THE EFFECT OF CONSUMER BEHAVIOUR ON THE DEVELOPMENT OF SMALL, MEDIUM AND MICRO MANUFACTURING ENTERPRISES IN WELKOM

Tefo Stephen Mokgatla

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Supervisor: **Dr. J.B. Duvenage, H.P.O.D., B.Com Hon, M.Com, Ph.D**
Co-supervisor: **Mr. A.B.M. Kolobe**

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I, <u>Tefo Stephen Mokgatla</u>, identity number ███████████ and student number <u>208063676</u>, do hereby declare that this research project submitted to the Central University of Technology, Free State for the Degree MAGISTER TECHNOLOGIAE: MARKETING, is my own independent work, and complies with the Code of Academic Integrity, as well as other relevant policies, procedures, rules and regulations of the Central University of Technology, Free State, and has not been submitted before to any institution by myself or any other person in fulfillment (or partial fulfillment) of the requirements for the attainment of any qualification.

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SUMMARY

In this study, the researcher employed literature review and an empirical study to:

- Establish the effect of consumer behaviour on the expansion of the small, medium and micro manufacturing enterprises (SMMEs) in Welkom.
- Determine the marketing strategies adopted by the manufacturing SMMEs in Welkom.

The Government of South Africa (SA) enacted the Small Business Act to assist small, medium and micro enterprises (SMMEs) to contribute to job creation in SA (Lotter, 2009: 53). Furthermore, the government established the Small Enterprise Development Agency (SEDA) in an effort to relate more closely to the SMMEs, so that they could contribute more meaningfully to the economy of the country by creating employment. In addition, the Umsobomvu Youth Fund and Youth Commission were established by the Department of Trade and Industry (DTI) to assist young entrepreneurs financially and non-financially to start and run sustainable small enterprises (South Africa. National Small Business Act 102, 1996: 3).

However, significant research done on SMMEs in SA found that they had made no meaningful contribution to job creation. This problem was in fact so serious that most SMMEs were shutting down, a problem which included SMMEs situated in Welkom (Lotter, 2009: 53). This research project therefore sought to investigate the possible sources of this shutdown of manufacturing SMMEs in Welkom. Many other researchers had investigated possible causes such as the effect of the lack of business management skills, the closure of local gold mines, etc. However, the effect of consumer behaviour (CB) as the possible source of this shutdown problem had not been investigated; hence, this researcher chose to investigate the effect of CB on the development of the manufacturing SMMEs in Welkom.

The research design firstly identified the manufacturing SMMEs as the population for the study and the sample subjects as their top managers and supervisors. The mixed method was employed. The researcher used literature studies, the qualitative approach and the quantitative approach as the mixed method. Data collecting instruments were the personal interview and self administered questionnaires. The researcher employed the random sampling method and, in particular the systematic sampling method, to select the respondents. A letter of permission was obtained from the Matjhabeng municipality to conduct this research project and the subjects were given letters of assurance for ethical consideration.

The aim of using literature studies was to determine the relevant model for this research study and to determine the findings of earlier researchers on this topic. The model was the theoretical foundation on which the research project was based. The model determined from the literature studies indicated that CB was influenced by internal and external factors. Examples of internal factors included perception, attitudes, learning, personality, and beliefs etc., while examples of external factors included family, marketing communication, friends, economic factors, etc. This model underpinned the empirical research conducted, and the interview and questionnaire items were based on the influencing factors outlined by this model.

The empirical research was conducted to relevant collect data that could assist to answers the following research questions:

- What are the effects of CB on the expansion of the manufacturing SMMEs in Welkom?
- What are the growth strategies adopted by the manufacturing SMMEs in Welkom?

Interviews with top managers were recorded on voice recorder and supervisors completed questionnaires. Qualitative data were transcribed from the voice recordings, themes were developed from the transcripts and descriptive statistics were used to

analyse the themes. Data from the quantitative method were analysed through the social package for social sciences (SPSS), employing descriptive statistics to determine the findings.

The analysis for quantitative data was represented by cumulative frequency distribution tables for each option of the questionnaire items, while the analysis for qualitative data was represented on a template for data coding and also compressed into frequency tables. The study's findings both from literature studies and from empirical research revealed that negative attitude, economic situation, cultural changes and improved education level of consumers resulted in non development of the manufacturing SMMEs in Welkom. The interview with the top managers further revealed that there was lack of specific marketing strategies adopted by the managers.

Therefore, it was shown in this study that the effect of CB on the development of the manufacturing SMMEs in Welkom was non development.

KEYWORDS

LIST OF ACRONYMS

ASA	Advertising Standard Authority
ATM	Automatic Transaction Machine
BEE	Black Economic Empowerment
CB	Consumer behavior
CF	confer
CIPRO	Company and Intellectual Property Registration Office
CR	Conditioned Response
CRM	Customer Relationships Management
CS	conditioned Stimulus
CUT	Central University of Technology
DEME	Direct External Macro Environment
DTI	Department of Trade and Industry
EDU	Enterprise Development Unit
eTV	Electronic Television
FCB	Foot, Cone and Belding
FIFA	Federation of International Football Association
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
IDC	Industrial Development Corporation
IEME	Indirect External Macro environment
IMC	Integrated Marketing Communication
IS	Information Systems
ISS	Information System Strategy
ICT	Information Communication Technology
LSM	Living Standard Measure
NMAC	National Manufacturing Advisory Centre Co-coordinating body
NEF	National Empowerment Fund
PLC	Product Life Cycle

Rm	Million Rand
ROE	Return on equity
ROI	Return-On-Investment
SA	South Africa
SAARF	South African Advertising Research Foundation
SABC	South African Broadcasting Corporation
SEDA	Small Enterprise Development Agency
SMART	Specific, measurable, Attainable, Realistic and Time bound
SMMEs	Small, Medium and Micro enterprises
SPSS	Statistical Package Social Science
SRCB	Stimulus-Response Consumer Behaviour
SWOT	Strength, Weakness, Opportunity and Threat
TEO	The Enterprise Organisation
TV	Television
UCR	Unconditioned Response
UCS	Unconditioned Stimulus
USA	United States of America
VLC	Venture Life Cycle

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CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1   INTRODUCTION

The ultimate goal of most small, medium and micro enterprises (SMMEs) is to develop into large sustainable entities which may contribute to the economy of South Africa (Lotter, 2009: 53). Conventionally, this is be achieved by satisfying the needs, wants and demands of consumers and by meeting the economic principle of SMMEs, namely that of maximising income and minimising costs. However, Stokes and Wilson (2010: 229) contest that not all people start ventures with the aim of developing the venture into a large business, but start it as a „lifestyle', and have no aim to employ more labour, something which becomes a challenging issue for policy makers.

Therefore, SMMEs must provide quality goods and services to the consumers and must do so conveniently, dependably and with a very short order lead time (Zimmerer, Scarborough & Wilson, 2008: 343-344 and Strydom, 2008: 182-183). According to Lotter (2009: 51-55), the general situation in South Africa is that many large businesses do not have the capacity to absorb all the unemployed, but economically active people, the reason being that of ever increasing operating costs, including adherence to minimum salary and wage laws. Hence, the hope of South African government has been that SMMEs would develop into sustainable businesses and would be able to supplement large businesses in their role of job creation. Accordingly, the South African Government established the Small Enterprise Development Agency (SEDA) in 2004 to assist SMMEs to develop into sustainable businesses (South Africa. National Small Business Act 102, 1996: 3).

Lotter (2009: 53) reports that the Department of Trade and Industry (DTI) supported the establishment of SEDA by creating the Umsobomvu Youth Fund and the National Youth Commission in order to help SEDA with job creation, skills development and

skills transfer among South Africans between the age of eighteen and thirty-five. The South African National Small Business Act, 102 (1996: 3) stated that the objective of establishing SEDA was to improve the creation of employment, and the feasibility and socio-economic contribution of the SMME sector. However, Lotter (2009: 53) points out that the Global Entrepreneurship Monitor (GEM), in its study of SMMEs in South Africa, claims that the SMME sector does not have the capacity to contribute meaningfully to job creation, economic growth and a more equal income distribution.

