era of sales competency, the role of sales consultants is to stimulate rather than satisfy demand for products (Weitz & Bradford 1999:242). The profession is evolving to become more customer-needs focused (Schaefer & Pettijohn 2006:25; Malik & Naeem 2010:22).
The success of salespersons in the organisation determines the economic health of the business (Malik & Naeem 2010:23), because sales income is the life blood of every business (Parks 2006; Prokop 2010). Thus the most convenient and basic way to view sales is from a growth viewpoint. The analysis, planning, implementation and control of sales activities are therefore one of the most useful competencies that is required for designing sales force management strategies. Kotler et al. (2002:708) advocate that if companies want to be successful in developing their competitive advantage, they must be very specific about their sales force objectives and activities.

The nature of sales person, changes in response to the changing nature of personal selling (Weitz & Bradford 1999:242). A salesperson’s ability to adapt within a selling situation is one of the most important techniques used in personal selling (Peterson & Limbu 2009:195). In view of the fact that sales people play a key role in the formation of long-term buyer-seller relationships, they must know their products – especially when the products are numerous and complex (Weitz & Bradford 1999:241). This need, together with the growth of product management, has led many businesses to adopt a product sales force structure, in which the sales force sell along product lines or structure the sales force along customer or industry lines (Kotler, Armstrong & Tait 2010:481).

While maintaining a sales force is generally the most expensive sales channel to utilise (Lamb, Hair & McDaniel 2011:565), a sales force in turn also has the advantage of being the most consultative and adaptive sales channel option (Kotler & Armstrong 2006:489). Thus, the value attached to a sales person’s personal contact with the customer, as well as a sales
person’s creativity and innovation could make using a sales force the most effective method for making a sale.

4.2.4 The role of the sales force in personal selling

Because personal selling is so costly, no sales department can afford to be disorganised. Proper design of the sales department helps the sales manager organise and delegate sales duties and provide direction for sales people (Lamb, Hair & McDaniel 2011:565).

The sales force serves as a critical link between a business and its customers. In many cases, sales people serve both masters – the seller and the buyer. They represent the firm to customers. They find and develop new customers and communicate information about the firm’s products and services. They sell products by approaching customers, presenting their products, answering objections, negotiating prices and terms and closing sales. In addition, salespeople provide customer service and carry out market research and intelligence work (Kotler, Armstrong & Tait 2010:480).

Sales people also represent customers to the firm, acting inside the firm as “champions” of customers’ interests and managing the buyer-seller relationship. Sales people relay customer concerns about the firm’s products and actions internally to those responsible to handle them. They learn about customer needs and work with other marketing and non-marketing people in the firm to develop greater customer value (Kotler, Armstrong & Tait 2010:480).
Thus, the sales force structure that is oriented toward customer satisfaction must be at the centre of the organisation’s corporate objectives and a driver to promote sustainable business development.

### 4.2.5 Personal selling and CRM

Organising the sales force around customers can help a firm build closer relationship with important customers (Weitz & Bradford 1999:241; Kotler, Armstrong & Tait 2010:482). To meet specific needs of their most profitable customers, business marketing firms, large and small, are making substantial investments in CRM systems (Hoffman et al. 2005:215). More recent notions of personal selling emphasise the relationship that develops between a sales person and a buyer (Lamb, Hair & McDaniel 2011:484; Herbst & Forrest 2008:40).

Virtually all successful sales people say their style is relationship oriented rather than transaction oriented (Lamb, Hair & McDaniel 2011:566). Many salespeople regard their relationship with their customers as being more important than their relationship with the firm that pays their salaries (Blythe 2006:551). It is therefore reasonable to say that relationship building is the goal of effective personal selling in business markets (Cant & van Heerden 2004:239). For this reason sales consultant’s efforts must be directed towards building profitable relationships with customers.

The emphasis on building relationships rather than making short-term sales and the use of skilled sales teams dictate changes in the way the business select, train and evaluate members of its sales teams (Weitz & Bradford 1999:252). A sales person’s interpersonal competency is an
important skill for facilitating sales relationships and understanding organisational buyer-seller relationships (Grewal, Levy & Marshall 2002:303). Personal selling can therefore be seen as a vehicle that initiates and promotes customer interaction and communication. It is thus important that personal selling be used by businesses as a direct link between the organisation and the prospective customer so as to obtain first-hand information about customer satisfaction that result in an actual sale. It is often said that personal selling is about solving problems for customers, and it is not about persuasion.

The preceding literature review revealed that the primary function of sales people is the interaction, operational effectiveness and ultimately the ability to build a strong relationship with profitable customers. However, having a personal contact with profitable customers is not enough to sustain competitive advantage, it is the perceived brand image and what the brand is characterised by, that reside in customers' minds, thus providing the engine for sustainable business development and survival.

### 4.3 IMPLEMENTING CATEGORY MANAGEMENT

Category management, a relatively new function in marketing (Curry et al. 1995:181), insist that the retail distributor’s categories rather than the manufacturer’s brands become the focus of management resources (Shah 2000:484). In other words, category management is a process of management and planning all stock keeping units (SKU) within a product category – in this case, automotive refinish paint – as a distinct business to ‘satisfy customer needs’ (Aastrup, Grant & Bjerre 2007:524), so that the
store can optimally use mix of brands and pricing from the consumer's perspective (Shimp 2007:514).

An SKU refers to a distinct merchandise item in the retailer’s merchandise assortment. When all SKUs in distinct merchandise in a category are managed as a business unit, the store has the proper assortment to match its customers’ preferences. The end result is an increased ability to get consumers from the retailer’s trading area into their stores; convert these consumers into paying customers, while operating in the most efficient manner so as to reduce operating costs (Holweg, Schnedlitz & Teller 2009:202).

Because retailers handle a significant number of SKUs, they have found category management to be an extremely effective marketing tool. With knowledge and understanding of the store’s target market and its competition, the category manager would develop a coordinated retail mix for a particular product category, including which brand to stock, price lines to establish, and advertising expenditures and promotional activities (Aastrup, Grant & Bjerre 2007:525). Therefore, determining the retailer’s target market, which will be a particular socioeconomic class, will help to determine the most popular brand of SKUs that should be stocked and promoted.

Category management represents a strategic marketing planning process taking as its starting point retailers' interaction with consumers. Shimp (2007:514) presents the following five stages involved in the actual process of implementing category management:
Reviewing the category: A manufacturer would initiate a category management program by conducting a thorough study of the product category. After analysing the data, from the study, the manufacturer is then able to identify growth opportunities and develop new or modified marketing strategies that would capitalise on the opportunities.

Targeting consumers: This stage requires the manufacturer to acquire an in-depth understanding of the typical consumer in the product category. After acquiring this information, a manufacturer should then be able to know a brand’s potential in specific stores and to make intelligent decisions about the choice of advertising media, promotions, and product offerings.

Merchandise planning: This stage entails developing a detailed strategy for the best mix of brands for each retail account within a particular category. The manufacturer recommends to the retailer an optimum mix of brands, prices, and shelf-space allocation that will enable the retailer to achieve the desired volume and profit goals within the category.

Implementing the strategy: Results from the first three stages provide the content for an ongoing interaction between the manufacturer’s sales team and the retail chain’s category buyer. The sales team also explains how the manufacturer’s advertising program will target the retailer’s customers and thus generate business for the retailer.

Evaluating results: Effective implementation of category management programs requires that manufacturers answer this key question: did the strategies proposed for the retail account achieve their objectives? If the program has not achieved these objectives, then the manufacturer and the retailer must alter their
strategies; if objectives have been achieved, the prudence of continuing with the previously proposed strategy will be reinforced.

From the preceding literature it has been identified and deduced that category management is an important creative and innovative strategic marketing planning process which could be utilised by the automotive refinish paint distributors in determining the retailer’s target market, that is of a particular socioeconomic class, because such a strategic focus helps to establish the most popular brand of SKUs that should be stocked and promoted.

4.4 THE VALUE OF BRAND BUILDING

In the marketing arena, there are almost as many definitions of branding as there are books. Many conventional sources of academic literature defines brand as a product name which is designed to differentiate the product in the market place (Jewell 1990:89; Ponder & Barnes 2004:24; Engelbrecht 2005:116). However, brands are not merely names or logos, they are valuable assets that represent a substantial portion of a business’ overall market value (Hupp & Powaga 2004:225; Kapferer 2004:3).

Brands serve important communication functions and, in so doing, establish beliefs among customers about the attributes and general image of a product (Hoffman et al. 2005:297). Branding undeniably makes a buying decision easier (Nkosi 2007:49; Pride & Ferrell 2008:351). As a result successful brand building helps profitability by adding value that entices customers to buy (De Chernatony & McDonald 2003:18).
Although brands are classified as intangible assets (De Chernatony 2002:115), strong brands have real and lasting effects on business performance (Hupp & Powaga 2004:225). There is a growing consensus in the marketing literature that the branding concept is not only useful, but also powerful in examining and explaining relationships and value creation in all business relationships (Jones 2005:10; Fioroni & Titterton 2009:34).

In a market where features and advantages are interchangeable, a solid brand creates a set of expectations around a product without a consumer knowing the exact specifications of the item being purchased (Nkosi 2007:49). As a result, successful brands develop brand equity – the strength of a brand (Sullivan & Adcock 2002:132; Hoffman et al. 2005:297). Brand equity is a multidimensional concept. It consists of brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets (Yoo, Donthu & Lee 2000:196). However, due to the complexity of the current market environment, Passikoff (2007:42) suggests that marketers should re-calibrate their definition of brand equity.

Passikoff (2007:42) proposes that brand equity be defined as the degree to which a brand meets or exceeds the consumer expectations for a category in which it competes. The reason for this definition is because the components that make up consumer expectations are mostly emotionally based and can be quantified. To conceptualise a brand’s functional value Palmer (1996, cited in O’Malley and Tynan 2008:41) argues that individuals have an underlying need for an emotional bond with high-involvement products that they buy. Thus loyalty, emotional bonding, bonding with consumers and engaging consumers emotionally must be built on the category in which a particular brand competes. Brand value is therefore a direct result of the strength of the customer
relationship with the brand (Ponder & Barnes 2004:24; Hollis 2008:69). This is where relationships become relevant.

Branding is about relationships (De Chernatony & McDonald 2003:18; McCoy 2007:42). Brand development and relationship development are complementary and substitutable strategies towards this bonding. Moreover, Riley and de Chernatony (2000, cited in O’Malley and Tynan 2008:41) propose that the concept of brand has evolved from a name given to differentiate a firm’s products, to that of a relationship based on trust. This evolution is predicted on the fact that brands possess meaning for consumers above and beyond their functional characteristics. They have personalities described in much the same way as human personalities (Braun 2003:159). People can thus have a relationship with them.

By attracting both rational and emotional concerns, a strong brand provides consumers with multiple access points to the brand while reducing competitive vulnerability (Keller 2001). Except for those dealing directly with customers, brand strategy cannot be formulated without regard for distributors. Both parties rely on each other for their success and even in an era of increasing retailer concentration, there is still recognition among manufacturers and distributors that long-term brand profitability evolves through mutual support (De Chernatony & McDonald 2003:56). This study focuses on the value of brand building through creativity and innovation as a source of competitive advantage and an engine for sustainable business development strategies of the refinish paint distributors.
Marketers have a choice about the scope of the market they wish their brand to appeal to. Marketers are able to refine their brand strategies by considering whether a cost-driven or value-added competitive advantage should support either a narrow or a broad target market (De Chernatony & McDonald 2003:338). The four possible generic strategies for brands are shown in Figure 4.1.

If the brand is successful, competitors usually work hard to understand the basis of this success and then rapidly develop and launch their own version – often with improvement (De Chernatony & McDonald 2003:339).

**Figure 4.1: Generic strategies for brands**

<table>
<thead>
<tr>
<th>Competitive scope</th>
<th>Competitive advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad</td>
<td>Broad cost</td>
</tr>
<tr>
<td></td>
<td>Broad differentiation</td>
</tr>
<tr>
<td>Narrow</td>
<td>Focus cost</td>
</tr>
<tr>
<td></td>
<td>Focus differentiation</td>
</tr>
<tr>
<td></td>
<td>Low cost</td>
</tr>
<tr>
<td></td>
<td>Value-added</td>
</tr>
</tbody>
</table>

(Source: De Chernatony & McDonald, 2003:338)
When looking to protect their brand’s competitive advantage, some managers according to De Chernatony and McDonald (2003:339), attempt to stay ahead of competitors by concentrating on operational effectiveness by performing the same activities better than rivals. By looking at the whole system of activities, a more integrated investigation of fit can be addressed enabling a greater likelihood of sustaining competitive advantage.

Systems thinking, integration and teamwork are the underpinning concepts of effective planning for sustainability. Having a cost advantage is a sustainable basis for a brand’s competitive advantage, particularly because it necessitates a challenger achieving major improvements in levels of production or sales to reach the same point on the experience curve (De Chernatony & McDonald 2003:341).

### 4.4.2 Striving for profitable brands

The core of a successful brand is that it offers benefits to consumers in a way that other brands are unable to. However, profitability does not only result from a brand’s unique competitive advantage (De Chernatony & McDonald 2003:349). Although consumers use price as an important extrinsic cue and indicator of product quality or benefits (Yoo, Donthu & Lee 2000:98), it is the brand value that can create a sustainable growth and financial advantage (Hollis 2008:67). For this reason businesses with strong brands will have brands which deliver superior customer value (Cravens & Guilding 2000:34). As a result when the brand image is positive, consumers find the brand attractive and can be expected to
develop strong ties to it and buy it, even at higher prices than other products (Hupp & Powaga 2004:225), and often higher profit margins.

Marketers’ continuing challenge in building a strong brand is to ensure that customers have the right types of experiences with products and services and their accompanying marketing programs for the desired thoughts, feelings, images, perceptions, and attitudes to become linked to the brand (Keller 2001:15). Personal product experiences, unique needs, and consumption situations may influence the consumer’s subjective judgement of quality. High perceived quality means that, through the long-term experience related to the brand, consumers recognise the differentiation and superiority of the brand (Yoo, Donthu & Lee 2000:97).

Leading brands have lower costs than followers. Through economies of scale costs are reduced. Taken together, economies of scale and the experience-effect cause a constant reduction in costs each time cumulative production is doubled. Leading brands also attract higher quality employees, who are proud to be associated with a winning brand and willing to extend their own involvement with the brand so that it maintains its dominant position (De Chernatony & McDonald 2003:350). In order to give meaning to a brand, it is important to create a brand image and establish what the brand is characterised by and should stand for in customers’ minds (Keller 2001:16).

From the above discussion and explanations, it can be deduced that brands must not only bring about business relationships, loyalty and equity but also be able to generate sustainable profit margins so that the brand value can be utilised to promote sustainability of businesses.
4.4.3 Characteristics of successful brands

Similar to all living organisms, brands also need to develop relations with their surrounding environment. Through interacting with their environment, brands adapt to change through a process of constant learning. As in the natural process of evolution of the species, only those brands which adapt easily to changes in the environment by applying acquired knowledge are able to survive and regenerate (Fioroni & Titterton 2009:40). A brand must therefore be inextricably linked to the overall corporate strategy, if it is not, then the business is in danger of offering an inconsistent level of service, inconsistent quality and communication and, more importantly of having no real brand quality (Melewar & Walker 2003:158).

While economic and demographic differences between markets have obvious ramifications for business, it is culture that really affects the way brands need to be developed and marketed. Culture determines the way people think, behave, and react to the world around them. Therefore, culture has a massive effect on the acceptability and appeal of brands and their marketing communication (Hollis 2008:87). For this reason, successful brands should be recognisable in any market and should represent a predetermined set of values and level of quality (Melewar & Walker 2003:159) and should also be able to absorb the cultural differences of the target market.