The reasons for this incapacity of the SMME sector in South Africa are poor access to finance, sub-standard infrastructure and regulations that create huge administrative burdens and costs on the SMME sector (Lotter, 2009: 53). Marais, Botes and Mosotoane (2003: 7) indicate that SMMEs in the Free State are not developing. Bernstein (2005: 46-52) affirms the non-development of SMMEs in the Free State, disclosing that in the 2001 to 2002 and the 2003 to 2004 financial years, the SMMEs that shut down in Welkom numbered more than those which had started operating. In support of Marais *et al.* (2003), Bernstein (2005) focused on the effect of economic factors (for example, mining activity and entrepreneurial skills, such as developing business plans) and physical factors (for example, infrastructure) because these factors were considered by the Free State provincial government to be major contributors to the failure of SMMEs.

This research study focused on consumer behaviour (CB) as a knowledge gap, which had been identified in previous research on SMMEs in Welkom. For the SMMEs to satisfy consumers and to develop into larger enterprises, it is important for top managers and/or owners of manufacturing SMMEs in Welkom to understand CB and continuously monitor it. Consumers are therefore the core of any business development, and, hence, the assessment of SMMEs in Welkom with specific focus on the effect of CB on the development of manufacturing SMMEs is vital (Solomon, 2011: 35).

The following section focuses on the preliminary literature review.

1.2 PRELIMINARY LITERATURE REVIEW ON CONSUMER BEHAVIOUR, DEVELOPMENT AND SMALL, MEDIUM AND MICRO ENTERPRISES

This study reviewed literature on CB, development and SMMEs.

1.2.1 Consumer and consumer behaviour

A consumer is an individual, group or an organisation that purchases goods and/or services for personal consumption or use, and not for reselling to earn profit (Du Plessis & Rousseau, 2003: 9-10 and Arnould, Price & Zinkhan, 2004: 8-20). For the purpose of this study, consumers were both individuals and organisations because the customers of the manufacturing SMMEs in Welkom are organisations and individuals. Anon (2009: 1 of 3) writes that CB is a relatively new discipline which can be defined as the investigation of the methods employed by consumers in using or in getting rid of goods, services, experiences or ideas that satisfy their needs, wants and demands. Schiffman and Kanuk (2000: 6) consider CB as interdisciplinary in origin because CB substantially borrowed ideas developed from other disciplines, such as Psychology, Social Psychology, Sociology and Anthropology.

1.2.1.1   Stimulus-response consumer behaviour model

According to Wikipedia (2010: 1 of 5), there are various models that can be used to explain consumer behaviour, namely: economic, psychological and stimulus-response consumer behaviour (SRCB) models, where the SRCB model is a mixture of both economic and psychological models. The researcher focused on the SRCB model because Futrell (2008: 111) states that the SRCB model generalises a simplified explanation of CB and the consumer decision-making process. Moreover, the SRCB model is a practical model to use for small business marketers because it is a simple model to comprehend and easy to implement.

Furthermore, the researcher deduced that the SRCB model was an appropriate one for the study because the population of the study (namely, the managers and supervisors of the manufacturing SMMEs in Welkom) was relatively unsophisticated and not highly educated (SEDA Lejweleputswa district). The SRCB model demonstrates how psychological factors, personal factors, social factors and cultural factors act together to affect the buyer's decision-making process and the buyer's response process (Kotler & Armstrong, 2006: 137-154). Wikipedia (2010: 2 of 5) agrees with this view, stating that a positive change in the attitude of the prospective buyer towards the product is necessary to create customer loyalty. Futrell (2008: 114) further elaborates, indicating that the consumer needs to be introduced to the benefits of the product that will fit his needs, wants, and demands.

The successful implementation of the SRCB model thus depends on how well salespersons demonstrate the features of the product, explain the advantages of the product and convince the prospective buyer of the benefits of the product (Futrell, 2008: 114-121). The argument that CB is influenced by psychological factors, personal factors, social factors and cultural factors therefore stresses the need for top managers to continuously assess and adapt the strategic marketing of manufacturing SMMEs according to these factors (Kotler & Armstrong, 2006: 137-154). In order to develop them into sustainable businesses, it is thus implied that managers need to develop strategic marketing that will help manufacturing SMMEs to satisfy the needs, wants, and demands of consumers, as well as meet the economic principles of these SMMEs.

1.2.1.2   The relationship between consumer behaviour and strategic marketing

Stokes and Wilson (2006: 358-371) define strategic marketing as the process through which businesses plan, implement and evaluate the market (consumers) and the marketing strategies. In other words, strategic marketing is about the management decisions with regard to long-term existence and growth of the enterprise in a competitive environment. The implication is therefore that the top managers of

manufacturing SMMEs should formulate mission statements that precisely define the nature of the enterprise, customers or consumers of the enterprise, and the technology that will be used by the enterprise to satisfy customers' needs, wants and demands (Zimmerer *et al.,* 2008: 90-93). In other words, strategic marketing has to be related to CB.

Moore, Petty, Palich and Longenecker (2010: 80) explain that one of the decisions that businesses must make during the planning stage of the strategic marketing process is with regard to the direction that the enterprise will take in establishing a relationship with customers. The relationship between the enterprise and customers has to be managed in order for the enterprise to make a profit, hence the need for customer relationship management (CRM) as a tool to manage customer relations (Van Aardt, Van Aardt, Bezuidenhout & Mumba 2008: 296-298). Furthermore, Moore *et al*. (2010: 91) propose that strategic marketing is a further useful tool in assisting to determine the needs of CB.

Zimmerer *et al.* (2008: 90-93) state that strategic marketing can influence consumers' behaviour and in turn, consumers' behaviour impacts on the strategic marketing formulation through their purchase decisions. The relationship between CB and strategic marketing implies that CB data must be collected by the top managers of manufacturing SMMEs in order to determine how consumers behave in Welkom, and that the strategic marketing must be linked to the determined CB in Welkom. Considering strategic marketing and CRM, it follows that consumers will be able to influence the service, quality and price of products. On the other hand, manufacturing SMMEs will be enabled to sustain long-term existence and development.

1.2.1.3   Development of the small, medium and micro enterprises, and related concepts

The Oxford Concise Dictionary (1999: 392) defines development as a „Specific state of growth or advancement'. However, Van Aardt *et al.* (2008: 276-277) propose a definition of development as phases through which business ventures pass. Therefore, what is common between definitions of the Oxford Concise Dictionary (1999: 392) and Van Aardt *et al.* (2008: 276-277) is the implication that the enterprises usually start small and grow slowly into large organisations. The development of ventures can thus be represented by the steps outlined below:

- **Seed or concept**: business idea or aspiration to satisfy consumers.
- **Start-up:** market research to identify consumers, testing the market and commissioning the enterprise.
- **Product and organisational development**: repeat purchase by satisfied consumers, loss of dissatisfied consumers, and focusing on market penetration to maximise sales (economic motive).
- **Production and market development**: increased production and identification of new market (consumers) for existing or new product.
- **Major financing**: long-term planning and applications for finance for expanding market (increasing consumers).
- **Rapid expansion**: creating formal management and enterprise structures that will specialise according to different consumers.
- **Maturity**: the venture is stable in terms of customers and operation while the challenge is a growing competition (Van Aardt *et al.,* 2008: 276-277).

The consumer is central to all these suggested stages of enterprise development. Therefore, the top managers of SMMEs in Welkom must continue to adapt their strategic marketing to the current and expected behaviour of consumers in order to develop their enterprises. SMMEs are defined by South African National Small Business Act 102 (1996: 4) as 'a separate and distinct business entity together with its

branches or subsidiaries, if any, including co-operative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy and classified as micro-, a very small, a small or a medium enterprise.'

Oseifuah (2008: 37) states that SMMEs in SA are classified in terms of three parameters: the total number or number of full-time employees or number of paid employees; the total turnover; and the total gross asset value (excluding fixed property). The government of SA has simplified the classification by specifying different criteria for various industries. The focus in this study was on the manufacturing industry.

This research project must be conducted with the aim of contributing to the existing knowledge, developing new knowledge, or to resolve a problem. Therefore, the focus of the next paragraph is on the significance of the research.

1.3   THE SIGNIFICANCE OF THE RESEARCH

The aim of this study was to investigate the possible effect of CB on the development of SMMEs in Welkom. Kotler and Armstrong (2006: 19-22) explain that consumers are the primary sources of sales and profits of any business. In line with this explanation, the significance of this study was to aid top managers of manufacturing SMMEs in Welkom to understand the factors that influence CB and ultimately affect the development of SMMEs in Welkom. The understanding of CB may assist top managers to implement strategic marketing that is customer oriented.

Customer oriented marketing may help to improve quality, customer satisfaction and retention, loyalty, maximisation of profit, and the development of manufacturing SMMEs in Welkom (Strydom, 2008: 31-33). In turn, development implies growth, job creation and ultimately more disposable income to consumers. Such growth and job creation would benefit manufacturing SMMEs in Welkom, as well as nationwide, since greater disposable income would induce greater consumer spending, greater demand,

and further new businesses opening, which would translate into greater employment, as well as a healthier economy in which SMMEs could develop further (Strydom, 2008: 31-33).

The research project begins with the identification of the knowledge gap usually referred to as a problem, hence discussion of the statement of the problem in the next paragraph.

1.4   STATEMENT OF THE PROBLEM

Despite all the efforts by the government of SA to help develop the SMME sector, manufacturing SMMEs in Welkom are not developing; instead they are shutting down (Bernstein, 2005: 46-52). It can be concluded, therefore, that consumers in Welkom are purchasing less than they used to. The shutdown of manufacturing SMMEs contributes to the increase in unemployment rate, poverty, and crime rate, as well as a migration to attractive seeming provinces such as Gauteng. Migration adds to the countrywide housing problem, increasing informal settlement and ultimately adversely influencing health conditions of the poor.

The importance of investigating CB with regard to manufacturing SMMEs lies in its potential to help top managers formulate their strategic marketing and develop a marketing mix which will match the needs, wants and demands of customers – in this way, helping to solve the shutdown problem. Influencing consumers to purchase more from manufacturing SMMEs in Welkom would assist top managers to retain customers and earn increased incomes which, in turn, could be invested in the development of the manufacturing SMMEs – thereby, further jobs could be created and a meaningful contribution could be made to the economic growth of both Welkom and SA.

The following section outlines the research questions of the study.

1.5 RESEARCH QUESTIONS OF THE STUDY

1.5.1 The main research question

The main research question of the study was: what is the effect of consumer behaviour on the development of manufacturing SMMEs in Welkom?

Co-research questions of the study, derived from the main research question of the study, were:

1.5.2 Co-research questions

- What are the effects of CB on the expansion of manufacturing SMMEs in Welkom?
- What are the growth strategies adopted by manufacturing SMMEs in Welkom?
- What recommendations regarding development strategies can be made to the top managers of manufacturing SMMEs in Welkom?

Addressing the research questions above implied specific objectives in this study.

The next paragraph therefore focuses on the main objective.

1.6 MAIN OBJECTIVE

To investigate the effect of CB on the development of the SMMEs in Welkom:

1.6.1 Co-objectives

- To determine the effects of CB on the expansion of manufacturing SMMEs in Welkom.

- To establish the growth strategies adopted by manufacturing SMMEs in Welkom.
- To make recommendations to the top managers of manufacturing SMMEs in Welkom (if required).

Considering the objectives outlined above, it follows that a plan for conducting this research study was required, hence the research design and methodology will be discussed in the next paragraph.

1.7   RESEARCH DESIGN AND METHODOLOGY

1.7.1 Research design

Leedy and Ormrod (2005: 93-97) define research design as the manner in which the research study proceeds as it focuses the researcher on a specific direction of study. In this study the focus was on how CB affects the development of manufacturing SMMEs in Welkom. Therefore, the research design in this study was as follows:

Population or unit of analysis is defined by Salkind (2006: 64) as possible respondents in the research project – population must be clearly described by the researcher, and the rationale for selecting it as the unit of analysis must be clearly stated. For this study the population or unit of analysis was 41 registered manufacturing SMMEs in Welkom, such as manufacturers of leather bags, dresses, burglar bars, coffins, etc., (SEDA Lejweleputswa database).

According to Creswell (2003: 5), ontology is a view, claim or assumption the researcher holds about the basis of the phenomenon under investigation which can be an objective reality or a subjective reality. The research design for this study was based on objective reality because the research problem existed in reality and not in the mind of the researcher.

Epistemology is the theory of knowledge which posits that individuals have objective knowledge as a result of experience and/or subjective knowledge derived from other means such as learning, research studies (Flowers, 2009:1-2 and Creswell, 2003: 6-7). In other words, CB towards the SMMEs may be influenced positively or negatively by subjective knowledge and/or objective knowledge.

Saunders, Lewis and Thornhill (2003: 83-84) describe research philosophy as the way people think about acquisition of knowledge and the interpretation of knowledge. The research philosophies that are commonly used in research are positivism, realism and interpretivism (Flowers, 2009: 2-4; Byrne, 1998: 1-15 of 18 and Abbott, 2010: 1-2 of 5). The researcher adopted the realism research philosophy because consumers are always purchasing in the real environment which is independent of the perceptions or belief of consumers (Saunders *et. al.,* 2003: 84). According to Saunders *et al.* (2003: 84), the research approach specifies whether the researcher uses a deductive approach which is appropriate when developing theory, or an inductive approach which is a qualitative approach. This study employed a mixed approach – namely, literature study, qualitative approach and quantitative approach, each complementing the other (Struwig & Stead, 2001: 145).

Methodology is a plan of action or strategy of inquiry which informs the procedure employed to collect evidence which can help solve the research problem (Creswell, 2003: 6-7). The researcher employed a survey strategy. Methods are explained by Creswell (2003: 8) as techniques and procedures used for data gathering such as questionnaire, interview, focus group etc. Research methods used in this study were semi-structured questions for interviews (qualitative data) and a structured questionnaire for quantitative data. The researcher employed a five-point Likert scale gradient to measure the responses of the supervisors. According to Golafshani (2003: 599-603), validity is the extent to which the instrument measures the object accurately (i.e. the meaningful outcome of the study). The researcher tested the validity of the questionnaire and the interview.

Saunders *et al*. (2003: 50-54) state that there are three groups of data that can be used, namely primary data, secondary data and tertiary data. The researcher used all categories of data to ensure that a large amount of data was collected in order to make well informed research conclusions.

This study was conducted in the Welkom Matjhabeng district. The researcher focused on the field of marketing. The limitations of the study were financial constraints and the time factor. Ethical considerations concerning the rights of respondents were explained to them and then given to them in writing. The consent of the respondents was sought. This research study was scheduled for a cross-sectional timescale of two years or twenty four months (Saunders *et al.,* 2003: 95-96). The research design adopted in this study is discussed in detail in Chapter three.

The following paragraph describes the research methodology.

1.7.2 The research methodology

According to Creswell (2003: 5-10) research methodology can be described as the strategy or plan that clearly outlines how the investigation will be conducted within the research design. The research approaches used were literature study, qualitative approach and quantitative approach.

1.7.2.1   Literature study

According to Mouton (2002: 143-180), the advantage of using a literature study is to help the researcher find, read and assess the theories and models that are relevant and recent to the subject of the study. Thus, repetition of a research study that has already been conducted is avoided. This research was based on the existing theory on CB and hence it begins the literature study.

1.7.2.2   Empirical research

According to Struwig and Stead (2001: 11), empirical research is the technique of gathering data from individuals for research purposes. The researcher used both qualitative and quantitative methods in this research study. The justification of the qualitative method in this research study stemmed from the advantage of understanding the social processes and experiences occurring in the objective respondents' actual environment. The non-experimental research design used in this research study was justified by the fact that data was collected in the natural environment of the supervisors which is one of the differences between experimental and non-experimental research designs (Welman & Kruger, 2002: 84).