In western markets, the vast majority of consumer goods are sold through modern trade, with a number of quality brands to choose from, where price is often the most important differentiator. And although consumers who have never experienced any other form of shopping might not be consciously aware of it, they rely on retailers to provide them with a
selection of quality brands. As competitive brands in their own right, businesses have a stake in ensuring that customers can trust the brands they stock. The challenge to marketers is to avoid allowing consumers to think that all brands are the same, as is the case in western countries (Hollis 2008:98). Consumers need to be trained to look not simply for the best price but the best brand at the best price.

4.4.4 Extending brands

It is broadly known that brands are more of a marketing commodity (Passikoff 2007:42). Thus marketers must understand that all great brands evolve. Some undergo radical change while others tweak quietly and more often (McCoy 2007:42).

According to Hollis (2008:43), brands that are already extensively known need to find other ways to grow. In the current competitive market, marketers focus on trying to increase their volume share, either by convincing existing customers to buy more or by enticing new customers away from competition. Another strategy is to identify and target customers who pay attention to specific brands and perceive real differences among them. However, De Chernatony and McDonald (2003:350) suggest brand extension as an innovative strategy for building brand value. Moreover, innovation is the brand’s oxygen, as well as the key to its growth and future-proofing (Kapferer 2004:176). A brand therefore should provide a platform for innovation and differentiation (Cravens & Guilding 2000:32; Melewar & Walker 2003:160). For this reason brand extensions are necessary.
Brand extensions are a direct consequence of competition in mature markets (Kapferer 2004:241). Brands that carry high brand equity are candidates for brand extension as they have the ability to increase the attractiveness of the new product (Drummond & Ensor 2005:238). However, potential success of a brand extension requires an assessment of its ability to achieve its own brand equity, as well as the likelihood of it affecting the existing brand equity of the parent brand (Keller 2003:604). Thus consumer research if often needed to establish the best possible extensions. Too often brand extension is used as a shortcut means of introducing a new product, with insufficient attention paid to developing a branding and marketing strategy that will maximise the equity of the brand extension as well as enhance the equity of the parent brand. A brand extension requires choosing brand elements and designing the optimal marketing program to launch a profitable brand extension successfully.

A core skill or knowledge that a firm has developed to such an extent that it is outstandingly good in its skill/knowledge domain and using it to develop and extend its brand portfolio, is the key to the firm’s competitive advantage (De Chernatony & McDonald 2003:341). The present study therefore investigates the extent to which creative and innovative brand extensions can open up opportunities which could lead to sustainable business development of the refinish paint distributors.

4.5 SUMMARY

The identification of the drivers of an organisation’s competitive advantage in terms of customer personal interaction and customer added-value and their interfaces for strategy formulation to maintain or enhance profitability
have been discussed in this chapter, as they form the basic link between customer-based sales and brand management that will serve as successful sustainable business development indicators.

In addition, this chapter discussed the importance of personal selling as the interpersonal arm of the promotion mix through two-way communication with the prospective customer. The sales consultant's knowledge and capabilities must be aligned with the overall organisational sales strategy to achieve the desired performance. The chapter concluded by examining how to facilitate businesses in the automotive refinish market to select appropriate strategic positions of brand building where brand equity and brand loyalty are expected to increase the organisation's value.

In terms of the objectives of this study, a research design and methodology must be intensively discussed so that the operating framework of the research and the overall approach to the research process, from a theoretical underpinning to the collection and analysis of the data could be fully understood. Hence the aim of the next chapter is to provide an overview of the different research approaches of this thesis in an attempt to realise the research objectives of qualitative research method used in this study.
CHAPTER 5

RESEARCH DESIGN AND METHODOLOGY

5.1 INTRODUCTION

The basic motivation for research is the desire for new and better insights, that is, for new knowledge (Partington 2002:20). Many scientists and philosophers have debated the term ‘epistemology’ which is derived from two Greek words: ‘episteme’ which means ‘knowledge’ or ‘science’; and ‘logos’ which means ‘knowledge’, ‘information’, ‘theory’ or ‘account’ (Johnson & Duberley 2000:2). This aetiology demonstrates how epistemology is usually understood as being concerned with knowledge about knowledge.

Accordingly one of the aims of research, according to Gummesson (2000:209), is to generate theory (in a wide sense ‘knowledge’, this includes hypotheses, concepts, categories, models, and so forth) suited to a specific and thereby local process of change. The theory is tested in action – that is, when the researcher participates in the process, intervenes, and determines whether the action derived from the theory is feasible. The point, however, is that everyone adheres to some theory about what constitutes warranted knowledge – a set of epistemological commitments which provide researchers with criteria for distinguishing between reliable and unreliable knowledge.
The aim of Chapter five is to provide an overview of the different types of research approaches of this thesis, to generate scientific knowledge, in an attempt to realise the research objectives in defence of the qualitative research method used.

5.2 SELECTING A RESEARCH METHOD

Fundamentally, as Leedy and Ormrod (2005), Collis and Hussey (2009) and Zikmund and Babin (2010) postulates, research represents a systematised and orderly fashion of approaching, conducting and concluding a facet of study of something or phenomenon and the design of the blueprint or framework that logically serves as the pathway or conduit by which the inquiry is engaged in.

Although research projects vary in complexity and duration, Leedy and Ormrod (2005:2), suggest that research has eight distinct characteristics:

- Research originates with a question or a problem.
- Research requires clear articulation of a goal.
- Research requires a specific plan for proceeding.
- Research usually divides the principal problem into more manageable sub problems.
- Research is guided by the specific research problem, question or hypothesis.
- Research accepts certain critical assumptions.
- Research requires the collection and interpretation of data in an attempt to resolve the problem that initiated the research; and
- Research is, by its nature, cyclical or, more exactly, helical.
Consequently, the principal purpose in choosing a research method or strategy is to achieve the best procedure(s) for addressing the research problem and, particularly, for answering the research questions formulated to deal with it (Blaikie 2010:107). Whatever its scale, any research project will necessitate reading what has been written on the subject and combine it in a critical review which demonstrates some awareness of the current state of knowledge on the subject, its limitations and how the proposed research aims to add to what is known (Gill & Johnson 2002:24). In academic literature there are generally two extremes of research methods, namely quantitative and qualitative.

5.2.1 Quantitative and Qualitative research methods

On the face of it, there would seem to be little to the quantitative and/or qualitative distinction other than the fact that quantitative researchers employ statistical measurement and qualitative researchers do not (Sogunro 2002:4; Bryman & Bell 2007:25). It is certainly the case that there is a predisposition among researchers along these lines (Gill & Johnson 2002), but many authors suggested the differences are deeper than the superficial issue of the presence or absence of quantification (Partington 2002). As a result, many authors on methodological issues find it helpful to distinguish between quantitative and qualitative research (Holliday 2002:1; Leedy & Ormrod 2005:100; Bryman & Bell 2007:25).

On the one hand there is the positivist (also known as quantitative) approach which is based on a philosophical approach known as logical positivism. The positivism approach underlies the natural-scientific method
in human behavioural research and holds that research must be limited to what can be observed and measured objectively, that is, that which exists independently of the feelings and opinions of individuals (Welman, Kruger & Mitchell 2005:6).

Furthermore, the positivist or quantitative research, according to Bryman and Bell (2007: 25), can be construed as a research strategy that emphasises quantification in the collection and analysis of data that:

- entails a deductive approach to the relationship between theory and research, in which the accent is placed on the testing of theories;

- has incorporated the practices and norms of the natural scientific model and of positivism in particular; and

- embodies a view of social reality as an external, objective reality.

The positivist approach is opposed by the anti-positivists (also known as qualitative) which share a resistance to upholding the natural-scientific method as the norm in human behavioural research. According to the anti-positivists, it is inappropriate to follow strict natural-scientific methods when collecting and interpreting the data (Welman, Kruger & Mitchell 2005:6).

Anti-positivists, according to Welman, Kruger & Mitchell (2005:6), hold that the natural-scientific method is designed for studying molecules or organisms and is therefore not applicable to the phenomena being studied in human behavioural sciences. Human experience, which is the subject
of behavioural research, cannot be separated from the person who is experiencing it.

To make it simpler, qualitative research is used to answer questions regarding the complex nature of phenomena, so that the phenomena can be described and understood from the participants' point of view. For this reason, qualitative research is often described as the interpretative, constructivist or post positivist approach (Leedy & Ormrod 2005:101).

Qualitative research, as written by Bryman & Bell (2007:25), can be construed as a research strategy that usually emphasises words rather than quantification in the collection and analysis of data and that:

- predominantly emphasises an inductive approach to the relationship between theory and research, in which the emphasis is placed on the generation of theories;

- has rejected the practices and norms of the natural scientific model and of positivism in particular in the presence for emphasis on the ways in which individuals interpret their social world; and

- embodies a view of social reality as a constantly shifting emergent property of individuals’ creation.

Furthermore, qualitative research is associated with research questions and phenomena of interest that require exploration of detailed in-depth data, aimed at description, comparison or prescription (Partington 2002:109). However, the interconnections between the different features of quantitative and qualitative research are not straightforward. While it is
useful to contrast the two research strategies, it is necessary to be careful about driving a wedge between them too severely.

A literature inquiry reveals a wide variety of comparisons and distinctions between a qualitative and quantitative approach to research. These differences have been reflected in a broad general format in Table 5.1. By conducting such an examination of the differences between the two approaches, the researcher was able to identify a possible approach best suited to the study at hand.
<table>
<thead>
<tr>
<th></th>
<th>Qualitative research</th>
<th>Quantitative research</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hypotheses</strong></td>
<td>Hypotheses are frequently undeclared or merely stated in the form of a research goal</td>
<td>Hypotheses stated explicitly and formulated beforehand</td>
</tr>
<tr>
<td><strong>Objective</strong></td>
<td>To gain an insight and understanding of the underlying reasons and motivations</td>
<td>To qualify the data and generalise the results from the sample to the population of interest</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td>Concepts are in the form of themes, motives, generalisations, taxonomies. Concepts can be interpreted in a number of ways. Holistic and broad focus</td>
<td>Concepts are in the form of distinct variables which have unambiguous meaning</td>
</tr>
<tr>
<td><strong>Sample</strong></td>
<td>Generally, a small number of non-representative cases/observations</td>
<td>Large number of representative cases</td>
</tr>
<tr>
<td><strong>Perspective</strong></td>
<td>Insider focus, first-hand experience</td>
<td>Outsider perspective, detached and objective</td>
</tr>
<tr>
<td><strong>Reality</strong></td>
<td>Concerned with changing or dynamic nature of reality</td>
<td>Focus on accumulation of facts, within a stable milieu</td>
</tr>
<tr>
<td><strong>Conditions</strong></td>
<td>Collected within the context of the natural occurrence</td>
<td>Controlled to rule out extraneous variables</td>
</tr>
<tr>
<td><strong>Data collection</strong></td>
<td>Data in the form of words from documents, observations, transcripts. Largely unstructured</td>
<td>Data in the form of numbers from precise measurement. Structured</td>
</tr>
<tr>
<td><strong>Data analysis</strong></td>
<td>Analysis proceeds by extracting themes or generalisations from evidence and organising data to present a coherent, consistent picture. Non-statistical</td>
<td>Analysis proceeds through using statistical methods, tables or charts and discusses how what they reveal relates to hypotheses</td>
</tr>
<tr>
<td><strong>Outcomes</strong></td>
<td>Develop an initial understanding of phenomena. A valid, representative picture emerges</td>
<td>Reliability and replication of findings. Recommend a final course of action</td>
</tr>
</tbody>
</table>

(Source: Leedy and Ormrod 2005)
It is further evident that the guidelines suggested in Table 5.2, namely: purpose, process, data collection, data analysis and reporting of findings are of significant relevance and would be key determinants in the choice of the most suitable research approach for the current study.

Table 5.2: Distinguishing characteristics of qualitative and quantitative approaches

<table>
<thead>
<tr>
<th>Question</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the purpose of the research?</td>
<td>• To explain and predict</td>
<td>• To describe and explain</td>
</tr>
<tr>
<td></td>
<td>• To confirm and validate</td>
<td>• To explore and interpret</td>
</tr>
<tr>
<td></td>
<td>• To test theory</td>
<td>• To build theory</td>
</tr>
<tr>
<td>What is the nature of the research process?</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>• Context-free</td>
<td>• Context-bound</td>
</tr>
<tr>
<td></td>
<td>• Detached view</td>
<td>• Personal view</td>
</tr>
<tr>
<td>What are the methods of data collection?</td>
<td>• Representative, large sample</td>
<td>• Informative, small sample</td>
</tr>
<tr>
<td></td>
<td>• Standardised instruments</td>
<td>• Observations, interviews</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is the form of reasoning used in analysis?</td>
<td>• Deductive analysis</td>
<td>• Inductive analysis</td>
</tr>
<tr>
<td>How are the findings communicated?</td>
<td>• Numbers</td>
<td>• Words</td>
</tr>
<tr>
<td></td>
<td>• Statistics, aggregated data</td>
<td>• Narratives, individual quotes</td>
</tr>
<tr>
<td></td>
<td>• Formal voice, scientific style</td>
<td>• Personal voice, literary style</td>
</tr>
</tbody>
</table>

(Source: Leedy and Ormrod 2005:96)
5.2.2 Reasons for adopting a qualitative research method

In this study, the decision whether to follow quantitative hypothesis testing or to follow the interpretative social science approach of qualitative analysis was resolved by applying the usefulness of the outcomes to the problem under consideration.

Qualitative research would seem to have a domination of the ability to study meaning and as Hollway and Jefferson (2000:10) explain, ‘telling it like it is’. Many qualitative researchers have suggested that a methodology is required for studying people that reflects the differences between people and the objects of the natural sciences (Holliday 2002:7; Leedy & Ormrod 2005:101). As a result, many researchers express a commitment to viewing events and the social world through the eyes of the people that they study (Partington 2002:109; Leedy & Ormrod 2005:101; Bryman & Bell 2007:293).

The social world must be interpreted from the perspective of the people being studied, rather than as though those objects were incapable of their own reflection on the social world (Welman, Kruger & Mitchell 2005:6; Bryman & Bell 2007:293). This approach which is known as phenomenology represents a philosophical approach to studying human experiences based on the idea that human experience itself is inherently subjective and determined by the context in which people live (Roe 2004:79; Zikmund & Babin 2010:137).

In the main, qualitative research tends to be either descriptive or comparative with its objective to see the world from the point of view of the informant (Partington 2002:109; Leedy & Ormrod 2005:101). Hence,
creativity, intuition, experience, and bold action can be more important means of obtaining results in qualitative research than the deployment of formal methods often used in quantitative research (Gummesson 2000:214).

When the issues at stake in the study were considered and applied to each of the questions in Table 6.2, it was apparent that a qualitative research approach would be more applicable. The reasons for this conclusion are as follows:

- The purpose of the study is to investigate, explore and explain innovative, creative and a proactive approach and the belief that the findings of the study would proffer tentative theories.

- The nature of the research process would be holistic with many unknown variables. The views and opinions would be of a personal nature and context bound.

- The data-collection methods would rely on the dynamics of individuals and small groups being observed and intensely interviewed.

- The form of reasoning and analysis would be inductive, and

- The findings would be recorded in narrative format.

In addition to the above considerations, the researcher’s inquest in this study seeks to understand, reflect upon and describe the experiences of the selected respondents.
5.3 THE CASE STUDY METHOD

This research study was in the form of a case study. The ‘case study’ concept is defined in the following section.

5.3.1 Definition of a case study

Zikmund and Babin (2010:140) refer to the case study as the documented history of a particular person, group, organisation, or event. Typically, a case study may describe consumers’ acceptance or rejection of a particular product. Alternatively, a case study may describe the efforts or activities that led to a specific firm’s competitive advantage in sustaining its business development.