1.7.2.3   Population and sampling

Population is the total number of elements from which a sample is usually drawn – time and financial constraints make it difficult to cover the entire population (Gravetter & Wallnau, 2002: 237). In this study the population was top managers and supervisors of the manufacturing SMMEs in Welkom. The researcher therefore sampled the top managers and the supervisors of the manufacturing SMMEs in Welkom. Leedy and Ormrod (2005: 150) explain that there are two types of sampling, namely probability sampling and non-probability sampling. For the purposes of this research, the probability sampling method was used owing to the constraints of time and finance. For both qualitative and quantitative data gathering, the researcher employed the systematic probability sampling technique.

1.7.2.4   Pilot study

According to Golafshani (2003: 599-603), Van Teijlingen and Hundley (2001: 1 of 7), a pilot study is a technique for testing data gathering instruments and research methods for validity before committing to a full study. A pilot study was used to ensure validity of the questionnaire in this study.

1.7.2.5   Data gathering instruments and data gathering

Saunders *et al*. (2000: 98) state that all data gathering instruments have advantages and disadvantages. The researcher employed a semi-structured interview as the data gathering instrument for top managers (qualitative method). In addition, the researcher distributed structured questionnaires (closed ended questions) as a data gathering instrument for supervisors.

1.7.2.6   Data analysis

With regard to qualitative data, the researcher analysed the responses by developing transcripts (textual data) from audiotapes and then formulated themes (Sonja & Waters 2003, 2-4 of 7).

With regard to quantitative data, the researcher made use of descriptive statistics, described by Salkind (2006: 151) as outlining the common features of the distribution of scores from data gathered. The technique used to analyse quantitative data was the statistical package for social science (SPSS) from the North-West University Vaal Triangle campus (Johnson & Gustafsson, 2000: 110).

1.7.2.7   Triangulation

Triangulation is the technique employed to increase the validity of data through cross checking from more than two sources of data, especially in the case where a combination of methods is used in the study of the same phenomenon (Saunders *et al.*, 20003: 230 and Wikipedia, 2009: 1 of 2). The researcher employed triangulation in this study to determine whether the results of the literature study and the empirical research have the same findings.

The following heading focused on definition of terms.

1.8   DEFINITION OF TERMS

The terms that are defined in this study will be consumer, consumer behaviour, SMMEs, strategic marketing, strategic management and marketing strategy.

Consumer

Bates, Botha, Botha, Goodman, Ladzan, de Vries, de Vries, November and Southey (2006: 243) and Arnould *et al.* (2004: 8-20) describe the consumer as an individual, group or organisation that buys products and services for personal use or consumption and not for reselling them. However, Moore *et al*. (2010: 247) describe the consumer as the final user of the product.

Consumer behaviour

Consumer behaviour is the study of trying to understand how buyers make their purchase decisions, both as individuals or groups, and the factors that influence their decision making process (Solomon, 2011: 33). However, Kazmi (2010: 5) and Kardes, Cline and Crownley (2011: 15) define consumer behaviour as „mental and emotional processes and observable behaviour of consumer during search for, purchasing and post consumption of product or service.'

Customer relationship management

Customer relationship management is a technique through which the preferences of customers are traced in an orderly manner over a long period of time (Solomon, Marshall, & Stuart, 2012: 228). On the one hand, Winer and Dhar (2011: 407) report that customer relationship management is about putting in place the means by which the enterprise will meet the type of relationship demanded by customers, be it a transactional or a long-term relationship which is demanded. On the other hand,

Levens (2012: 75) claims that customer relationship means actions that are employed to increase and retain sales to customers.

Marketing strategy

Marketing strategy has been defined as getting the largest positive differentiation compared to rivals in satisfying the needs, wants and demands of customers (Jain & Haley, 2009: 37). On the other hand, Peter and Olson (2010: 12) write that marketing strategy is creation, use and regulation of a plan to facilitate beneficial transactions to both buyers and business.

Small, medium and micro enterprises

SMMEs stand for small, medium and micro enterprises, defined by the South Africa National Small Business Act 102 (1996: 4) as ‚a separate and distinct business entity together with its branches or subsidiaries, if any, including co-operative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy and classified as micro-, a very small, a small or a medium enterprise'.

On the other hand, Stokes and Wilson (2010: 1-3) indicate that SMMEs can be defined as an enterprise that is personally managed by an owner or owners, that has a relatively small market share and is independent (free from outside control with regard to its decisions).

Strategic management

Strategic management is defined by Van Aardt *et al*. (2008: 94) as the long-term intention (goal) of the enterprise and the means and ways of realising the intention. Volberda, Morgan, Reinmoeller, Hit, Ireland and Hoskisson (2011: 853) express the view that strategic management implies dedication, decisions and an action plan to ensure that the enterprise achieves competitive advantage in the marketplace.

Strategic marketing

Strategic marketing is defined by Jain and Haley (2009: 35) as the process through which businesses create, put in place and direct programmes in order to realise long range goals. However, Henderson (2000: 155) goes further to state that strategic marketing is a new term for the strategic (long-term) role of the marketing function. In other words, strategic marketing is the commitment by top management to the long term existence and growth of the enterprise. On the other hand, Allen (2011: 1 of 3) writes that strategic marketing is about concentrating on matching the complete consumer situation with the enterprise's major long term goal.

The following section outlined the programme of the study.

1.9   TIME FRAME OF THE STUDY

CHAPTERS	DESCRIPTION	COMPLETION DATE
CHAPTER 1	Dealt with introduction, background to the study, and explained why CB was important and relevant to the development of the manufacturing SMMES and why it should be researched.	End of December 2009
CHAPTER 2	Literature study discussed consumer, evolution of CB as a discipline and described the theory employed in this study, namely stimulus-response consumer behaviour model.	End of April 2010
CHAPTER 3	The focus was on justifying the research methods used including discussion on sampling techniques, data collection and data analysis	End of July 2010

	procedures.	
CHAPTER 4	Addressed presentation, analysis and interpretation of data discussed the findings with regard to literature studies and the objectives of the study.	End of June 2011
CHAPTER 5	Summarised findings, made recommendations and research conclusions..	End of August 2011

The next section of the study concludes Chapter one and highlights the literature review of the chapter.

1.10   CONCLUSION

Chapter one discussed the introduction, the significance of the study, and focused on preliminary literature. The researcher described the statement of the problem, developed the research questions and formulated the objectives of the study. The research design and methodology were outlined, as were sampling and data analysis techniques, and the demarcation of the study. Finally, the terms were defined as well as the period of the study specified.

The next Chapter focuses on the general overview of the effect of CB on the development of manufacturing SMMEs in Welkom.

CHAPTER TWO

THE GENERAL OVERVIEW OF THE EFFECT OF CONSUMER BEHAVIOUR ON THE DEVELOPMENT OF MANUFACTURING SMALL, MEDIUM AND MICRO MANUFACTURING ENTERPRISES IN WELKOM

2.1   INTRODUCTION

In Chapter one, the problem statement and the significance of the study were outlined and the research questions were formulated. The aim and objectives were also discussed, as well as the methodology to be used. CB was identified as central to the performance of businesses and in particular the development of manufacturing SMMEs in Welkom. Chapter two focuses on the literature study, in order to investigate what other scholars have written with regard to the phenomenon under study. There is also a section that reviews the conceptual framework of CB, development and SMMEs.

Chapter two provides an overview of the origin of the theoretical models of CB and discusses the SRCB model which is the model the researcher found most relevant to the research problem of the study. Chapter two also outlines and describes the factors that contribute to the development of SMMEs and identifies constraints on the development of the SMMEs. The researcher describes some initiatives by the government of SA to minimise or remove the constraints on the development of SMMEs. The chapter's conclusion outlines insights provided by the literature.

The next section focuses on the conceptual framework of CB, development and SMMEs.

2.2 THE CONCEPTUAL FRAMEWORK OF CONSUMER BEHAVIOUR, DEVELOPMENT AND SMALL, MEDIUM MICRO MANUFACTURING ENTERPRISES IN WELKOM

The focus of this section is the conceptual framework of the variables of the research study – CB, development and the manufacturing SMMEs.

2.2.1 Consumer Behaviour

Consumer can be defined as individuals, groups or organisations that buy goods and/or services for consumption or use and not to resell for profit (Bates *et al*., 2006: 105). According to Anon, (2009: 1 of 3), Belch and Belch (2007: 105), Du Plessis and Rousseau (2003: 9-10) Erasmus, Boshoff and Rousseau (2001: 83) and Solomon (2011: 32-33) CB is a relatively new discipline that is defined as the investigation of the methods employed by individuals, groups or organisations when using or getting rid of goods, services, experiences or ideas that satisfy consumer's needs, wants and demands (economic motive).

According to Gabriel and Lang (2006: 26-43), it is difficult to understand CB because consumers keep on changing the manner in which they represent their actual economic motive. On the one hand, consumers can be described as choosers, communicators, explorers, identity seekers, victims, rebels, activists and/or citizens. On the other hand, consumers behave according to their different profiles. Consequently, the multi-faceted natures of consumers are explained in the following sub-paragraphs.

2.2.1.1   Consumer as a chooser

The consumer as a chooser prefers to have more goods to choose from. This could be used by marketers as a source of economic improvement, efficiency, growth and diversity. Gabriel and Lang (2006: 30-38) state that the consumer is influenced by a

product which meets his expectations in terms of its social value, meaning and curiosity to others, emotional value and utility value. On the one hand, the multifaceted behaviour of the consumer is problematic because the marketer cannot accurately explain or predict the next purchase pattern of the consumer. On the other hand, this behaviour could be interpreted as the way the consumer communicates to the marketers (Choi & Fishbach, 2011: 544-554).

2.2.1.2   Consumer as a communicator

According to Solomon (2011: 366), consumers communicate in different ways – for example, consumers use material things (clothes) to communicate meanings such as cultural differences, personality differences and feelings. Consumers select and use products that send a message to observers that they are, for example, in a happy or sad mood. In essence, it means that the managers of SMMEs should identify the actual motives of the customers for buying a particular product and should try to adapt the product features to meet those needs (Saren, 2007: 343-354).

2.2.1.3   Consumer as an identity seeker

According to Futrell (2008: 124-127), consumers purchase products or brands to enhance their identities (who they are), self-images (how people view them), self-esteems (how proud are they about themselves), ideal-selves (what they would like to be) and looking-glass selves (how they think others regard them). Furthermore, consumers can show consumption patterns that are against their personal and family history in order to find their identities. Moreover, Futrell (2008: 124-127) adds that consumers have personality styles such as thinker, intuit or, feeler and sensor that are, among other things, expressed by the products they purchase, products such as clothes, books and electronic products.

According to Solomon (2011: 540), age is also an issue that consumers use to identify themselves. For example, a consumer in one age group tends to use different

language, different styles of clothes and different enterprises than those used in other age groups. As a result, marketers need to employ Integrated Marketing Communications (IMC) in such a way that language is consistent with the age of their target group. SMME marketers thus should be aware of such behaviour and should provide goods to their customers that satisfy these different identities.

2.2.1.4   Consumer as a victim

Solomon (2011: 59-65) states that the consumption pattern of consumers may exhibit the behaviour of being victims – victims of circumstances such as excessive-compulsive buying and addiction (physiological or psychological). On the other hand, Small and Simonsohn (2008: 532-653) and Lake (2009: 201-255) explain that technology can also be addictive, citing the example of the consumer who constantly buys new cellular phones. Such consumers might send the wrong messages to the manufacturers in SMMEs; hence, it is highly important to be aware of such consumers before they side-track the vision of the enterprise.

2.2.1.5   Consumer as a rebel

Du Plessis and Rousseau (2008: 47-58) state that consumers use products to rebel against certain traditional norms. For example, since South Africa became democratic in 1994, inter-cultural influences resulted in some teenage female consumers rebelling against traditional long dresses, claiming that shorter dresses and shorts were as protective as long dresses. Gabriel and Lang (2006: 44) note that managers need to be aware that such behaviour might not be long lasting, but might simply be sending a message to those who dictate how teenagers should culturally or traditionally behave.

2.2.1.6   Consumer as an activist

According to Gabriel and Lang (2006: 78), and Belch and Belch (2007: 127-128), consumers are activists in the sense that sometimes they campaign vigorously to bring

about social change. This change is expressed by the way they behave when buying products for social gatherings; for example, a purchase might be made in order to gain acceptance as a member of the educated, middle or upper group of society. Therefore, marketers of manufacturing SMMEs in Welkom must be aware of clues which might identify this behaviour and must choose positioning strategy that will be suitable for the current and future social aspirations of their customers.

2.2.1.7   Consumer as a citizen

Zimmerer *et al*. (2008; 288-290) states that consumers may express belonging to a particular country of origin by birth (citizen) through the type of products they buy or use. Therefore, the marketers of SMMEs in Welkom should strive to detect such feelings and, if possible, customise their products to satisfy this need of the customers.

Gabriel and Lang (2006: 43) encourage marketers to create order from this emotional and irrational CB by using integrated marketing communication elements such as advertising which encodes the message in such a way that consumers are aware of a „human voice' associated with the product.

Du Plessis and Rousseau (2008: 117-118) state that research conducted on how consumers behave when faced with a new purchase environment (new product or new enterprise) showed that there is a persistent pattern of CB in such a situations. The patterns were grouped into five classifications, namely:

- **Innovators:** these were consumers who were the first to accept the new product or enterprise and were characterised as risk takers who were young, well educated and dependent on science for their decisions. This class did not consider salespeople as important sources of information, but rather relied on other innovators (Solomon, 2011: 347).

- **Early adopters**: the features of this category were young and mobile, creative and well respected by the youth in their age group. The group found information from salespeople and the media to be reliable. Therefore, it is advisable for managers to target this group for the development of SMMEs because they liked spreading information by talking to their peers about new discoveries (Belch & Belch, 2007: 135-136).

- **The early majority**: this type of consumer liked to observe the reactions of others who used the product or frequently bought from a new enterprise, and followed suit if the pioneers liked the store. According to Belch and Belch (2007: 235-136) this group could be reached through mass communication such as advertising.

- **The late majority:** these consumers are very sceptical about new products and are often much older people. These consumers are more reliant on other late majority group members and information from large social gatherings. Therefore, the appropriate communication element is publicity and public relations (Du Plessis & Rousseau, 2008: 116)

- **Laggards**: this group was found to be oriented towards performing things the conventional way rather than using new technology. The members of this category were observed to be very old and much less educated than other groups. Usually it is costly to focus marketing communications on this category, as such communications are often ignored (Du Plessis & Rousseau, 2008: 116).

According to Du Plessis and Rousseau (2008: 117-118), marketers should associate the categories discussed above with the product life cycle and the venture life cycle to be discussed in section 2.2.3.

2.2.1.8   Consumer profiles

Du Plessis and Rousseau (2008: 226-244) explain that CB is also influenced by the socio-economic profiles of the community. Moreover, they maintain that these profiles must be understood and employed by SMMEs for the development of their enterprises. These profiles can be used to identify the various markets and to select an appropriate market or markets with development potential. The profiles are also used in marketing to identify the unsatisfied needs, wants and demands of the markets, as well as establishing the patterns and preferences of consumers within the various markets.

The most common profile of consumers upon which CB is based is usage (users and non-users of the product) (Stydom, 2008: 268-269). For example, users and non-users of burglar bar. In the same context, Du Plessis and Rousseau (2008: 226-244) add that a small group of users may be heavy users responsible for a massive percentage of sales volumes. The benefit needed from a product might be another profile – an example would be consumers who buy pure fruit juices for their health benefit. Consumers with similar demographic profiles (age, gender, education level, income bracket, religion, life stages, etc.) tend to behave in the same way when making purchase decisions. Consumers of the same geographic area show a similar pattern of buying (Small & Simonsohn, 2008: 541).