A primary advantage of the case study method of research is that an entire organisation or entity can be investigated in depth with meticulous attention to detail (Willis 2007:239). This highly focused attention enables the researcher to carefully study the order of events as they occur or to concentrate on identifying the relationships among functions, individuals, or entities (Zikmund & Babin 2010:141). For this reason, most case studies use a qualitative approach (Neuman 2006:41).

This freedom of search for whatever data an investigator deems important makes the credibility of the findings of any case study highly dependent on the alertness, creativity, intelligence and motivation of the individual performing the case analysis.
5.3.2 Choosing a case study method

The use of case study research in the 21st century is becoming increasingly accepted as a scientific tool in management research. This is because a wide range of information-gathering techniques can be used in case studies and that case studies pay attention to the study of decision making, implementation, and change processes within organisations (Gummesson 2000:3).

Case study research is more appropriately described as a strategy to analyse than a method of research. It sets out to address the understanding of a phenomenon (unit of analysis) within its operating context. Of necessity, case study research is about engaging with the complexities of the real world, and about making sense of them (Partington 2002:177). Case study research is also flexible and can be adapted to many areas of knowledge creation.

Although both quantitative and qualitative methods are used for data collection in case studies, the latter will normally predominate in the study of processes in which data collection, analysis, and action often take place concurrently (Gummesson 2000:3; Leedy & Ormrod 2005:135). This study focuses on a single case of a refinish paint distributor, because its unique qualities can bring about understanding or inform practice for similar situations for other automotive refinish paint distributors.
5.4 RESEARCH DESIGN

An extremely responsible and complex task that follows defining the research problem is that of developing the research design (Kothari 2004:31). McDaniel and Gates (2007:71), Burns and Bush (2006:116) as well as Blaikie (2010:37) define the research design as a master plan for addressing the research objectives or hypotheses. It constitutes the blueprint for the collection, measurement and analysis of data.

The research design that was adopted for this study sets out the broad outline and key features of the work to be undertaken, including the methods of data collection and analysis to be employed. It explains how the research strategy addresses the specific aims and objectives of the study, and whether the research problems are theoretical, practical or business-oriented.

According to Baines and Chansarkar (2002:5), there are three major categories of research design, namely, exploratory, descriptive and causal. These three categories, which are briefly discussed below, specify the procedure for collecting and analysing the data necessary to describe a problem.

5.4.1 Descriptive research

Descriptive research design focuses on the accurate description of the variables under consideration. In simpler terms, descriptive research endeavours to “paint the picture” of a given situation and is quantitative in nature (Baines & Chansarkar 2002:5; Zikmund & Babin 2010:51).
The research methods used in the descriptive research design are structured and quantitative. Personal interviews, intercept surveys, telephone interviews, and mail surveys are typical descriptive approaches (Mitchell & Jolley 2010:205). Furthermore, descriptive research often addresses who, what, when, where, why, and how questions and uses advanced statistical methods to measure relationships between variables (Zikmund & Babin 2010:51). In addition, descriptive researchers use most data-gathering techniques – surveys, field research, content analysis, and historical-comparative research (Neuman 2006:35). However, since the objectives of this study are associated with research questions and phenomena of interest that require exploration of detailed in-depth data, aimed at description, comparison or prescription, this form of research design was not considered to be a feasible choice.

5.4.2 Exploratory research

Exploratory research, in contrast to descriptive research, involves discovering the general nature of a problem and those variables that relate to it to identify relationships among the variables and establish hypotheses. Exploratory research generally tends to be qualitative in nature and uses primary techniques such as focus groups and in-depth interviews (Baines & Chansarkar 2002:5; Neuman 2006:34; Blythe 2006:217).

Essentially, exploratory research is carried out to investigate the basic foundations of a research problem and is often undertaken not to provide conclusive evidence from which to determine a particular course of action.
Researchers usually undertake explanatory research with the full expectation that more research will be needed to provide more conclusive evidence (Burns & Bush 2006:118; Zikmund & Babin 2010:50). Exploratory researchers must therefore be creative, open minded, and flexible; adopt an investigative stance; and explore all sources of information (Neuman 2006:34). In terms of the objectives of this study – which seeks to understand, reflect upon and describe the experiences of the selected respondents, this form of research design was considered to be a probable choice.

5.4.3 Causal research

Causal research seeks to identify cause-and-effect relationships to show that one event actually makes another happen (Zikmund & Babin 2010:53). It attempts to establish the nature of relationships between two or more variables under investigation (Baines & Chansarkar 2002:5).

Although descriptive research can show that two variables are related, as indicated by Zikmund & Babin (2010:52), causal research attempts to establish that when one action is done, another will follow.

Baines and Chansarkar (2002:23) conclude that causal research typically attempts to explain why things happen, highlighting cause-and-effect relationships in order to determine the correlation between variables. Since causal research simply takes exploratory and/or descriptive research one step further, and in terms of the objectives of this study, this form of research design was also not considered to be a possible choice.
When the requirements of the study were considered and applied to each of the three major categories of research design, it was apparent that an exploratory research would be the most pertinent choice.

5.5 RESEARCH METHODOLOGY

The quality of research findings is directly related to the validity of the research methodology employed. Methodology refers to the overall approach to the research process, from a theoretical underpinning to the collection and analysis of the data (Collis & Hussey 2009:150; Willis 2007:14). The research method for this study is based on exploratory research. The method that was followed includes a literature review and an empirical study. Both were employed to solve the primary and secondary objectives.

The research takes a qualitative approach for the reason that the ability to identify and describe, if not explain, the irrationality of some human behaviour and attitudes is a final property of qualitative research that quantitative research really cannot match (Roe 2004:79). A qualitative approach is more subjective in nature and involves examining and reflecting on perceptions in order to gain an understanding of social and human activities (Collis & Hussey 2009:13; Given 2008:514). Roe (2004:79) further suggests that the human mind must be measured on the surface and probed underneath.

The personal interview is probably the most widely employed method in qualitative research (Bryman & Bell 2007:341). Interviews vary based on
the number of people involved during the interview, the level of structure, the proximity of the interviewer to the participants, and the number of interviews conducted during the research (Cooper & Schindler 2006:204). For this reason, in-depth face-to-face interviews were deemed most suitable for this study based on the nature of the topic and the profound of expertise of qualified personnel in the automotive refinish paint industry.

5.5.1 Literature overview

In academic research Welman, Kruger and Mitchell (2005:38) argue that the classic way to identify a research problem is to do a literature search. This argument is supported by Leedy and Ormrod (2005:71) who state that the aim of literature review is to increase knowledge of similar investigations, thereby enhancing the ability of the researcher to address the problem at hand. The benefits of a literature review are:

- It reveals investigations similar to that undertaken by the current researcher, as well as describing the methodology and design of the research;

- It describes methods of dealing with particular problem situations;

- It reveals to the researcher important research personalities and new sources of data that otherwise may not have been discovered;

- It helps the researcher to see the study in historical and associative perspectives and in relation to earlier approaches to the same
problem, and it can provide new ideas and approaches to the researcher; and

- It allows for a comparison of research efforts with the efforts of others and it can increase the confidence of the researcher if it is found that others have had an interest in the topic and devoted time and energy in similar areas of study.

Moreover, Neuman (2006:111) is of the opinion that a literature review is based on the assumption that knowledge accumulates and that people learn from and build on what others have done. Zikmund and Babin (2010:53) share the same sentiments; they add that a literature review is a directed search of published works, including periodicals and books that discusses the theory and presents empirical results that are relevant to the topic at hand. Several sources were found that address the topic of this study from different angles and in varying degrees of detail.

5.5.2 Empirical study

The design of an empirical study at the deductive end of the continuum of research methods, attempts to provide a blueprint that enables the researcher to structure a research question or problem in such a way that the outcome is the production of valid, objective and replicable answers (Gill & Johnson 2002:47).

In the context of objectivity in research, due cognisance has been taken of the need to elicit information, facilitating a process where the interviewee could identify and communicate their own answers, without being guided
by the interviewer. The use of presuppositions, suggestion, pace, pitch and tone, are all influencing techniques which can be used consciously or unconsciously, to influence and guide a conversation (Neuman 2006:63).

A comprehensive questionnaire was used in this research as a vehicle to conduct the empirical study. Detailed in-depth interviews were conducted so as to gain an insight and understanding of the underlying reasons and motivations, as has been mentioned earlier - ‘telling it like it is’. During interviews, close attention was paid to the body language – posture, gestures, facial expressions, dress – of the respondents; in an attempt to evaluate these observations; being as significant as the verbal statements (Gummesson 2000:127).

5.5.3 Data collection, analysis and Integration of results

Once a methodology has been developed to serve as a framework and blueprint within which facts are positioned to make their meaning more lucid, data is needed. The selection of the data-collection method has implications for the sampling process (McDaniel & Gates 2008:331). Data for qualitative researchers sometimes are in the form of numbers; more often, it includes written or spoken words, actions, sounds, symbols, physical objects, or visual images (Neuman 2006:181; Given 2008:520).

The interview is the primary data collection technique for gathering data in qualitative methodologies (Cooper & Schindler 2006:204). Qualitative methods of data collection, as presented by Collis and Hussey (2009:150), are described as ‘an array of interpretative techniques which seeks to describe, decode, translate and otherwise come to terms with the meaning
and, not the frequency of certain more or less naturally occurring phenomena in the social world’. Semi-structured data collection methods are employed so as to leave the form of enquiry open and flexible enough to draw in the meaning and ideas that respondents have to offer.

In the analysis of qualitative data, as Partington (2002:20) argues, there are two important factors to bear in mind. First, there is little standardisation in terms of data collected across studies – each analysis will, to some extent, be a uniquely designed event. Second, there are multiple interpretations (and ways of arriving at them). The way in which data is analysed in qualitative research depends on the research question, the way the data was collected and, ultimately, what is appropriate to achieve the objectives of the research.

Due to the qualitative nature of this study, most of the results were interpreted using semi-structured interviews with open-ended and closed-ended questions, focus group discussions, observations, projective and participatory approaches. Inductive reasoning was used in the analysis of the data collected from the interviews.

The findings of the literature study and the empirical research were integrated into a proposed guideline which was used to develop a comprehensive model indicating the key drivers to promote, improve and facilitate the business sustainability of the automotive refinish paint distributors.

Rendering case material anonymous is a fundamental guiding ethical principle (Hollway & Jefferson 2000:95). As a result, it was agreed between the researcher and the respondents of the study that some of the
data that was collected must be kept confidential. Most respondents, especially staff members of the retail distributor, required assurance that some of the data collected by the researcher is kept confidential. To ensure that the data remains confidential, anonymity was offered to all respondents and indicators that identify respondents or the source of the data was removed. When the data was being collected it was stated at the beginning of the interview that all data would be kept confidential.

5.6 SAMPLING METHODS

Selecting a sample is a fundamental element of a research study (Collis & Hussey 2009:155). Sampling refers to the process of obtaining information from a subset (a sample) of a larger group (McDaniel & Gates 2008:328). Consequently, sampling in qualitative studies is based on qualities rather than quantities, with the researcher searching for participants who might offer rich descriptions of the phenomena under study (Nicholls 2009:590).

In qualitative research, according to Hague et al. (2004:91), a simpler and less costly means of obtaining a representative sample is to set a quota for the interviewers to achieve the same characteristic that mirrors the population that is being researched. Filling the quota will provide a mix of respondents that is reflective of the population being targeted (Babbie 2005:190). In addition, quota samples are typically selected in such a way that demographic characteristics of interest to the researcher are represented in the sample in the targeted proportion (McDaniel & Gates 2008:346; Mitchell & Jolley 2010:287). The purpose of quota sampling therefore is to ensure that the various subgroups in a population are
represented by pertinent sampling characteristics to the exact extent that the investigators desired (Zikmund & Babin 2010:425).

Properly drawn samples enable an accurate portrayal of the research population while avoiding the prohibitive costs of surveying or interviewing everyone (Gill & Johnson 2002:101). Thus, quota sampling that was used in this study was made up of senior managers (owners or CEO’s or MD’s), sales and marketing personnel, technical representatives and general workers of the paint distributor.

5.6.1 Measuring Instrument

To accomplish the requirements of this study, the researcher developed a comprehensive questionnaire for the managers and employees of the paint distributor, as shown in Annexure A. This was done in order to evaluate the views of all the respondents about sales growth strategies and business development strategies. The following broad areas were covered:

- The perception of the respondents on the concept of a customer-support structure and the intuitive functional value of a brand as an engine for growth and sustainable business development strategies;

- The application of strategic planning as a business management tool for competitive advantage in the automotive refinish paint industry; and

- The role of long-term relationships with customers as a lead driver in creating superior customer value and satisfaction.
Due to the nature of open-questions, where the researcher would ask the respondents to motivate their answers, the questionnaire in this study was found to be in line with the semi-structured approach as recommended by Given (2008:810). It is also important to note that the questionnaire was based on a model (Figure 7.4) constructed by the researcher in which the building blocks of sustainable development strategies were outlined.

The data that was collected during the empirical study was analysed according to the principles of marketing and management of customer-base, taking into consideration the significance of a well-organised business management structure and customer relationship management ethos within the organisation.

5.6.2 Pilot-testing

During the pilot study, four respondents offered constructive criticism on the design of the questionnaire. Two were specialists in the fields of marketing and business management. The other two were experts in the field of the automotive refinish sales and retail distribution sector. The revised questionnaire was then tested on five respondents who were representative of the sample. Consensus was that the questionnaire was understandable, credible and consistent.
5.7 VALIDITY AND RELIABILITY

Validity and reliability are central concepts that permeate every research process and are used primarily in connection with measuring instruments (Neuman 2006:188). To ensure reliability in qualitative research, examination of credibility, dependability, confirmability, consistency and trustworthiness is crucial (Golafshani 2003:601; Given 2008:753).

Authors like Collis and Hussey (2009:58) as well as Zikmund and Babin (2010:334) assert that reliability is concerned with the findings of the research and is one aspect of credibility of the findings. McDaniel & Gates (2007:285) as well as Bryman and Bell (2007:33) add that reliability is the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects and therefore provide consistent data. Reliability, however, does not ensure accuracy (Babbie 2005:145). For example one can report the same readings each time, as shown in Figure 5.1 yet they are not all reliable and/or valid.

Validity on the other hand is described by McDaniel and Gates (2007:285) and Given (2008:909) as the measure that addresses whether the attempt at measurement was successful. According to Collis and Hussey (2009:59), research errors such as faulty research procedures, poor samples and inaccurate or misleading measurements can undermine validity. The validity of a measure therefore refers to the extent to which the measurement device or process is free from both systematic and random error.

Based on the preceding literature review, it can therefore be concluded that reliability and validity form an important part of the research and that
research measuring instruments must both be reliable and valid, as shown in Figure 5.1.

**Figure 5.1: An analogy to validity and reliability**

(Source: Babbie 2005:149)

In this research, reliability was tested by using a pilot-test questionnaire where interviewees were asked two or more questions that are similar and designed to measure the same thing, most interviewees answered all questions the same, which indicated that the test has internal consistency.

Validity, on the other hand, was assessed by being involved face-to-face with interviewees to gain a full understanding of the knowledge and meaning of the interviewee to ensure that the tests or measures used by the researcher do actually measure what they were supposed to.
5.8 SUMMARY

The aim of this chapter was to describe the preparation and the execution of the empirical elements of this study. A qualitative method of research was found to be the most appropriate research strategy. Special attention was given to the research paradigms, sampling methods and measuring instruments.

A questionnaire, with relevant questions to collect data on the phenomena under investigation, was developed based on the information gained from the literature study. The design and structure of the questionnaire followed by the pilot testing was also discussed. Reliability and validity were also examined in this chapter.

In the following chapter the main findings of the empirical study will be presented.
CHAPTER 6

MAIN FINDINGS OF THE EMPIRICAL STUDY

6.1 INTRODUCTION

In Chapter five, an overview of the different types of research approaches and research design was outlined. Both the characteristics of qualitative research and the case study methods were described. Subsequently the research methodology that was used to gather data for this study was identified and discussed.

In this chapter, the research findings of this study will be reported. The study endeavours to provide results through conducting a comprehensive qualitative method of data collection and detailed analysis of presuppositions, suggestions, swiftness, pitch and tone to describe, reflect upon, and understand experiences of the selected respondents.

6.2 MAIN FINDINGS

The classic approach to assuring textual room for the voice of the research participants is through using their own verbatim accounts as the major data source (Holliday 2002:183). The results of this study were thus presented in a way that involves examining and reflecting on perceptions in order to gain an understanding of social and human activities from the respondents’ point of view, as well as to enable the researcher to carefully
study the order of events as they occurred. The results reflect the views of ten respondents, four of which were managers and six were employees.

The results of the interviews that were conducted for this study were presented in four sections all of which presented the findings related to the open environment that was created inside the organisation where people were free to exercise a creative approach when planning, formulating and executing sustainable business development strategies.

Figure 6.1:  The firm’s reporting structure
6.2.1 Job descriptions across the firm.

The managing director/owner is the general manager of the business in terms of strategy formulation and planning, strategy implementation and determining the business goals and objectives.

The operations manager is the co-owner of the business and his job includes managing internal day-to-day operations and all staff members report to him.

The stock controller is responsible for checking documentation, inventories and condition of all stock items, as well as preparation of requisitions and ordering of new stock when required.

The store man is working hand-in-hand with the stock controller, and is responsible for the physical control of all the inbound goods and outbound goods and their storage thereof on the shelves.

Bookkeeping personnel look after all debtors and creditors, order stocks and stationery, and together with the managing director, they do financial planning.

Counter sales personnel handle over-the-counter sales of items that are displayed inside the store. They serve as the face of the firm in the eyes of the customers.

The sales consultants sell and service all products that are supplied to customers.
The colour matchers and assistant colour matcher tint different types of colours for all paints – that is, automotive, industrial, decorative and wood coatings.

The driver of the firm collects and delivers every item for the firm, starting from small stationery items like pen and paper to large items like 25 litres of paint as well as equipment.

The general workers do decanting of products from large containers into small ones so that they can be easily handled by customers. They also do all the housekeeping.

6.2.2 Internal business environment

Section one of the questionnaire (Annexure A) relates to the nature and extent of management’s involvement in creating the groundwork for basic direction-setting, as well as then creating a new framework for business management by transforming internal business related activities to suit the firm’s business concept.

6.2.2.1 The vision and mission

Hellriegel et al. (2004:71) indicated that the vision and mission of a business are the main aspects of strategic planning that managers can directly influence. The mission is the organisation’s purpose or reason for existing. The statement of mission may describe the organisation in terms of the customer needs it aims to satisfy, the goods or services it supplies,
or the markets that it is currently pursuing or intend pursuing in the future. On the other hand, a vision expresses an organisation’s long-term fundamental aspirations and purpose, usually by appealing to the hearts and minds of its members.

The respondents have acknowledged that the vision statement of their business takes into account the current status of the firm, and serves to point the direction of where the firm wishes to go. This perception included verbage that makes a pledge to deliver a superior product and service to customers on a consistent basis and to provide a focus for the framework for all the business’s strategic planning. In addition, the respondents explained that the vision statement of the business was an inspiration that reminded them of what the firm was trying to build. While a vision statement did not enlighten how the firm was going to get there, it did set the directions that were broad, all-inclusive and forward-thinking.

The respondents’ perceptions about the mission were that a mission statement serves both as a way of ensuring a clear and concise representation of the business’ purpose for existence and to serve as a baseline for effective business planning. It was perceived to incorporate socially meaningful and measurable criteria addressing concepts such as the moral or ethical position of the business, its public image, the target market, products and services, the geographic sphere and opportunities of growth. Essentially, the views of the respondents on the firm’s mission stated in competitive terms were the strategic intent of the firm’s basic function in upgrading and educating its customer-base by providing innovative commercial logic for the business’ strategic capacity that defines the boundaries of its operations.
6.2.2.2 Firm’s goals and objectives

An organisation’s goals and objectives according to Hellriegel et al. (2004:72), are what an organisation is committed to achieving. Setting goals and objectives is the fundamental duty of management as they form the basis of any strategy planning and formulation. Setting goals and objectives, and developing a strategy are the basic direction-setting tasks that together constitute a strategic plan for coping with industry and competitive conditions, the actions of rivals, and the challenges and issues that stand as obstacles to the business success.

Expressive descriptors from the respondents were that the firm’s goals and objectives make reference to the firm’s core competencies in terms of cost, speed, quality, and most importantly technical service and to provide better employment and rewards for all staff members. Through business goals and objectives, the firm’s business processes were developed to sustain and improve the firm’s competitive strength and long-term market position. This was done through creating customer value where a firm’s value creating activities were integrated into a long-term sustainability framework while maintaining competitiveness and brand reputation. Quality products and technical service innovations that have driven the firm’s fundamental competitive edge were reported to be associated with holistic strategic thinking of the firm’s stakeholders that utilise automotive coating technologies and systems in an efficient, effective and economic manner over the long term.
6.2.2.3 The firm’s current market position

Management is not only about setting goals and objectives for the organisation, it must also understand the organisation’s current market position in order to develop and modify strategic plans for the organisation to compete in those targeted markets (Thompson et al. 2004:28). The respondents’ opinions in describing this phenomenon were that most of the firm’s customers and suppliers have recognised the firm’s ability to provide innovative technical service which their competitors could not imitate successfully; it therefore placed the firm amongst the best automotive refinish distributors in the Eastern Cape.

6.2.2.4 Firm’s strengths and weaknesses

From the respondents’ point of view, listing their firm’s strengths and weaknesses was a normal part of strategic planning for success. To be sure the business is headed in the right direction, a competent, thoughtful review and updating of the firm’s strengths and weaknesses have always been fundamental elements of the firm’s strategic planning process. It helped the firm to establish the plans for the future of its sustainable business development tactics.

All the respondents regarded patience as the most important element for business as it has become a cornerstone for the firm to build and maintain competitive advantages in the market place. It has become a culture of the business that a person should not be aggressive and should not expect immediate profits or revenues, but must be able to see what can be good for the business from a sustainability point of view. At Popular paints the
respondents claim that it is important to look at how each area within the business interacts with the customer world.

There were no clear areas within the business management framework where weaknesses could easily be identified. However, the recognition from the respondents that the firm could not possibly be good at everything has revealed that most small businesses like Popular Paints that often compete with big corporate oppositions, such as Makro, Game, Dion, Builders warehouse, to name just a few, have a tendency of undermining their potential which could cost them precious business opportunities.

Another weakness identified from the respondents’ insights is that floor staff members, which include colour matchers, assistant colour matchers, the company driver as well as the decanters are not given sufficient opportunities to grow within the firm so that they can also move up the ladder to eventually become part of the sales team or management, although some of them demonstrated the initiative to.

- Overcoming firm’s weaknesses

Insights from the respondents alluded to weaknesses which are as a result of the lack of understanding possible business opportunities that are available in the market, especially the do-it-your-self market. In order to overcome such weaknesses, the firm has developed different creative modifications within the sales force. These included dedication, concentration, hard work, effective sales strategy, inspection of technological advancements, methodical analysis of market direction, on-
the-field demonstrations, and a deep study of customer-specific requirements. Such modifications were cited by the respondents to be the most effective sustainability drive for the firm, because every organisation needs effective strategies to have sustainable profits. It has been recognised that the firm required a thorough analysis of their market direction, along with the need to concentrate on employee commitment and dedication, all of which often require the use of a multi-dimensional approach that is designed for a specific customer-base.

6.2.2.5 Leadership style

As mentioned in chapter two, many leaders have a wealth of leadership talents, strategic, and analytical skills; an aptitude for team building; and certainly the ability to develop vision. The expressions from the respondents demonstrated that the leadership style of Popular Paints was very simple. ‘It was a one man show’. It was intimated that the management style within the firm was forthright and rigid; this was clearly shown in statements such as “I do it my way” and “I do it the entrepreneurial way”.

The respondents have however acknowledged that the fundamental purpose of leadership was to motivate employees to work towards business goals and objectives. This was the function of the managing director who appeared to be someone who was willing to give and take, and according to the responses to always be there to make decisions that are needed. The respondents further intimated that although the managing director appeared to be someone who was rigid, he was actually an excellent leader.
6.2.2.6 Performance appraisals

The respondents reported that the firm has a policy of translating organisational goals into individual job objectives and requirements to communicate management’s expectations regarding employee performance, and to provide feedback to the employees in respect of performance appraisals. This was done to diagnose the employee’s relative strengths and weaknesses in order to devise a suitable plan to evaluate it. It is generally a continuous follow-up process to ensure that employees stay on track in terms of their objectives and the steps each employee needs to take in order to realise them.

In order to improve performance and further employee’s future in the business, the managing director would coach employees on how to achieve job objectives and would furthermore provide constructive suggestions for improvement. Thus, the majority of employees (sales and technical specialists) reported that their formal performance discussions were done once a year to determine a development plan for improving job performance, but informally performance discussion were often held once or twice per month. There were no performance discussions for the floor staff members; each one of them would get an increase as determined by management.

6.2.2.7 Building the relationship across the firm

There was a general consensus amongst the respondents that the relationship across the firm is very good, although there were times of conflict. Building internal relationships to serve customers has been
reported to play an important role in improving effectiveness and efficiency of sales activities that require work along with other teams and functions in the organisation. The greatest challenge in building the relationship across the firm was how the business could most effectively satisfy their employees’ needs and fulfil their desires in order to gain optimum benefit from the firm’s resources, and to help the business achieve its sustainable business development goals and objectives.

In addition, the respondents acknowledged that members of the firm understood that customer expectations were ever increasing, products and solutions have become more complex, and customer retention has become more critical. Consequently the sales force focused on strong relationship-driven networks of internal services and technical specialists that could provide more compelling solutions for customers by improving trust and collaboration to acquire and retain customers.

### 6.2.2.8 Knowledge base across the firm

Knowledge is a critical organisational resource and an increasingly valuable source of competitive advantage and together with innovation, knowledge has become essential in business (Leibold, Voelpel & Tekie 2004:63). Knowledge is gained through experience, observation and inference, and is an intangible resource. The value of this intangible resource is growing as a proportion of total shareholder value (Ireland, Hoskisson & Hitt 2009:12). To support the above statements, the feedback from the respondents indicated that as the basis of value creation and success of the organisation, the ability to interpret and use information and apply experience that influences decisions increasingly
depend on the leverage of knowledge available internally. Knowledge management, according to the respondents, has been recognised to be essentially about getting the right knowledge to the right person at the right time, hence knowledge management within Popular Paint implied strong ties to corporate strategy, understanding where and in what forms knowledge exists, creating processes that strengthens organisational functions, and ensuring that initiatives are accepted and supported by organisational members.

Knowledge within the firm was moulded according to the individual’s job requirements such that each employee’s new knowledge creation within the firm focused on the overall objective which was to create value, to leverage, improve, and refine the firm's competencies to meet organisational goals and targets. Across the firm, employees had a good understanding of their job description and how they fit into the organisation. Although many employees did not have a tertiary qualification, they were trained and provided with skills to be able to apply as much as possible of their skills and inherent talents. The majority of the employee skills were self-taught and what they have gained from in-house training and teaching.

6.2.2.9 Change management within the business and in the market

In order to develop a new vision, innovative products and businesses for dynamic markets, organisations need to consider various drivers of change within and from the environment, and the way in which they interact with each other (Halemane & Janszen 2004:23). For any business, management must know what is happening in the market and
specifically what changes are taking place, because all businesses have
to move with the changes within the business and in the market
environment (Palmer, Dunford & Akin 2006:49). If people do not adapt to
the changes, they often get left behind and become ineffective within the
industry that they are involved in.

All respondents concurred that the approach to the whole subject of
change management within Popular Paints was to establish an
appropriate sustainable business development architecture that would
involve new technological advancements, new methods of operating and
new ways of organising in order to cope with a more challenging
automotive refinish market environment. Trying to manage the new
realities of business competition within the automotive paint industry, the
firm had to implement changes that were structurally organised and they
had to take note of changes in the public domain, i.e. shift in technology. It
has been disclosed by the respondents that the changes have to be
acceptable within the business, but not by force, otherwise it would be met
by a large number of resistance and such resistance will also impede the
achievement of business objectives.

According to the respondents, businesses in the automotive retail
distribution sector have to constantly accept changes within the industry.
Innovative drivers of change were reported to inspire people to be creative
in aspects that were necessary to drive service and efficiency as well as
encouraging determination and persistence.
6.2.2.10 General comments about the firm’s internal business environment

An internal environment conducive to harmonious employee relationships is instrumental in Popular Paints’ long-term survival. It has also brought about sustainability, accountability and commitment across the business. It has been suggested by the respondents that any business in the automotive refinish industry has to collectively work on the internal environment on a daily basis to ensure long-term survival.

6.2.3 Strategy Management

Section two of the questionnaire focuses on strategy management within the business. This includes crafting the strategic planning for competitive advantage to provide an environment where creativity and innovation becomes an organisation’s culture, ensuring that their management philosophy is built on strengthening the firm’s competencies in a way that would be beneficial to both the business as well as all employees.

6.2.3.1 The best markets for the firm

All respondents indicated that the automotive paint business was the strongest business in its field and that the firm had the best equipped staff members to handle most complicated challenges in this industry. Closely related to the automotive paints was industrial coating with products that are similar but handled differently by different technical staff. The firm was also reported to be very effective in this industry.
The next best market for the firm was wood coating because the business developed their own products and application methods through creativity and innovation sessions. They have also taken different product ranges from different suppliers and re-engineered them in their own style to produce products that enhances quality and durability – to benefit customers even further.

6.2.3.2 The firm’s competitive advantage

Converting strategic plans into actions and results is a test of a manager’s ability to direct organisational change, motivate people, build and strengthen the firm’s competencies and competitive advantage as well as create a strategy-supportive work climate, and meet or beat performance targets (Ghillyer 2009:114). The respondents’ comments to illustrate the acknowledgement of the above perception were that the management approach was to assist, coordinate, unify and integrate the business’s decisions to achieve the goals and objectives of the firm. The collaborative management framework within the firm was designed to exploit core competencies by breaking down the firm’s value-creating processes into strategically relevant activities in order to understand the behaviour of costs and the sources of differentiation. This strategic method was used as a tool for identifying ways to create more customer value so that the firm could gain a competitive advantage.

In order to examine the ways in which a firm can gain and sustain a competitive advantage, according to the respondents, it was very difficult to look at the firm’s activities as a whole. Rather, it was important to look at
a firm's value activities along its value chain which, in the case of Popular Paints, was technical knowledge and support systems that included quick response time to solve customer problems as well as the professionalism of the business itself.

6.2.3.3 Supporting a firm's competitive advantage

Managing the implementation and execution of strategy for competitive advantage is an operations-oriented, make-things-happen activity aimed at shaping the performance of core business activities in a strategy-supportive manner (Ungerer, Pretorius & Herholdt 2007:29). Support from the firm’s sales and technical teams, as perceived by the respondents, was holistic and continuous; it required the business to do a little bit better than anyone in the market.

According to management, one of the central bases for achieving competitive advantage was the organisational capability to create new knowledge and transfer it across various levels of the business. The firm’s strategies to support their competitive advantage were centred on improving its added value on technical support at any point in time.

6.2.3.4 Innovation and communication sessions

All respondents reported that it has become a culture of the firm to convene as teams to discuss different tactics to improve business relations. Innovation management within Popular Paints focused on the systematic processes that the firm uses to develop new and improved
products, services and business processes. It involved exploiting creative ideas of the firm’s employees and utilising them to bring a steady pipeline of profitable new innovations to the marketplace, speedily and efficiently.