According to Du Plessis and Rousseau (2008: 226-232 and 236), the least common profiles of consumers focused on by marketers to identify consumer behaviour are media and Living Standards Measure (LSM). The rationale of media as a profile lies in its assistance to marketers regarding the choice of integrated marketing communication elements that is appropriate to reach consumers. LSM is used by the Advertising Standards Authority (ASA) as a non-racial base to describe South African markets and was recorded in a booklet of the South African Advertising Research Foundation (SAARF) in 2006.

SAARF identified ten profiles or LSM groups (LSM 1-LSM 10) which are listed in terms of the following criteria:

- Percentage composition of the total adult population of SA
- Gender
- Age
- Geographic location
- Education level
- Literacy level
- Average household income per month
- Parent composition
- Concentration (region or province)
- Type of dwelling
- Saving methods
- Methods of withdrawing money
- Electronic media
- Products purchased on regular basis
- Purchase cycle of convenient products
- Toiletry purchase habit
- Lottery tickets purchase routine
- Communication channels
- People watching television

For example, in 2006, LSM 1 was described by Du Plessis and Rousseau (2008: 227) as follows:

„**SAARF Universal LSM group**: LSM 1

Description: this group comprises 7.6 percent of the total adult South African population. The group is mainly female (55 percent). The age of this group is mainly

between 16 and 24 (30 percent) and 50+ (28 percent). They are rural, with some primary school education. Illiteracy rate is 22 percent. Average household income is R905 per month. Those classifying themselves as unemployed are 46 percent. This group has a high incidence of single parents (20 percent) and is strongly concentrated in KwaZulu-Natal and the Eastern Cape (64 percent). Approximately half (48 percent) live in traditional huts. Eight percent have savings accounts and 4 percent use ATM cards. TV sets are not present, but 78 percent have access to a radio. Nearly 80 percent tend to shop for food and groceries once a month. Most households purchase their toiletries along with the food and groceries (82 percent), and 12 percent do not buy toiletries at all. Lottery tickets are bought by 10 percent on average per month. Radio is the major channel of communication. One person in four manages to watch some TV during the week (SABC 1, followed by e.tv or SABC 2.)'

The researcher briefly focused on the evolution of CB as a discipline in the next section.

2.2.1.9   The evolution of consumer behaviour as a discipline

According to Du Plessis and Rousseau (2008: 4-6), CB was part of Economic theory, Behavioural Sciences theory and Motivational theory before becoming a discipline. The pioneer of the CB model was introduced during the1960s and it was during this era when the first course in CB was started at universities in the United States of America (USA). A relatively full model of CB was produced in the 1970s. Currently, CB is well recognised as an important field of research independent of any other discipline.

Economic theory is considered the pioneering discipline focusing on CB. It stated that consumers are reasonable beings who act individually or as a joint unit to demand goods and services, hence following the concepts of supply and demand (Du Plessis & Rousseau, 2003: 6). For the business to grow, managers needed to understand the factors that influenced the consumer during the purchase decision-making process.

CB was then studied under the umbrella of the Behavioural Sciences in disciplines such as Psychology, Sociology, Anthropology and Social Psychology. During both the Economic theory and the Behavioural Sciences eras, formal research on CB was done only through simple methods and with no theoretical framework. It was not until the 1950s that theories were developed as the basis of studying CB.

Motivational theories, in particular Maslow's hierarchy of needs, then dominated research into CB (Gillham, Crous & Scheepers, 2003: 21). In terms of this theory, physical, emotional and social needs played a major role in making consumers follow certain behaviour patterns when buying a product to satisfy their economic motives. According to Du Plessis and Rousseau (2008: 4-6), the pattern of CB during this period exhibited a real problem-solving behaviour which could be differentiated from the other two patterns, namely the limited problem-solving pattern and routinised response behaviours. Maslow's theory was later adapted to the study of CB and the SRCB model was developed which will be outlined later in this chapter (Du Preez, 2003: 11).

The next paragraph discusses the development of small, medium and micro enterprises.

2.2.2 The development of small, medium and micro enterprises

While the Oxford concise dictionary (1999: 392) defines development as „Specific state of growth or advancement', Van Aardt *et al.* (2008: 276-277) define development as phases through which a business venture passes. It may be deduced from these definitions that enterprises usually start small and grow slowly into large organisations. This view is shared by Winer (2007: 53-54) who describes the development of an enterprise as similar to the product life cycle (PLC) – introductory, growth, maturity and decline phases which are represented in figure 2.1 (page 53). Strydom (2008: 278-279) shares the same view, referring to development venture as venture life cycle

(VLC) and arguing that enterprises will be regarded as developing if they consistently turn decline phases into growth phases (represented in figure 2.2).

Figure 2.1: Product life cycle

Introductory phase	Growth phase	Maturity phase	Decline phase
Low sales no profit	Increased sales	Maximum sales	Decrease in sales
	Small-high profit	High profit	Drop in profit

Time
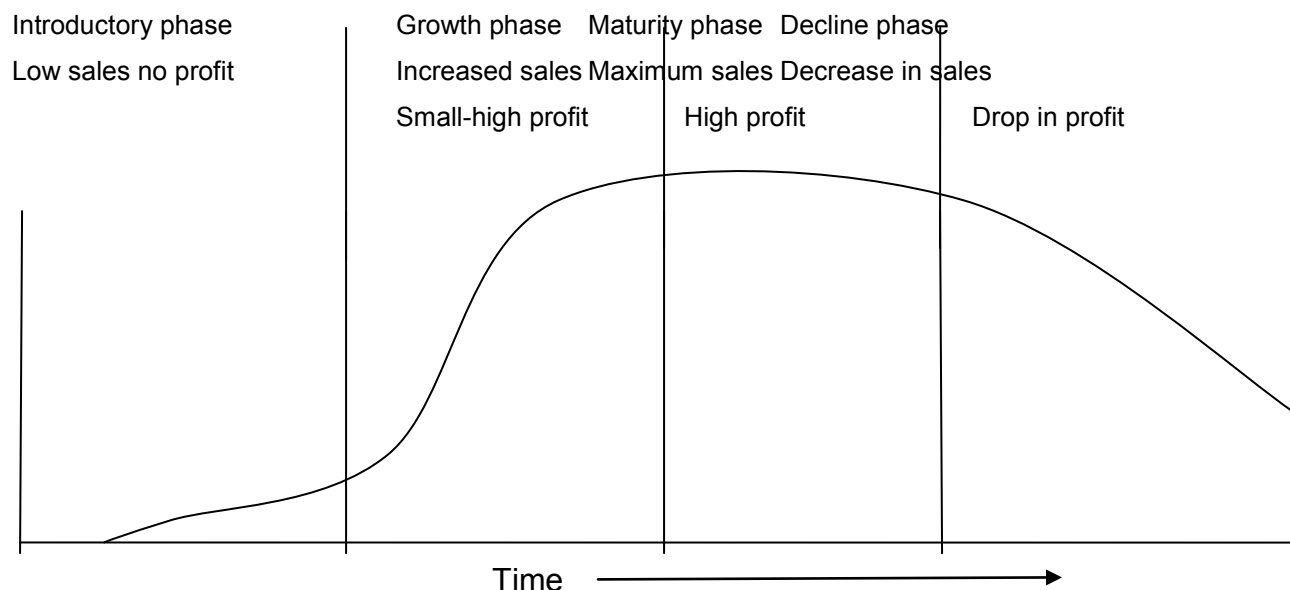
Source: van der Walt *et al*. (1996: 515)

During the introductory phase, the enterprise experiences a very slow growth in sales because consumers are resistant and, after approval by innovators, sales come from early adopters of the enterprises' product (Moore *et al*., 2010: 396). During this phase, there is also a lack of profit because of high costs of production and marketing. The growth phase of the enterprise is characterised by fast growth in sales, mainly due to the sales from early majority consumers, and lower production and marketing costs per unit – thus resulting in large profits (Strydom, 2008: 282-283). According to Moore *et al* (2010: 396), the maturity phase of the enterprise is characterised by a slow increase in sales, with the purchasers from the late majority group. The market of the enterprise has reached a saturation point, at which few non-users of the enterprise remain in the target market and profit margins are accordingly low. Zimmerer *et al*. (2008:302-303) add that, at some point, enterprises will be challenged by the decline

phase, characterised by a permanent decline in sales as a result of innovators and early majority having lost interest, while only laggards have started buying.