The management of Popular Paints decided to use an innovation management system that would help people within the business to communicate amongst themselves about strategies concerning which potential customers to target, with which products and what service requirements are needed. Since the innovation and communication sessions were motivational, they brought enthusiasm within the business and set parameters on how the business should move forward.

In order for the firm to source innovative ideas from employees, it introduced what was called sales-team interfaces where sales people would get together two or three times a week to discuss, amongst others, strategies to get new business or strategies to increase volumes sold, as well as the execution of those ideas. In order to achieve sustainable success, a sales-team interface has to ensure that the innovation sessions are systematic and that all the necessary tools, methods, approaches and processes are in place so that all ideas that previously worked could be evaluated in order to develop new ideas that would work even better.

6.2.3.5 General issues about the firm’s strategy

Good strategy management requires creating a strong fit between strategy and organisational capabilities, between strategy and the reward structure, between strategy and internal operating systems, between strategy and the organisation’s work climate and culture. The stronger these fits, the
better the execution and the higher the firm’s odds of achieving its performance targets (Ungerer, Pretorius & Herholdt 2007:30). In order to support this statement, respondents reported that the firm receives comprehensive marketing research support from the suppliers, which includes opportunities in the market for the coming year, then geared up the business so that the short term strategy is aligned with those of the market.

6.2.4 Sales and Customer Management

The main objective of section three of the questionnaire was to elucidate the significance of developing a strategy that is built on satisfying customer needs which have become fundamental in contemporary marketing.

6.2.4.1 Marketing of the products

When asked how the firm markets its products, the respondents’ answers were explicitly clear that the day-to-day marketing of products was generally through a one-on-one basis. This strategy of marketing the products face-to-face to the potential customers was found to go a long way in creating what has been reported as a ‘personal touch’ between the sales consultant and the customer. In addition, sales people would go out to the customer-base to inform them of any new or improved product range and the benefits thereof.
6.2.4.2 Understanding customer needs

As outlined in chapter two, it is imperative to understand that customer needs are complex, and developing successful products and services requires understanding the details of their needs (Olsson & Karlsson 2003:311). Superficially, the respondents appeared to understand that customers of the automotive refinishing business require the service person to understand and appreciate their circumstances and feelings without criticism or judgment on any challenge they might be facing, and in return accept customer complaints and manage these promptly and positively to avoid loss of production time.

It has clearly been disclosed that automotive refinish customers, especially small body-repair shops appreciate to be taken seriously, as this makes them feel valued and important. Therefore, to understand their needs, the firm has, among others, kept a list of customer complaints to identify potential problems in advance and then when the problem appears, to suggest options and alternatives in order to be able to provide possible improvements. Customers need to feel that other avenues are available to them in getting what they want accomplished, as a result the respondents suggested that customers need to be educated and informed about the best products and services the firm has to offer.

6.2.4.3 Satisfying customer needs

With regard to satisfying customer needs the respondents indicated that the automotive refinish coatings business was based on three factors, namely, quality, service and costing and in this order of priority. In order to
satisfy customer needs, the firm would therefore give their customers the best possible quality products; provide them with excellent service, unquestionable technical support at the most reasonable prices. Coupled with that, the customers in the automotive refinish sector strongly call for reliable on time deliveries of products all the time with the emphasis on the firm’s quality and reputation.

Most of the quality-driven customers in the automotive refinish industry choose products with the set of features that deliver the maximum benefit for them and they require added value from the products and technical services they receive, thus the firm’s business strategy has been developed to satisfy customers by giving them, as far as possible, innovative and cutting-edge technology-driven products and technical services they require.

6.2.4.4 Market segmentation, targeting and positioning

Market segmentation, as outlined by Lancaster and Reynolds (2004: 396), is the process of breaking down the total market for a product or service into distinct subgroups or segments where each segment may conceivably represent a separate target market to be reached with a distinctive marketing mix. The target market is the specific market segment most likely to purchase the product (Lamb, Hair & McDaniel 2011:239) and key to developing the appropriate marketing mix is the positioning strategy of the product. Effective positioning requires assessing the positions occupied by competing products, determining the important dimensions underlying these positions, and choosing a position in the market where
the organisation’s marketing efforts will have the greatest impact (Stone & Desmond 2007:360).

In the context of market segmentation, the respondents’ insights revealed that the firm strategically segmented their market by using the 80/20 principle, i.e. twenty percent of their customers would give them eighty percent of the total profit, and consequently they would give their outmost attention to the twenty percent that was most profitable. In the automotive refinish industry the volumes and margins were related, the most profitable customers were those to whom the firm would sell the highest volumes of paint. In view of the fact that most profitable customers would receive the best service, the majority of sales people would service their customers on the rotation basis, for example, on the first two days of the week, they would service the most profitable customers, and then reserve other days for the remaining customers.

Popular Paint’s target markets were found to be automotive repair body shops, industrial painting companies, as well as painting contractors.

Popular Paints employ strategies such as using brochures from the firm’s suppliers, displays of the products on the internet, to present customers with examples of other big organisations that use the same brands as those that were sold by the firm. These tactics are used to impart information to existing and potential customers about the capabilities of the firm’s products. As an added value, the firm would also provide technical service that was difficult to duplicate.
6.2.4.5 Effective communication with customers

All respondents have acknowledged that it was their organisation’s competitive advantage to set up a highly effective communication platform between management and employees within the firm, as well as extensive interaction with customers face-to-face through person-to-person interactions. The afore-mentioned approach was reported to be very effective because the firm would get first-hand information so that the responsible people could react to any problem instantaneously.

With many years of extensive experience in the automotive refinishing, Popular Paint’s management have realised that consistency in the quality of effective communication can ensure that the customers remain satisfied with the business. It was also acknowledged by every one in the firm that face-to-face interaction was a faster way of communication and the customer could immediately assess the reaction as well as the first hand meaning. Body language, tone and posture were reported to be some of the advantages of communicating face-to-face which cannot be matched by modern technology, such as cell phones and the internet.

6.2.4.6 Customer relationship management

The respondents revealed that an increased focus on customer relationships demanded that all the efforts of the organisation to be aligned with the needs of customers in the most effective ways. Strong interactive customer relationships were found to have provided the foundation for the firm’s efforts to profitably serve customers’ unique needs as a result of customer relationship management. A comprehensive
approach which provided seamless integration of every area of business that touches the customer has provided Popular Paints with important new insights into their customers’ needs and behaviours, allowing them to customise products to targeted customer segments and customer groups resulting in maximising their total customer life-time value.

Customer relationship management in the firm is concerned with the creation, development and enhancement of individualised customer relationships with carefully targeted customers. In the automotive refinishing, customer relationship was considered as the business strategy that aims to understand, anticipate and manage the needs of an organisation’s current and potential customers with the aim of building a strong customer confidence, close personal relationships and loyalty.

6.2.4.7 The main role of the sales force

The sales force serves as a critical link between a business and its customers. It allows for a more communicative interchange between a salesperson and a customer (Kotler, Armstrong & Tait 2010:482). In addition, salespeople provide customer service and carry out market research and intelligence work. They learn about customer needs and work with other marketing and non-marketing people in the firm to develop greater customer value (Lamb, Hair & McDaniel 2011:565). In order to acknowledge the above statements, respondents postulated that empathy helps sales people to communicate with customers. The role of the firm’s sales force is to create an excitement around the products and services they sell to the customer.
All the respondents also emphasised that their business existence is about selling. Thus, the main focus of the business is to invigorate growth-generating engines in such a way that everything else, including the whole process of paint retail distribution management, and even marketing efforts, are basically sales support. As a result the main role of the firm’s sales force is to build trust with customers, show commitment and gain confidence through consistent follow-up and communication with the customer, as well as travel to customer locations to pitch products that require personal attention.

6.2.4.8 Recruitment and compensation of sales force

Sales force recruitment should be based on an accurate, detailed description of the sales tasks as defined by the sales manager. Effective and efficient sales people should have a sense of urgency, be competitive, have a desire to persuade people and close the sale (Parks 2006:37). Sales managers have to use a variety of methods to keep the sales force motivated, some of which should be the optimal balance between a good working environment, support from management, and a well-structured compensation package (Donaldson 2007:230).

All respondents reported that the firm does not make use of advertisements to recruit their sales force. The management identifies a potential individual, offer such an individual employment with a competitive basic salary package. In order to fulfil the objectives of the business, the managing director would train the individual to become a salesperson. Sales people are the most important group of the employee force in the business, as a result the managing director, who is also a sales manager,
improves the sales force performance by clarifying performance expectations, providing rewards consistent with performance, giving due praise and recognition, ensuring freedom from fear and worry and encouraging in the sales team a sense of doing a job that was worthwhile and valued.

6.2.5 Customer-focused store management

Section four of the questionnaire deals with store management in an effort to create value for customers by differentiating the firm’s value-added offerings from competition.

6.2.5.1 General fixtures of the store

Stores fixtures must be consistent with the overall image the retail distributor wishes to project. If a retail distributor wants the store to project a quality image, the display units themselves must be adequately spaced and accessible. Effective store design must appeal to the human senses of sight, sound, smell and touch (Hoffman et al. 2005:411). The paint store was reported by all respondents to be customer friendly, a kind of store where sales representatives and customers interact efficiently, productively, and where all customers receive a personalised service.

Although the store was reported to be small, the respondents emphasised that the store is able to give products and services to large customers, such as body repair centres for Mercedes Benz, General Motors, Volkswagen, to name just a few, and any customer that enters the store
would always be treated as number one. The store is not a self-service; all customers receive personal attention from the sales person in charge.

6.2.5.2 Retail distribution strategy

In chapter three it was stated that in the retail distribution sector, strategy is about corporate survival and prosperity in a changing business environment. It is about environmental analysis and an identification of those factors critical to success as well as recognition and building of corporate competences. Finally, developing, maintaining and communicating strategic direction to staff, to customers, to competitors are critical (Fernie, Fernie & Moore 2003:70). The fore-mentioned consideration was found to be in line with the strategy of Popular Paints which is to ensure that the business is broadening its market coverage by identifying their target market and then determining the specific retail mix that is customer-oriented and would appeal to their target market. The respondents explained that the ultimate measure of the success of the firm’s retail distribution strategy can be seen from its effects on organisational performance which is clearly understood by everyone in the organisation and applied to enhance financial performance.

6.2.5.3 Attracting new customers and retaining existing ones

The starting point to get customers into the store is the store’s image in the mind of the consumer. A store’s image includes the merchandise carried in the store, along with the retail distributor’s promotional activities, customer service and support systems, the sales force, and the physical
appearance of the store itself (Theodor & Paula 2008). Statements from
the respondents were open and set the tone for comments like “If you wait
for the customers to come into the store, you will get the last, but if you go
out there to fetch for them, then you get the best”. The notion of going to
the field to search and find customers motivated the salespeople and
encouraged prospective customers to purchase additional products not
normally purchased.

In order to attract new customers, the strategy of the firm went beyond just
going out into the field to search and canvas new customers, it included
doing experimentations and demonstrations showing that the products
that are sold were superior and offered added value to the customer, the
firm would guarantee to potential customers excellent service. With many
years of experience in the automotive refinishing, management and their
sales force have realised that if they want to keep the existing customers,
they must ensure that they satisfy them optimally and offer unconditional
technical support and service.

6.2.5.4 Keeping stock on shelves attractive

It was reported by the respondents that in the automotive refinish industry
there was not much requirement for keeping stock on the shelves
attractive. The most important customer requirements were the quality and
service. The perceptions of staff and management have demonstrated
that different products on the shelves must be grouped according to their
popularity, brand names, and usage. While it was acknowledged that the
image of the store itself was the foundation of all automotive retail
distribution efforts, the store layout, presentation, and displays, creating a
consistent positive impression, quality products, well known and trusted brands were the most important reflections that showed novelty and excitement in the automotive coatings industry.

6.2.5.5 Implementation of category management

Category management, as outlined in chapter four, is a process of management and planning all stock keeping units (SKU) within a product category – in this case, automotive refinish paint – as a distinct business unit so that the store can optimally use a mix of brands and pricing from the consumer’s perspective (Aastrup, Grant & Bjerre 2007:524). Determining the retailer’s target market, which will be a particular socio-economic class, helps to determine the most popular brand of SKUs that should be stocked and promoted (Shimp 2007:514).

A specific viewpoint with regard to the asserted etiquette was that popular brands are displayed in front and treated as a distinct business account. Each salesperson concentrated on his/her own category of brands so that his/her expertise can be fully utilised on the specific competencies that are brand category specific. Different categories of brands are not sold as a package of products, because each one needs a different approach to service, they are instead treated as separate entities.

6.2.5.6 Keeping business to be market focused

In the process of orchestrating sustainable business development strategies, a market focus is required in order to know what technological
attributes to target in business development, how to define and configure the offering and how to resolve the many trade-offs that arise in the course of the business development framework (Chesbrough & Rosenbloom 2002:534). The respondents’ insights revealed that the automotive refinish market is more customer-driven than technology-driven, which makes customers to be at the top of the value chain, hence customer experience coupled with customer-focused strategy are the drivers of the firm’s market-focused strategy to deliver superior customer service through providing the ultimate customer experience. Ultimately, what matters in the automotive refinishing business is what the customer wants, not what technology wants to offer.

6.2.5.7 Keeping staff to be customer focused

According to Kumar, Venkatesan and Reinartz (2008:50) the strategic advantage of a customer-focused organisation is to create value for the customer and, in the process, creating value for the business – that is, a focus on dual value creation. Superficial testimonials provided by management in this regard were that customer focus starts with the top management of the business. The business’s culture is more than just an environment, market, vision or a mission statement; it is the way in which the staff members interact with customers.

Through extraordinary quality of customer-driven service and support systems, the firm’s staff members were kept to be customer focused by a set of beliefs that puts the customer’s interest first, including their attitude towards the customer which has always been consistently exceeding the customers’ expectations. The firm’s value creators such as positive
attitude towards the customer, respect, integrity and teamwork helped the firm to build customer trust, strengthen the relationship, and add value to both the customer and the business. Through being customer focused, the firm opened up several opportunities to develop favourable customer impressions. The goal of all these interactions is to increase customer retention and loyalty, which ultimately could lead to repeat business and appointments.

6.2.5.8 Management of the customer support structure

The respondents have perceptively claimed that one of the most important strategies for creating a competitive advantage in the automotive refinish market was the delivery of high-quality technical service and support because customer service and support systems represent a key element of the retail distribution strategy for maintaining a sustainable competitive advantage, even during difficult economic times.

The respondents further stated that the customer support structure must result in customer satisfaction. Thus, to increase customer satisfaction, while minimising the costs, the firm always tries to find an acceptable solution to the customer’s problem by a courteous competent sales representative in the shortest possible time.

The principle of the firm was therefore to train, train and re-train their technical staff so that they were always competent. One of the competitive advantages of the firm’s sales force was that they support each other when dealing with customers. If one of the sales consultants does not have the skill and knowledge for a specific problem dealing with the
customer, then such a sales consultant would contact one of the other experienced sales consultants to come and help. An outstanding factor in the firm’s team approach was evidenced through the remarkable measure of cooperation and collaboration of the firm’s technical sales team members.

6.3 SUMMARY

The findings presented in this chapter were an analysis of raw data collected through in-depth interviews where the respondents were asked about their understanding of the underlying reasons and motivations regarding the firm’s sustainability framework from their point of view. Responses received have been tabulated and subsequently analysed. Details of these responses have been documented in this chapter.

The next chapter will discuss the interpretation of the main findings of the study in an endeavour to construct a comprehensive theoretical model that will indicate the key drivers to promote, improve and facilitate the sustainability of business development strategies of the automotive refinish retail distribution sector.
CHAPTER 7

INTERPRETATION OF THE EMPIRICAL INVESTIGATION AND THE DEVELOPMENT OF A MODEL

7.1 INTRODUCTION

Business organisations can no longer take an existing competitive advantage for granted and that it could be sustained in the long term automatically. Traditional approaches to sustainable competitive advantage are no longer sufficiently adequate to address challenges facing current business complexities. In order to be successful, organisations therefore need the knowledge, energy, creativity and innovation to achieve the envisioned results (Fontannaz & Oosthuizen 2007:9).

The primary step in designing this study, as discussed in earlier chapters, comprised a literature review, which covered a theoretical development of sustainable business development strategies of the business under investigation, and the empirical study which discussed the research design and methodology.

In this chapter, the research findings of this study will be examined and interpreted in an attempt to provide insights into the development of a comprehensive model for business sustainability of automotive refinish paint distributors.
7.2 INTERPRETATION OF THE EMPIRICAL INVESTIGATION

The following constitutes the interpretation of the empirical investigation for this study:

7.2.1 Internal business environment

The fundamental competitive edge of the automotive refinish paint distributor of this study appeared to be associated with a holistic strategic thinking of its stakeholders, including systems such as effective sales strategy, assessment of technological advancements, systematic analysis of market direction, on-the-field demonstrations, and an in-depth study of customer-specific requirements.

One of the characteristics of the management of the automotive refinish paint distributor is that they are team focused, with strong leadership qualities. Performance appraisals within the firm were done to diagnose the employee’s relative strengths and weaknesses so as to determine a suitable plan to address such weaknesses and exploit their strength. This generally was a continuous follow-up process to ensure that employees stay on track with their objectives and indicates the steps each employee needs to take in order to achieve them. In order to improve the performance of employees, the management’s responsibility was to provide coaching and training.

Performance and remuneration management issues for sales consultants and other senior staff members were seen to be taken seriously by management. However, for the floor employees performance management appeared to be on an informal basis, with remuneration
being in accordance with the level of responsibility. Although according to the management every employee was regarded as an important asset to the business, some of the employees, especially those on the floor level, felt that their innovative ideas were not implemented promptly and when they got implemented eventually, the recognition rarely was given to the initiator. All this suggested that there were gaps on the firm’s performance, recognition and remuneration management system which might require attention.

Technical knowledge and support systems that included quick response time to solve customer problems were seen as a central base for achieving a competitive advantage across various levels of the business. The firm’s strategies to support their competitive advantage were centred on improving its added value on technical support.

7.2.2 Strategy management

It was evident that the firm’s strategy for competitive advantage was an all-inclusive service offering and a complete technical support was available to all customers. In order to support this competitive advantage, an operations-oriented approach aimed at continuously striving to improve on products or services given to customers appeared to have created a strong fit between strategy and organisational capabilities. There was also a strong fit between the internal operating systems and the organisation’s work climate which made it difficult for the competition to copy. The firm’s business strategy was found to have been developed to satisfy customers by giving them innovative and cutting-edge technology-driven products, together with undeniable technical services.
It emerged from the empirical study that the collaborative management framework within the firm was designed to exploit core competencies by breaking down a firm's value-creating processes into strategically relevant activities in order to understand the behaviour of costs and the sources of differentiation. This strategic method was used as a tool for identifying techniques to create more customer value so that the firm could gain a competitive advantage.

In respect of innovative, creative and proactive business development strategies, it was generally acknowledged that innovation management within Popular Paints focused on the systematic processes that the firm uses to develop new and improved products, services and business processes. It involved exploiting those creative ideas of the firm’s employees and utilising them to deliver a steady flow of profitable new innovations to the marketplace, speedily and efficiently. Innovation and communication sessions were regarded by all employees and management to be motivational as they stimulated enthusiasm in the business and set parameters as to how the business should move forward.

### 7.2.3 Sales and customer management

It was evident from the empirical results that Popular Paints is a sales driven organisation. The firm’s business existence is all about selling. The sales consultants were recognised as the most valuable assets in the organisation. The main role of the firm’s sales force was found to include building trust with customers, show commitment and gain confidence
through consistent follow-up and communication with the customer, as well as travelling to customer locations to maintain products that require personal attention. Part of the sales consultants’ jobs also included marketing and selling a selected set of branded products, obtaining information about customer needs, developing strategies on how to satisfy them, building customer relationships as well as to provide high quality personalised customer service and technical support to all customers.

The automotive refinish coatings business appeared to be based on three principles, namely, quality, service and costing. In order to fulfil the above mentioned requirements, a holistic approach of knowledge-based sales driven strategies where all sales and technical specialists had to make an intense effort in engaging the customer, analysing customer needs, and turning objections into a communication platform, was found to be one of the reasons for a successful execution of the firm’s sales strategy.

Decisive interactive customer relationships, highly effective communication between management and employees and extensive face-to-face interaction with customers were all found to have provided the foundation for the firm’s efforts to profitably serve their customers’ unique needs. In the automotive refinishing business, customer relationships were considered to be the business strategy that aims to understand, anticipate and manage the needs of the firm’s current and potential customers with the aim of building lasting customer confidence, close personal relationships and loyalty.
7.2.4 Customer-focused store management

Although in the automotive refinish industry there was no real obligation to keep the store and inventory attractive, there was a strong feeling that the store’s image, which included the merchandise carried in the store, along with the retail distributor’s promotional activities, customer service and support systems, the sales force, and the physical appearance of the store itself were the main contributors towards attracting new customers and retaining existing ones, especially in the case of the do-it-yourself enthusiasts. The foundation of all automotive paint retail distribution efforts, the store layout, presentation, and displays, creating a consistent positive impression, quality products, as well as famous and trusted brands appeared to be the most important reflections of novelty and excitement in the automotive refinish industry.

A customer-focused strategy that puts the customer’s interest first is indisputably one of the most important strategies that drive a firm to earn customer respect and establish integrity. It was revealed by the empirical study that in a customer-driven automotive refinish industry, the ultimate goal of every business is to innovatively fulfil customers’ unique requirements, and then provide an incontestable customer service together with ongoing support systems, because together they represent a key element of a retail distribution strategy for maintaining sustainable competitive advantage.

In order to synchronise the main findings of this study, a comprehensive business sustainability model was formulated and developed in an effort to integrate business management tools for a business sustainability framework for the automotive refinish paint distributors.
7.3 MODEL BUILDING

A model is described by Ford (2009:2) and Pidd (2009:8) as a substitute or representation of a real system. Models are thus used when it is easier to work with a substitute than with the actual system. Cooper and Schindler (2006:48) further contend that models differ from theories in that the role of theory is to explain, whereas a model's role is representation.

Descriptive, predictive and normative models are found in academic research. Descriptive models are used frequently for more complex systems. They allow the visualisation of numerous variables and relationships. Predictive models forecast future events and normative models are used mainly for control and information about what actions should be taken (Cooper & Schindler 2006:49).

Models are developed through inductive and deductive reasoning which form an integral part in drawing accurate conclusions about business decisions (Cooper & Schindler 2006:49). Models may be static, representing a system at one point in time, or dynamic, representing the evolution of a system over time. In this study, the model for sustainable business is developed from the integration of three unrelated models, namely, the productive thinking model, the innovation model and the sustainability model. Although the three models appear to be unrelated, the systematic combination of their outputs would yield a comprehensive innovative model for a sustainable business in the automotive refinish industry.
7.3.1 Productive thinking model

Hurson’s (2008:92) six-step, productive thinking, problem-solving and opportunity-finding framework (Figure 8.1) relies upon the creative problem solving process (CPS). It is designed to incorporate creativity techniques such as brainstorming and lateral thinking as needed. Consequently, with productive thinking, Michalko (1998:3) asserted that one generates as many alternative approaches as one can, considering the least as well as the most likely approaches.

Figure 7.1: The productive thinking model

(Source: Hurson 2008:92)
According to Hurson (2008:92), the steps to be followed in using the productive thinking model are as follows:

Step one (What is going on?); an issue is identified and explored in terms of its causes, effects, stakeholders, and other defining characteristics. This information is then used to generate a series of possible targets for further work in subsequent steps of the model.

Step two (What is success?); criteria for evaluating potentially successful resolutions to an issue are determined.

Step three (What is the question?); a long list of possible questions is articulated in this step.

Step four (Generate answers); long lists of ideas are generated. From these lists one or more solution alternatives are selected.

Step five (Forge the solution); the solution alternatives (outcomes of preceding step) are evaluated to create powered-up solutions.

Step six (Align resources); preliminary action plans and responsibilities are determined. The outcome of this phase is a platform for action.

The usefulness of the productive thinking model for this study is that it provides a platform to re-direct the organisation into a different mode of thinking and for creating new patterns of thinking in the automotive refinish industry by implementing innovative solutions through unexpected connections whereby the customer is at the centre of business strategy.
7.3.2 Innovation model

Innovation is driven by the ability to see connections, to identify opportunities and to take advantage of them. Equally important is the ability to determine where and how new markets can be created and grown (Bessant & Tidd 2007:6). Although innovation often involves a discontinuous shift – something completely new or a response to dramatically changed conditions – it most often takes place in an incremental manner, as shown in Figure 8.2.

Figure 7.2: Simplified model for innovation

(Source: Researcher’s own construct adapted from Bessant and Tidd 2007:20)

Success in innovation appears to be dependent upon two key ingredients, namely: technical resources and the capabilities in the organisation to manage them (Amidon 2003:8; Tidd, Bessant & Pavitt 2005:80; Bessant & Tidd 2007:10). It is thus management’s responsibility to ensure that
technical resources and capabilities in the organisation are managed efficiently to promote an innovative thinking environment.

For this study, the integration of the innovation model into the business sustainability model will provide a sustainability framework that is appropriate, useful and actionable. Innovation was identified during the empirical study to be a critical factor in bringing enthusiasm into the organisation and set parameters as to how the business should progress towards sustainability.

7.3.3 Sustainability Model

According to Dyllick and Hockerts (2002:130), the concept of sustainable development was introduced into the environmental debate as an expression of the interdependence between the three systems identified as basic to development; the economic system, the social system, and the environmental system. As a result, the most popular model for sustainability, based on the environmental perspective, comprises of three overlapping circles – as shown in Figure 7.3.
The traditional sustainability model integrates environment, economy and society as the main components, however business models for sustainable development intend to deliver economic, social and environmental benefits; the three pillars of sustainable development based on key business factors such as the market, people, and customers. In this study, the importance of the three overlapping circles model for sustainability is that it provides a three dimensional framework for adopting an innovative, creative and proactive concept of building a sustainability strategy, whilst aiming to accomplish innovative management processes that focus on long-term profitability and survival.
7.4 THE MODEL FOR A SUSTAINABLE BUSINESS

At the centre of any business model is the firm’s value proposition, the products and services that yield tangible results for the firm’s target customers. Hence, a business model must create a heuristic logic that connects technical potential with the realisation of economic value (Chesbrough & Rosenbloom 2002:529).

The model for a sustainable business, as shown in Figure 7.4, identified three building blocks of sustainable development architecture, namely key basic factors, key strategies and key support functions. These building blocks would enable the organisation to be in a good position to cope with the ever-changing market-driven customer demands.

7.4.1 Key basic factors for business sustainability

The key basic factors of sustainability in the automotive refinish industry that are illustrated by the model, as depicted in Figure 7.4 are the market, whereby the business is engaged in exchange; a customer who is the main source of value; and people (human resources) who are the main assets of any business.
Figure 7.4: Model for sustainable business

(Source: Researcher’s own construct)
7.4.1.1 The market

A market-focused business is one that creates and sustains customer choice, loyalty and market share, as well as all of its processes and tools to continuously focus and re-focus on vital business development opportunities that create long term customer value.

Since a market is any institution or variety of institutions that facilitate the buying, selling and trading of goods and services. Market focus relates to an ‘outside in’ approach to understanding and gaining insight into the overall market trends thereby providing information regarding the achievement of producing superior customer value. A market focus is required in order to know what technological traits to target, how to define and configure the offering and how to utilise the many exchanges that arise in the course of business development framework.

7.4.1.2 People

People, specifically employees, are the most important asset of any business; thus effective managers know that they must understand their employees and what motivates them. People drive customer loyalty and are at the heart of a profitable relationship between a business and the customer; hence, the purpose of including people in the business sustainability framework is to establish an inclusive bureau that energises the people who fuel a firm’s growth and development.

A sustainable business could thus be the one that is built on committed and productive management that is continuously adding competitive
advantage by focusing on hiring the best, keeping the best, and continually improving the skills and capabilities of individuals and teams.

7.4.1.3 Customer

The purpose of any business is to create and keep a customer. Customers are the business’ major source of income and are thus the most important people for any organisation. The intention of any organisation is to fulfill the needs of the customers.

Businesses need to build their own capacities and strategic relationships with profitable customers. Building profitable customer relationships are at the core of an effective CRM-focused strategy, because strong interactive customer relationships were proven to provide the foundation for the firm’s efforts to profitably serve customers’ unique needs.

7.4.2 Key strategies for business sustainability

Strategy is the collaborative and conscious behaviour which people in organisations exhibit in an effort to ensure sustainable organisational survival, therefore discussions of strategy must begin with reference to the market. Thus, the task of developing and executing a business strategy is the heart and soul of managing a business enterprise and achieving success in the market place. The central thrust of a business’ strategy is performing actions to strengthen the business’ long-term competitive position and financial performance.
The model indicates that implementation of a sustainable business development strategy requires managers to develop a combination of different functional strategies that focus on the right brand and the right sales force. The reason for this strategic approach is that innovative strategies, which are aimed at turning consumers into loyal customers, provide benefits to customers.

While the potential to create a competitive advantage at the corporate level lies in the development of innovative products and processes, including conducting innovation-driven business strategies. The model further illustrates that an integrated and coordinated corporate strategy that focuses on innovative technical services and support systems that cannot easily be duplicated by the competition, is an ultimate goal for sustainable business development.

7.4.3 Key support functions for business sustainability

The key support functions for sustainable business involve the building of sustainable relationships between people within an organisation, and between people and their customers. To do this, the most important outcome of a sustainable business development strategy for creating a competitive advantage in the automotive refinish market must be the delivery of an all-inclusive customer service and technical support system.

Customer service and support systems represent a key element of the automotive retail distribution strategy for maintaining a sustainable competitive advantage. At the heart of building long relationships with profitable customers is the quality of customer service. Through
extraordinary quality of customer service, the automotive refinish paint distributors can leverage differentiated services to provide a superior customer experience that can build brand loyalty and increase profits.

Within the context of the automotive refinish distribution environment, the first level of expected customer service and support systems are customer relationships. The innovative and cutting-edge technology-driven product offerings are all about attracting, retaining and enhancing customer relationships. Differentiation for any business is the ability to deliver superior customer service through providing the ultimate customer experience. Therefore, innovative technical services and support systems which as a consequence of using a concept of productive thinking for creativity, are expected to sustain long-term profitability and survival of the automotive refinish paint distributors.

7.5 SUMMARY

In this chapter, the interpretation of the main findings of the empirical study has been discussed. A comprehensive business sustainability model was then formulated and developed in an effort to integrate business management tools for a business sustainability framework for the automotive refinish paint distributors.

This chapter also provided an insight into the use of an operations-oriented approach aimed at continuously striving to improve on products and services offered by the firm. An integrated long-term sustainability framework of the refinish business was found to be associated with holistic strategic thinking of the firm’s stakeholders where the ultimate goal of
businesses in the automotive refinish industry was to innovatively fulfil customers' unique requirements.

The next chapter will conclude this research by integrating all the information from the preceding chapters and provide a summary, make the necessary recommendations and arrive at a conclusion.
CHAPTER 8

SUMMARY, RECOMMENDATIONS AND CONCLUSION

8.1 INTRODUCTION

In Chapter seven the interpretation of the main findings of the empirical study were outlined, and a comprehensive business sustainability model was formulated and developed in an effort to integrate business management tools for a long-term business sustainability framework for automotive refinish paint distributors. In addition, a combined long-term sustainability framework for the refinish business could be associated with holistic strategic thinking of the firm’s stakeholders where the ultimate goal of businesses in the automotive refinish industry was to fulfil customers’ unique requirements through innovative technical services and support systems.