According to Strydom (2008: 278-279), the managers of SMMEs need to understand the implications of VLC in order to prevent the enterprise continuing further into the decline phase, but rather portraying a VLC as represented in figure 2.2.

Figure 2.2: Venture Life Cycle of developing venture
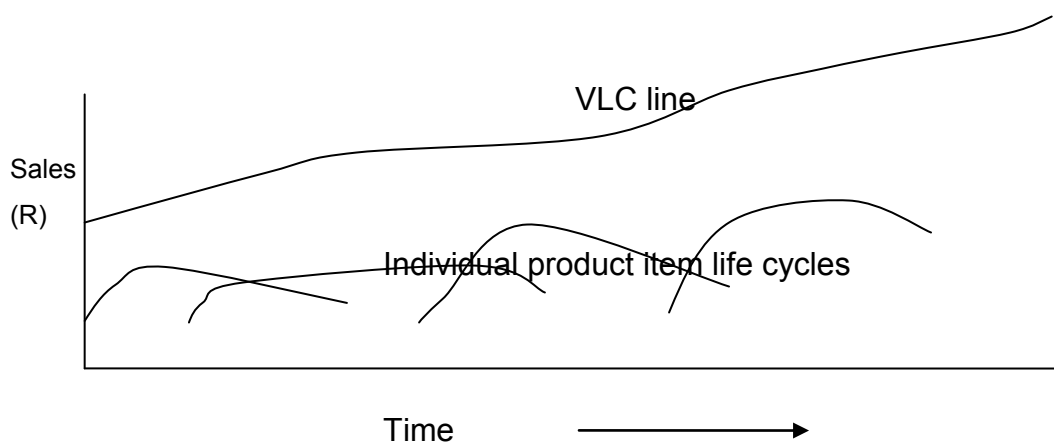
Source: Zimmerer, *et al*. (2008: 303)

According to Zimmerer e*t al*. (2008: 303), the enterprise should be ready to avoid the crisis of going out of business by maintaining product development and introducing new products to the market. This should take place just before the existing product exits the marketplace – note the individual product item life cycles in figure 2.2 and the development of the enterprise, also represented in the VLC in figure 2.2. Moore *et al*. (2010: 396) state that the kind of VLC represented in figure 2.2 may be achieved by product decisions such as:

 ▰ **Product diversification**: expanding the product range by adding new product items or lines to the existing range – for example, SMMEs in Welkom could add the production of pillows and pillow cases to that of clothing items.

- **Product specialisation**: elimination of product items or lines from the existing product range in order to narrow the product range, thereby reducing costs and maximising income. For example, juice manufacturing SMMEs in Welkom could eliminate slow moving flavoured juices.

- **Product standardisation**: the setting or acceptance of the specific dimensions, norms or standards according to which products are manufactured. For example, negotiating and reaching agreement with customers on standardising capacity to 250 millilitres, 500 millilitres and one litre of juices.

- **Product simplification**: purposely limiting the range of sizes, dimensions, colours or shapes of the product range. An example could be to produce only five colours of leather bags.

- **Product differentiation**: distinguishing products physically or psychologically from typically identical competitors' products by means of colour, shape, quality, packaging, brand name or image. Burglar bar manufacturers could, for example, focus on creative shapes for their burglar bars.

- **Maintenance of the product range**: keeping the product range unchanged. Coffin manufacturers may manufacture only for a certain range of income level, such as lower bracket or middle bracket incomes.

- **Product modification**: giving the product range a new image. Newly styled coffins, for example, that is opened by pressing a button.

According to Rogerson (2006: 71), expansion of SMMEs can be taken as a measure of the success of SMMEs. Döckel and Ligthelm (2005: 55-58) argue that expansion is one of the objectives that can be set by managers of SMMEs and thus expansion can become a driver of growth, development and continued existence. Rogerson (2006:7)

states that the success of SMMEs can be measured in terms of geographic growth, turnover and profit, and employment growth. This research study focused on employment growth and geographic growth as the measure of development because its respondents were reluctant to discuss the turnovers and profits of their enterprises. A further reason for focusing on employment growth was that increased employment rate implied an economic contribution which was also the aim of the government of SA (South Africa. National Small Business Act 102, 1996: 3).

The next paragraph discusses SMMEs.

2.2.3 Small, medium and micro enterprises in South Africa

The initiative to develop small business by the government of SA is not new. Hence, it was important for the researcher to discuss the background of SMMEs prior to and post the 1994 democratic elections in SA.

2.2.3.1   Small, medium and micro enterprises prior to the democratic government of South Africa

Strydom (2008: 304) states that the acronym SMMEs stands for small, medium and micro enterprises. According to Bates, *et al*., (2006: 84-85), small businesses existed prior to the 1994 democratic elections in SA. However, during this era, the government discriminated against small businesses, in particular small businesses owned by black South Africans. The main active measures of the government of SA which discriminated against black owned small businesses were follows:

- **Group Areas Act of 1950**: members of different racial groups were prevented from living, working or owning land in areas reserved for other races ("black" areas and "white" areas). As no business, big or small, could be owned by black South Africans in white areas, this act effectively prevented the development of small businesses.

- **Bantu Education Act of 1953**: By denying black South Africans access to technical skills, professional skills and any form of entrepreneurial education, this law effectively condemned black South Africans to an inferior education.

- **Bantu Homeland Citizenship Act of 1970**: black South Africans were compelled by this act to be citizens of various homelands and not of SA.

These discriminatory measures were the root causes of current imbalances in the social, economic, physical and emotional lives of many black South Africans, as well as the root causes of the lack of entrepreneurial skills and poor education, especially of older black people who have ventured into the SMME sector.

2.2.3.2   Background of small, medium and micro enterprises post democratic South Africa

After the 1994 democratic elections, the new government took drastic steps to redress the imbalances caused by the apartheid government. These included the initiatives to develop the small business sector as outlined below. *Bates, et al*., (2006: 85), Van Aardt, *et al*., (2008: 42-52) and Mmakola (2009: 71-74):

- Black Economic Empowerment (BEE) Policies: this initiative was aimed at transforming large organisations in such a way that blacks who qualified to occupy high positions in the organisations were indeed considered. For small businesses, BEE policies were more about the development of small enterprises. For example, in 2004, Midas automotive parts supplier and three taxi associations entered into an agreement to form a joint venture (Rumney, 2004: 20). The aim was to give a small transport business an opportunity to develop though this joint venture strategy and tap into a new market (township). Soccer legend, Jomo Sono, was brought into Midas as a 30% empowerment partner to negotiate the deal between the taxis and Midas.

- The Minister of DTI began discussions and conducted research which resulted in the production of the document „Discussion on strategies for production of integrated policy and support programme for SMMEs'. The outcome of this discussion was the White paper in 1995, „national strategies for the development and promotion of small businesses'.

- In 1996, the National Small Business Enabling Act, Act 102 of 1996 was passed in parliament, defining small business as 'a separate and distinct business entity together with its branches or subsidiaries, if any, including co-operative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy and classified as micro-, a very small, a small or a medium enterprise'. National Small Business Act 102 (1996: 4)

- The criteria for classifying businesses into micro, small and medium were developed as shown in table 2.1.