Chapter eight is the final chapter of this study. This chapter is designed to integrate all the information from the preceding chapters and provide a summary, make the necessary recommendations and arrive at a conclusion.

8.2 SUMMARY OF THE STUDY

The main objective of the study was to establish whether the principles of marketing, business management tools and management of customer-
base could be applied as key drivers to develop innovative and creative tactics that could serve as viable solutions to sustain business development strategies of the automotive refinish paint distributors. In order to achieve the main objective, the following secondary objectives were proposed, namely:

- to establish the primary needs of customers of the automotive refinish paint industry;

- to investigate the innovative, creative and proactive approaches that are used in the automotive refinish market to sustain the business development strategies;

- to scrutinise whether the paint distributor use marketing principles, business management tools and management of the customer-base to sustain the business development strategies;

- to examine the different types of brands that are sold by the distributor, and whether they contribute towards promoting sustainable development;

- to analyse the effects of technical services and support systems on the sustainability of the automotive refinish retail distribution business; and

- to develop a comprehensive model that will indicate key drivers to promote, improve and facilitate the sustainability of business development strategies of the automotive refinish retail distribution sector.
In an attempt to accomplish the above research objectives through a well-defined methodical process of investigation and an extensive analysis, the study was divided into eight chapters.

**Chapter one** outlined the scope of the study. The context and the problem statement were expressed as well as the research design and methodology to be followed. The objectives of the research were clearly stated and the research questions specified. Lastly, an overview of the chapters that constitute this thesis was provided.

In **Chapter two** the theoretical perspective of the internal business environment as blueprint of the enterprise that would provide an extensive understanding of the organisation, and that could be used to align strategic business goals and objectives was examined.

In order to achieve this, Chapter two concentrated on the fundamentals of business management architecture where management was expected to create a favourable business environment that would facilitate the selection of appropriate strategic positions that are expected to increase the organisation’s value. This included motivating and leading employees by effectively directing them towards creativity, thereby enabling them to fulfil their individual growth and development desires and contribute towards achieving the goals and objectives of the organisation.

While true wealth could be created when new processes and systems are developed, it emerged in Chapter two that building and sustaining a competitive edge in the dynamic technological and market environment, require an understanding of the fundamentals of business and marketing concepts, where the customer is at the centre to the organisational focus,
including knowledge and the willingness to change. Knowledge and change management was thus thoroughly explored and discussed extensively.

**Chapter three** discussed customer-focused strategy management as a source of competitive advantage to promote sustainable business development strategies. In this chapter it was also demonstrated that it is the ability to attract consumers and turn them into loyal customers by using creative and innovative tactics that separates a good strategy from an excellent one.

In addition, special mention was made of customer focus or customer centricity that is of prime importance to the organisation, and the most significant managerial task in any enterprise is first to identify the needs and wants of the consumer and then to ensure that its operations are geared to meeting those requirements profitably.

In **Chapter four** a multidimensional concept of brand equity that is moulded for a specific customer base to enable the business to operate efficiently and provide service of higher-value, was observed.

Furthermore, this chapter discussed the importance of personal selling as the interpersonal arm of the promotion mix with two-way communication to align the prospective customer, the salesperson’s knowledge and capabilities with the overall organisational sales strategy, to achieve the desired outcomes. The chapter concluded by examining how to enable businesses in the automotive refinish market to select appropriate strategic positions of brand building, where brand equity and brand loyalty are expected to increase the organisation’s value.
The purpose of Chapter five was to discuss the research methodology, which included research paradigms, sampling methods and measuring instruments. Reliability and validity were also discussed in this chapter.

The methodology used in the study was qualitative in nature. The decision whether to follow quantitative hypothesis testing or to adopt the interpretative social science approach of qualitative analysis was resolved by applying the usefulness of the outcomes to the problem under consideration.

The case study method was used for this study because most case studies use a qualitative approach, and the primary advantage of the case study was that an entire organisation or entity could be investigated in depth with meticulous attention to detail. This highly focused attention enabled the researcher to carefully study the order of events as they occurred and to concentrate on identifying the relationships among functions, individuals, and operations of the firm – Popular Paints.

In Chapter six the research findings of this study were reported on. Through applying a comprehensive qualitative method of data collection and detailed analysis of presuppositions, suggestions, swiftness, pitch and tone to describe, reflect upon, and understand experiences of the selected respondents, responses received were tabulated and subsequently analysed.

In Chapter seven the research findings of this study were examined and interpreted in an attempt to provide insights into the development of a
comprehensive model for business sustainability of the automotive refinish paint distributors.

This chapter also provided insight into the use of an operations-oriented approach that was aimed at continuously striving to improve products and services offered by Popular Paints. An integrated long-term sustainability framework of the refinish business which is associated with holistic strategic thinking by the firm’s stakeholders and where the goal of businesses in the automotive refinish industry is to innovatively satisfy customers’ unique requirements, was also established.

Chapter eight concludes this research by integrating all the information from the preceding chapters and provide a summary, make the necessary recommendations and arrive at a conclusion.

8.3 RECOMMENDATIONS

After conducting the empirical study in Chapter six and presenting the results together with the model for business sustainability in Chapter seven, a brief discussion of the recommendations for the study will follow in the next sections:

8.3.1 Internal business environment

The business environment in the contemporary automotive refinish industry is dynamic in that it keeps on changing whether in terms of technological advancement, shifts in consumer preferences or entry of new competition in the market. In order to keep up with such changes,
businesses need to select appropriate strategic positions that are grounded in a well-developed strategic mix based on satisfying customer needs, so that the firm’s resources and capabilities can be optimised to produce distinctive competencies.

The concept of sustainable business development that is designed to lead to a long-term profitability and survival must be integrated both into business planning and into management information and control systems of the automotive refinish distributor. This would enable the internal operating systems of the automotive refinish distributor to respond appropriately to economic, environmental and social responsibilities in order to establish its long-term market position.

Systematic analysis of market direction and an in-depth study of customer-specific requirements require that businesses in the automotive refinishing trade make the necessary creative changes to their corporate strategic plans to sustain long-term survival. Therefore, the organisational strategic mix needs to remain synchronised with developments in the general automotive refinish environment which is marked by frequently changing environmental forces.

The mutual co-ordination of individuals’ efforts and relations within the firm is an important requirement for a business. The relationship among the people working at all levels in the organisation should thus be cordial and productive. A team-focused management style that supports the productive engagement of employees in creative processes is important to facilitate open communication that builds relationships within the firm. Such relationships should be coordinated at all levels and all functions of
the organisation in order to become part of the firm’s culture and to ensure that the organisation is appropriately balanced.

The firm’s performance, recognition and remuneration management must be properly defined and documented. This would enable management to be consistent as well as communicate their expectations regarding employee performance and be able to provide feedback to all employees with regard to performance appraisals.

8.3.2 Strategy management

The management approach that is designed to assist, coordinate, unify and integrate the business’ decisions to achieve goals and objectives of the firm, would not only cause the firm to gain and sustain a competitive advantage, but it would also serve as a strategic tool for identifying ways to create increased customer value in the customer-driven automotive refinish industry. It is therefore recommended that such strategic tactics be implemented on at levels of the firm in the automotive paint distribution industry.

In order to satisfy customers, automotive refinish paint distributors should provide customers with innovative and cutting-edge technology-driven products. This approach allows the firm to customise its products to targeted customer segments and customer groups resulting in maximising their total customer satisfaction. It is thus proposed that the firm’s strategy for competitive advantage should include breaking down a firm’s value-creating processes into strategically relevant activities that are developed
to provide an all-inclusive service offering and a comprehensive technical support system.

The application of concepts such as productive thinking, creativity and innovation is strongly recommended for businesses within the automotive refinishing industry. These concepts would provide the basis for the firm to achieve decisive advantages through unexpected connections and to unleash potential opportunities that would not have been anticipated. In order to discover profitable new innovations in the marketplace, speedily and efficiently, the automotive refinish paint distributors must adopt an innovative, creative and proactive multidimensional approach to building sustainability strategies, whilst aiming to accomplish innovative management processes. It is therefore important for the management of the automotive paint distributors to recognise innovation management as a strategy that could be used to improve or develop new products, services and business processes.

8.3.3 Sales and customer management

Since the automotive refinish coatings business approach appears to be based on three variables, namely, quality, service and costing, it is recommended that the firm should provide their customers with the best possible quality products, excellent service, unquestionable technical support at reasonable prices, in order to be successful in this industry.

In the automotive refinish paint distribution industry some organisations are sales driven. For those organisations, it is recommended that sales consultants be at the centre of the firm’s value adding process. This
entails that sales consultants build trust with customers, show commitment and gain confidence through regular follow-up and communication with the customer, as well as travel to customer locations to maintain any products that may require personal attention.

Strong interactive customer relationships, effective communication between management and employees and extensive face-to-face interaction with customers are all building blocks of the firm’s unique competencies that provide the foundation for the firm’s efforts to profitably serve customers’ unique needs.

8.3.4 Customer-focused store management

There is strong evidence that, in order to survive in the customer-driven automotive refinish industry, the business should first determine the most popular brands to stock and promote, then develop a business strategy that would focus on those opportunities that are available in that specific market which would benefit the firm the most. Thus, as a remedy for survival, the refinish paint distributors should encourage their staff to be both market-focused as well as customer-focused in order to benefit optimally from such customer-driven market opportunities.

The primary goal of business in the automotive refinish industry is to innovatively fulfil customers’ unique requirements, thus in order to fulfil customers’ unique requirements, the automotive refinish paint distributor should deliver high-quality technical service and support systems that are developed for a specific customer-base. This strategic approach is
proposed as a key element of the automotive refinish paint distribution strategy for maintaining a sustainable competitive advantage.

The recommendations made in this thesis, if properly applied and implemented, could lead to a tailored multi-dimensional approach that would result in customers’ functional and emotional satisfaction. This could become a new business management approach in the automotive refinish industry.

8.4 MANAGERIAL IMPLICATIONS

Different creative and innovative approaches work differently for different organisations even for those in the same industry. However, all-inclusive and forward-thinking managerial systems that are developed for a specific customer-base could enable organisations to find new opportunities that would significantly bring added value to customers.

At the same time, the requirements for productive thinking, creativity and innovation have increased significantly over the past few decades, as indicated in the literature review, with emphasis on creating value for customers. The driving forces behind such necessity have made many conventional business practices in the refinishing industry seemingly incapable of dealing adequately with the rapidly changing and unpredictable business environment. In order to survive and thrive in such a complex automotive coatings landscape, it has become necessary to create new relationships and new business management tools with diverse constituents in the socio-cultural business system that includes
employees, partners, suppliers, competitors, and most importantly, customers.

Moreover, the application of knowledge, creative ideas, skills and expertise among such associates could increase the sources of competitive advantage in the automotive refinish industry whereby organisations can create new value propositions that would enable them to establish new strategic positions. In addition, the concept of brand value has been highlighted as a multidimensional concept through which individuals and organisations understand the nature of their business.

In summary, the different types of strategic mixes described in this research provide a systematic market-driven platform for business innovation to take place. By overcoming the internments of conventional automotive refinish industry, consumer and business markets, geographic and individual stores, particular managerial decision-making processes could assist organisations to respond to the constantly changing environment. These managerial decision-making processes serve as catalysts in facilitating, expanding and creating new products and services, and value chain capabilities which have been identified as the driving force for sustainable business development strategies.

In the context of the automotive refinish paint distributors, the perspectives of this study concurs with Suciu, Ivanovici and Neagu (2009:1315) who suggested that creative and innovative management helps businesses to create processes that facilitate the transition from mind to market and from ideas to cash. This new type of management does not replace the traditional departments and processes that exist in the organisation to
create new products, services or business strategies. It represents an additional tool to better carry out regular activities.

8.5 AREAS FOR FURTHER RESEARCH

Further research regarding this topic can be extended to include all manufacturers of automotive original paint so that the same approach could be used in the case of the original automotive car makers.

This research identified the need to streamline the basic building blocks of a sustainable business to include customers’ specific requirements.

Towards business sustainability, further research is needed to identify critical success factors to achieve long-term survival in the general automotive paint industry.

8.6 CONCLUSION

The competitive business landscape is continuously changing due to technological developments and advances in science. The ability of people to understand the fundamentals of transformation from previously exclusive domain knowledge to unambiguous, codified and replicable knowledge significantly changes the competitive scene.

As a first step in exploring this research, a theoretical framework for the conceptualisation of a business sustainability profile was established and a methodological framework was applied to the concept that the customer
is of prime importance to the organisation. The most significant managerial task in any form of business is first to identify the needs and wants of the consumer and then to ensure that its operations are aligned to meeting these requirements profitably.

The methodology applied in this study provided an objective and clear perspective of a philosophical approach to examining whether the qualitative nature of the case study approach is an appropriate mechanism to investigate, explore and explain innovative, creative and a proactive approach to ensure that the findings of the study would yield tenable theories. In addition, it was expected that the empirical findings of this study would be holistic in incorporating a number of variables. However, the findings indicated that the case study method used in this investigation made it possible to describe the activities that led to the competitive advantage of Popular Paints in sustaining its business development.

The study also found that whether or not sales consultants are the prime source of almost all marketing activities for Popular Paints, as outlined in Chapter six, the effectiveness of any marketing activity ultimately depends on how well they are executed and managed by each of the paint distributors within their businesses.

The significance of these findings from the empirical research is that, they facilitated an understanding of the unique qualities and competencies of a specific refinish paint distributor in terms of decision making regarding implementation of change processes within an organisation. Since this empirical research demonstrated a significant relationship between strategy and organisational capabilities, and between internal operating
systems and organisation’s work climate that is difficult for the competition to copy, the role of the leadership style, motivation, knowledge and change management should also be taken cognisance of.

While this study investigated whether business management structure, marketing principles and management of the customer-base could be applied to promote business development strategies of the automotive refinish paint industry, it is worthy to acknowledge that the results from the study show that the traditional management approaches could no longer suffice in addressing the challenges of the automotive refinish business complexity. For this reason, productive thinking which leads to creativity is relevant; because creativity is the basis of innovative knowledge. Innovation is the embodiment of creativity. Creativity and innovation are supportive of each other.

From the research results, conclusions could therefore be drawn that the concept of productive thinking and creativity could be utilised in formulating and developing business strategy that could possibly be applied to yield a personalised customer service and support system to equip management with the necessary skills to build long-term profitability and survival of the automotive refinish business.

The model developed in this study indicates the building blocks of a sustainable business for the automotive refinish paint distributors; it shows the interrelatedness of key basic factors, key strategies and key support functions, all of which are expected to yield long-term profitability and survival of the automotive refinish business. It could therefore be presumed that most of the successful businesses would probably have similar parallels to the empirical findings of this study. However, there is
little research in the automotive refinish industry to provide such a data, more quantitative research is thus required in this regard.

From an economic perspective, this thesis emphasises that the long-term profitability framework of an organisation, where innovative technical services and support systems become organisational culture, needs to be incorporated into the policies, procedures and processes of a business if it is to follow sustainable business development principles. This does not mean that new management methods need to be invented. Rather, it requires a new customer-based approach to manage automotive refinish paint distributors, and an extensive refinement to systems, practices and procedures.

Using all the information gathered in this study, it could therefore be concluded that personalised customer service and technical support systems are the key sources of competitive advantage applied by the automotive refinish paint distributor to sustain its long-term successful business operations.
LIST OF SOURCES:


Herbst, F.J. & Forrest, C.L. 2008. The drivers influencing the relationship between sales representatives and customers and the impact this


Van Zyl, H.J.C & Mathur-Helm, B. 2007. Exploring a conceptual model, based on the combined effects of entrepreneurial leadership, market orientation and relationship marketing orientation on South Africa’s


Questionnaire

SECTION 1: Internal business environment
2.1 Describe your firm’s vision & mission? What do they entail?
2.2 Describe your firm’s goals & objectives.
2.3 What is your firm’s current market position?
2.4 What are your firm’s strengths?
2.5 What are your firm’s weaknesses? How do you overcome them?
2.6 Describe the leadership style in your organisation.
2.7 How often, if at all, does your manager do your performance discussion?
2.8 What is the relationship across your firm?
2.9 What is the knowledge base across your firm?
2.10 How does your firm handle change within the business and in the market?
2.11 Any other issue you would like to comment about your firm’s internal business environment.

SECTION 2: Strategy management
3.1 Which market(s) are you competing on? Why?
3.2 Which of these markets do you excel?
3.3 What is your firm’s competitive advantage?
3.4 What do you do to support your competitive advantage?
3.5 Do you have innovation & communication sessions? If yes, what do you discuss there?
3.6 In what way do these sessions help your firm’s business strategy?
3.7 Does your firm implement any of the innovative ideas from employees? Explain.
3.8 Any other issue you would like to comment about your firm’s strategy.

SECTION 3: Sales and customer management
4.1 How do you market your products?
4.2 Do you understand your customer needs?
4.3 Name at least three things you do to satisfy your customer needs?
4.4 How do you segment your markets?
4.5 Who is your target market?
4.6 How do you position your products in the eyes of your customers?
4.7 Which are your most successful brands? Why?
4.8 How do you communicate with your customers? Is it effective?
4.9 How do you keep relationship with your customers?
4.10 What is the main role of your sales force?
4.11 How do you recruit, keep & compensate your sales force?
4.12 Any other issue you would like to comment about your firm’s sales and customer management.

SECTION 4: Customer-focused store management

5.1 Describe your store.
5.2 What is your paint retail distribution strategy?
5.3 How do you attract new customers and keep existing ones?
5.4 How do you keep your stock in shelves attracting?
5.5 How do you implement category management in your store?
5.6 What keeps your business to be market focused?
5.7 What keep your staff to be customer focused?
5.8 How do you manage your customer support structure?
5.9 Any other issue you would like to comment about your store

SECTION 5: Bibliography

1.1 Respondent’s Name (Optional).
1.2 How long have you been working in the firm (yrs).
1.3 What is your position in the firm?
1.4 Briefly describe your job
OVERVIEW OF POPULAR PAINTS

B1 GROWTH OF POPULAR PAINTS

Popular Paints is a market leader in the supply of automotive paints, consumables, equipment, tools and allied products for the automotive refinish industry in the greater Buffalo City, which includes King William's Town and East London, South Africa.

Popular Paints specialises in the supply of quality paints and related products coupled with advanced technical service. Their objective is to maintain high quality service and efficient support systems to create a competitive advantage for the business. Popular Paints is a retail distributor only and does not perform any manufacturing activities.

B1.1 Historical background of the firm

Popular Paints was founded by Ralph and Marge Knight in 1955. The business was acquired by Attie and Jenny Venter, the current owners, in 1978 and was registered under the name of (Ralarge Pty Ltd) in East London.

The staff members in 1978 were Attie, Jenny and Gladstone the shop assistant. The business grew quite rapidly and Attie asked his brother Andries Venter and wife Branch to join the business. They were part of the business for 15 years then acquired their own business in the Free State.
In the mid 1980's Popular Paints purchased Auto Lacquers Suppliers CC, an automotive business from Plascon Evans Paints, for further expansion. During this period Jenny’s sister, Pam Dauberman joined the business as a bookkeeper and is still with the business. Attie Junior joined his parents in 1990 and together they implemented a growth strategy of expanding further into the automotive refinishing business.

B1.2 Composition of the business

There are 16 employees in the business, excluding Managing Director. Attie Senior is the Managing Director of the business; his job includes heading sales staff, as well as the entrepreneurial operations. He also keeps a firm hand on the financial wellbeing of the business.

Attie Junior is the Operations Manager of the business; his job includes managing internal affairs, attending to pricing, tenders, computers, etc. and all other staff members report to him.

Jenny does stock control and general queries on a management level.

Pam heads office operations which include a counter sales person and two office clerks.

The firm has three sales consultants, for each of the three business divisions, namely automotive, industrial and wood coatings and five other workers.
Automotive refinishing refers to paint products applied to any motor vehicle subsequent to the initial manufacturing process. Due to the nature of the manufacturing process, the original equipment manufacturer (OEM) can apply coating products which are cured at high temperatures (e.g. 140 – 160 °C). However, once completely assembled (i.e. fitted with fabrics, plastics, rubber components, and possibly combustible petroleum products), finishes can not be cured at these temperatures. Thus, refinishing paint products must strive to be equivalent to OEM finishes but cure at ambient, or slightly higher than ambient (e.g. 60 – 80 °C) temperatures (Howe-Grant 1993).

Automotive refinishing includes operations in auto body repair/paint shops, production auto body paint shops, new car dealer repair/paint shops, fleet operator repair/paint shops, and custom made car fabrication facilities. Refinishing work typically consists of structural repair, surface preparation and painting.

B3 OVERVIEW OF THE AUTOMOTIVE REFINISH PAINT PRODUCTS

There are many different types of automotive refinish products that are available in the market. They differ in quality, price, appearance, durability, flexibility, etc. all of which are linked to the type of vehicle where they are applied. The following branded paint products, together with the brief explanation of their application, are sold by Popular Paints:
B3.1 Acryline

According to Freeworld Automotive Coatings (FAC) (2010), Acryline, as shown in Figure B1 has been the automotive coating of choice for South Africa’s leading commercial vehicle (CV) operators since 1985. Produced from top quality automotive resins and pigments, Acryline is easy to apply and can be air-dried or baked. An extensive toner range with built-in UV absorbers has been specifically formulated for use on large CV fleets.

Hardworking fleets using Acryline have demonstrated the product’s extreme durability, long lasting gloss and good scratch resistance while its ultra-smooth finish ensures low dirt collection and easy maintenance. Acryline has been approved by a number of leading CV manufacturers and offers a Five Year Warranty.

Figure B1: Acryline

(Source: www.freeworldauto.co.za)

B3.2 Cargoline

Cargoline is a superior quality, multi-purpose air drying enamel paint. Cargoline (Figure B2) dries very quickly and has a flexible, long lasting gloss
finish. Based on the highly specialised Plascon Alkyd resin, Cargoline has been formulated to show off its best colours outdoors. It provides added protection and the perfect enamel finish for commercial vehicles and other valuable equipment.

With Cargoline’s outstanding adhesive qualities, surface signs of wear and tear are easily restored. It is suitable for use on commercial vehicles, buses, chassis, trailers, general plant and machinery, farm implements, tractors and forklifts.

**Figure B2: Cargoline**

![Cargoline](Source: www.freeworldauto.co.za)

**B3.3 Flowline**

Formulated for use on multiple substrates, Flowline (Figure B3) is suited to a variety of automotive and light industrial applications. With exceptional flow properties, it is ideal for surfaces that require a durable, fast-drying and high gloss finish. Flowline is an affordable option for both the professional spray-painter and do-it-yourself enthusiast. It is suitable for use on motor vehicles, motorbikes and bicycles, spot repairs, luggage trailers, plant and machinery, kitchen cupboards and garden furniture, burglar bars and electrical boxes.
B3.4 Plascon 2K

The cost-conscious do-it-yourself (DIY) and informal refinishing sectors are always on the lookout for a product that will meet their every day refinishing needs. Plascon 2K (Figure B4) is a robust coating which has specifically been formulated for this market. Although suited to a wide variety of applications, at a reasonable price, there has been no compromise on Plascon quality.
B3.5 Mastermix Colourants Range

The Mastermix Universal range of colourants (Figure B5), are a series of colourants with target colour consistency across three different binder technologies such as Plascon 2K, Cargoline and Flowline.

Figure B5: Mastermix

(Source: www.freeworldauto.co.za)

The system comprises 13 colourants including 2 silvers (course and fine) with white and black available as finished products in all three technologies. Consequently, Mastermix colourants have the same application capabilities as the three binder technologies combined.

B3.6 Plascon Basecoat Range

This comprehensive range of Basecoats (Figure B6) provides refinishers with the ultimate colour matching capability to satisfy the needs of the passenger vehicle refinishing market. Economy, quality and colour accuracy were key factors in the development of this cost effective "New Generation" technology which comprises 7 Silvers, 15 Pearls and 32 Pigmented Toners.
B3.7 Touch-Up Custom Spray Solution

The latest innovative technology called Plascon Touch-Up paint repair system, as shown in Figure B8, offers a complete range of paint products in aerosol cans, from primers to 2K clearcoats. With this new system, as revealed by Msuthwana (2009:71), professional and cost effective paint repairs can now be carried out on small areas.

The system enables the paint distributor to fill into an aerosol can, any desired colour in the appropriate quantities. The aerosol filling technology unifies several patented innovations and excellent paint finishes can be achieved, which up to now would only have been made possible by using a spray gun.

(a) How the Plascon Touch-Up filling process works

The filling machine (Figure B7) is the heart of the system. Original car colour tones from the Mastermix mixing system are filled using the patented filling device, into a Plascon Touch-Up aerosol can that is equipped with a specific
propellant and solvent, depending on the paint technology that is required for the repair.

The mixed colour that is filled into the aerosol can originates using toners and colourants from the Mastermix mixing system and the can cap acts as a filling cylinder which indicates the colour that has been filled into the can.

Figure B7: Plascon Touch-Up filling machine

(Source: Adapted from www.freeworldauto.co.za)

(b) Plascon Touch-Up 2K Technology

Plascon Touch-Up 2K technology means two components – that is, paint and hardener in one spray paint can. The hardener is integrated in a separate compartment in the spray paint can. The hardener is activated or released with a push of a button and mixes with the paint material.
(c) Mobility and flexibility

Plascon Touch-Up spray paint products are ready for use at any time (in 2K products after they are activated). It is independent of spraying booths, spray guns, compressors and supply lines (e.g. electrical connections). Long setup (like cleaning, stirring and adding hardener) is completely obviated. Plascon Touch Up spray paint also frees up time in the spray booth where larger spray jobs requiring a spray gun can be carried out.

(d) Technology advantages

The following are some of the technology advantages of the Plascon Touch-Up spray paint:

- Plascon Touch-Up guarantees fast, effective and economical paint repairs.
- It is suitable for versatile applications, e.g. for motor vehicles, motorcycles, bicycles, commercial vehicles, agricultural and construction machinery, furniture making and woodwork, boats and yachts, as well as for industry and do-it-yourself (DIY).
- The entire painting process from priming, base and topcoat applications as well as clear coats can be completely carried out using the Plascon Touch-Up system.
- Up to 50% process costs are saved when compared to a spray gun.
- Products have outstanding chemical, weathering, corrosion and scratch resistance.
- No contact with paint, hardener, solvents and thinners.
- There are significantly less emissions through spray mists (overspray) and free isocyanates when compared to applications that use a spray gun.
- No comparable product quality is available on the market.
(e) System Advantages

The study of Msuthwana (2009:56) indicated that the Plascon Touch-Up spray paint system has the following advantages:

- Easy on the skin: No unnecessary skin contact with the paint and thinner;
- Safe: Does not pollute with solvents and cleaning agent vapours;
- Future-proof: Regardless of stipulations and regulations;
- Secure system: Optimally matched to the entire paint repair system;
- Universal: Suitable for solvent-based 1K and 2K systems;
- Saves time: The omission of all cleaning work saves time for that which is really productive;
- Highly compatible: Can be easily used with the Mastermix mixing system;
• Additional uses: The coloured cap, which is produced during filling, always indicates the filled coloured tone;
• Economical: Low investment costs that are quickly amortised and increase profits; and
• Cleaner: The operation is fast, clean and easy to use.

B3.8 Spies Hecker

According to FAC (2010), Spies Hecker (Figure B9), the Cologne-based paint manufacturer, celebrated its 125th anniversary in 2007. The organisation can look back on a long, eventful history that has had a major impact on the development of paint.

In 2010, Spies Hecker served over 160,000 customers in 55 countries. Its outstanding accomplishments in recent years include the ongoing development of the eco-friendly and economical waterborne, high solids and very high solids paints. Quick-drying ultra violent (UV) technology is also being researched and developed to produce more high productivity solutions for body-shops around the world.

Figure B9: Spies Hecker

(Source: www.spieshecker.co.za)
Spies Hecker is one of the world's leading suppliers for the vehicle refinishing sector. The paint systems adjust perfectly to suit the widest range of applications, working conditions, are easy to use and produce an optically brilliant result. All the Spies Hecker products undergo the strictest quality checks and conform to the highest industry standards (ISO 9001 and ISO/TS 16949:2002).

Top quality products and service are the Spies Hecker standard's and worldwide, all the paint systems and services meet the strictest standards. Every day refinishers face the challenge of producing a first-class finish for their customers. Yet the results achieved, can only be as good as today’s paint technologies make it possible.

It is the paint distributor's responsibility to ensure that customers acquire the best materials. Extensive know-how and exceptional commitment form the basis on which Spies Hecker develops tried-and-tested refinishing solutions for the refinish business. Solutions that help paint distributors meet the growing challenges of the market and remain highly competitive.

Both imported and locally manufactured refinishing paint product ranges are subjected to the highest quality standards, including ISO9001, ISO14001. Automotive refinishing paints are a top priority for leading car manufacturers, to ensure that their vehicles undergo professional repair. To guarantee top results and total customer satisfaction, most of these manufacturers have an approval system in place. This involves a regular and independent product quality and back-up service assessment of all the aspects involved in the refinishing of their vehicles.

The granting of approvals is a clear indication that the manufacturers have total confidence in the brand’s products and systems. Spies Hecker received approvals from 36 of the world’s leading motor manufacturers including:
Toyota, Ford, Mazda, Nissan, Hyundai, GM, BMW, Volkswagen, Daimler-Chrysler, Audi, Kia, and Peugeot, amongst others.

Spies Hecker refinishers are encouraged to set their sights on achieving Lifetime Warranty status - accreditation that opens the doors to a host of new business opportunities. Lifetime Warranty status offers a number of benefits for the refinisher, as customer confidence in both product and repairer will attract new customers and referral business.

Before receiving accreditation the business must pass a strict audit process. Only highly skilled automotive paint refinishers, who successfully pass the audit process, are permitted to award Lifetime Warranties to their customers.

Spies Hecker products are distributed through an established network of centrally situated approved stockists. The extensive distribution network ensures that all Spies Hecker users have convenient access to the full range of products and services.

**B3.9 Duxone**

Duxone (Figure B10), as documented by FAC (2010), is a comprehensive and versatile refinishing system that provides a wide variety of applications catering to most customers’ every need. From spot repairs or single panels, to complete re-sprays, the Duxone system promises to deliver results of lasting quality to ensure customer satisfaction.

The complete system consists of:

- Two Clearcoats: DX 42 (2K Universal Clear) and DX 44 (2K Fast Dry Clear) which provide a glossy finish.
• Two Primers: DX 61 (1K Primer Filler) and DX 62 (2K HS Primer) to prepare any surface for any finish.
• A range of 2K Topcoats offering solid colours with gloss durability.
• A range of Basecoats for metallics and pearls.
• A choice of activators and thinners that allow for fast application.
• Colour documentation and software to assist in achieving quality vehicle colour standards.

**Figure B10: Duxone automotive paint systems**

(Source: www.freeworldauto.co.za)

The Duxone automotive paint system allows for the following applications:

• Spot or panel refinishing that provides quality results;
• Easy to sand primers making short work of body preparation;
• Fast and dust free time-saving applications;
• Increased productivity and rapid job completion due to its ease of application and fast drying times;
• Easy polishing techniques; and
• Thousands of colours and several finishes to choose from for complete re-sprays.