Table 2. 1: The threshold for classifying all SMMEs

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5
Sector or subsector in accordance with the Standard Industrial Classification	**Size of class**	**The total full-time equivalent of paid employees**	**Total turnover (Rm)**	**Total gross asset value (fixed property excluded) Rm**
Agriculture	Medium	100	5	5
	Small	50	3	3
	Very small	10	0.50	0.50
	Micro	5	0.20	0.10
Mining and Quarrying	Medium	200	39	23
	Small	50	10	6

	Very small	20	4	2
	Micro	5	0.20	0.10
Manufacturing	Medium	200	51	19
	Small	50	13	5
	Very small	20	5	2
	Micro	5	0.20	0.10
Electricity, Gas and Water	Medium	200	51	19
	Small	50	13	5
	Very small	20	5.10	1.90
	Micro	5	0.20	0.10
Construction	Medium	200	26	5
	Small	50	6	1
	Very small	20	3	0.50
	Micro	5	0.20	0.10
Retail and Motor Trade and Repair Services	Medium	200	39	6
	Small	50	19	3
	Very small	20	4	0.60
	Micro	5	0.20	0.10
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	64	10
	Small	50	32	5
	Very small	20	6	0.60
	Micro	5	0.20	0.10
Catering, Accommodation and other Trade	Medium	200	13	3
	Small	50	6	1
	Very small	20	5.10	1.90
	Micro	5	0.20	0.10
Transport, Storage and Communications	Medium	200	26	6
	Small	50	13	3
	Very small	20	3	0.60
	Micro	5	0.20	0.10

Finance and Business Services	Medium	200	26	5
	Small	50	13	3
	Very small	20	3	0.50
	Micro	5	0.20	0.10
Community, Social and Personal services	Medium	200	13	6
	Small	50	6	3
	Very small	20	1	0.60
	Micro	5	0.20	0.10

Source: Anon (2010: 1 of 2)

Table 2.1 outlines the three aspects used to classify all enterprises into medium, small, very small and micro. These are the total number of employees, the total turnover, and the value of assets except fixed property. The observations derived from Table 2.1 were as follows:

- The total number of employees is the same for all sizes in all sectors and subsectors, except for medium size in agriculture

  - Medium: 200 employees and 100 for agricultural sectors
  - Small: 50 employees
  - Very small: 20 employees
  - Micro: 5 employees

- The total turnover criterion varies from sector to sector in classifying enterprises into medium, small or very small, with the exception of micro which is R0, 20 million in all sectors. The highest for medium is R51 million in the manufacturing sector while the lowest for medium is R5 million in the agricultural sector.

- The turnover and total assets values used in the agricultural sector for categorising the enterprise into medium, small or very small is the same

(namely R5 million, R3 million and R0,50 million respectively), while values for micro classification are R0,20 (total turnover) and R0,10 (total assets).

The focus of this study was manufacturing SMMEs which is detailed in Table 2.2.

Table 2. 2: The threshold for classifying manufacturing SMMEs

Size of class	Total number of full-time equivalent or paid employees. Less than	Total turnover (Rm) Less than	Total gross asset value (fixed property excluded) (Rm) Less than
Medium	200	51,00	19,00
Small	50	13,00	5
Micro	5	0,20	0,10

Source: Anon (2010: 1 of 2).

Regarding Table 2.2, the researcher used the total number of full-time equivalent or paid employees as the criterion for classifying manufacturing SMMEs and determining the development history of such enterprises. This criterion was selected because the focus of this study was the ability of SMMEs to develop. In addition, the ability to develop and thereby create employment was an objective of SMME policy of the government of SA.

The factors contributing to the development of SMMEs are discussed in the following section of the study.

2.2.4 Factors contributing to the development of small, medium and micro enterprises

This section discusses customer relationship management, return-on-investment, entrepreneurship, segmentation, input-output level, promotional strategies, macro

environment analysis, strategic marketing, marketing strategy, growth strategies, competitive edge, innovation, business associates, sustainability and networking as the factors that contribute to the development of SMMEs.

2.2.4.1   Customer relationship management

Moore *et al*., (2010: 364) define CRM as a business strategy developed to push profitability, income and customer satisfaction to the optimum levels by concentrating on specific and clear market segments. Zimmerer *et al*. (2008: 279) define CRM as the process by which the marketers build, protect and manage long-term relationships with customers so that they can visit the enterprise and purchase on a continuous basis. Analysis of both definitions produces a strongly similar conclusion, namely retention of customers and development of the enterprise.

For the purpose of this study, the consumer is considered as an individual (rather than as a group) because the customers of SMMEs in Welkom are predominantly individuals. Baran, Galka, and, Strunk (2008: 3-14) suggest that the enterprise should apply CRM first as a mechanism by which consumers are acquired; then this acquisition should be converted into friendship and ultimately into partnership. According to Zimmerer *et a*l. (2008: 363) and Rastogi (2011: 23-51), the success of implementing CRM starts with the right attitude of the managers or owners of SMMEs. The right attitude is thus the vital ingredient for solid relationships with customers. Such relationships lead to customer satisfaction, as well as employees who are in contact with the customer most of the time – all in all, a good foundation for the development of manufacturing SMMEs.

According to Moore *et al*., (2010: 364), the focal point of CRM is to create customers who become involved in more than a single transaction; and CRM should be used as a technique to learn more about the needs, wants and demands (economic motive) of consumers, with the specific aim of developing very strong relationships with customers. Zimmerer *et al*. (2008:279) and Rastogi (2011: 70-77) add that the

managers of enterprises should change the mind set of their salespeople to that of customer-orientation, which is the same as the „Golden rule of selling' (do unto customers what you would expect them to do to you).

On one hand, the benefits of CRM according to van Aardt *et al*. (2008: 296) are:

- Competitive edge because if the CRM of the enterprise is unique, then competitors cannot imitate it.
- Keeping existing customers and enticing new ones to become loyal to the enterprise.
- Improved customer service and an excellent experience for customers.
- High profitability.
- Motivated employees.
- Better quality.
- Culture of superior performance, thus reduction of supervision.
- Improved efficiency.
- Lower costs of non-conformance.
- Increased market share.
- Customer loyalty is increased.

On the other hand, Moore *et al*. (2010: 364) believe that, for CRM to be effective, the practices of manufacturing SMMEs should concentrate on the following:

- Customers instead of product.
- Alterations of process, systems, culture and procedures.
- Distribution channels, media and marketing efforts.

Furthermore, managers need to develop data capturing systems to record and retain information on customer history, needs, wants and interests. Winer (2007: 389-396) posits that CRM should not be implemented for long term relationships only, but for transactional consumers as well. The managers of manufacturing SMMEs in Welkom

thus need to consider different CRM strategies for different consumers, for example those who want transactions and those who want relationships. Intimacy with consumers or customers is an important method that an enterprise can select as its way of delivering value (Sternthal & Tybout, 2001: 24). Partnerships and intimacy with customers may prevent competitors from making inroads into the market of manufacturing SMMEs in Welkom and hence develop the manufacturing SMMEs themselves.

2.2.4.2   Return-on-investment

According to Longenecker, Moore and Palich (2006: 448), return-on-investment (ROI) is one of the measures of business performance and is determined by comparing the average annual profits after tax with the average book value of the investment. ROI and return-on-equity (ROE) are both particularly important regarding small businesses because they are directly related to the profit of the businesses which is a measure of their success. This research study has focused on ROI because, according to Winer (2007: 417-419), ROI is the traditional measure of the effectiveness of marketing which can be most easily understood. ROI of SMMEs may be measured in terms of their increase in market share and sales volume and, in this way, determine the effectiveness of marketing programmes such as advertising.

ROI may be boosted by providing good customer service (Anderson & Vincze, 2000: 259). According to Longenecker *et al*. (2006: 261-448), managers can also contribute to the improvement of their businesses' ROI by implementing the following:

- Firstly, sell the aims and strategies of their businesses to their internal markets (employees and family members) so that everyone concerned can strive for common goals, namely high ROI and job creation.

- Secondly, focus on attracting and recruiting a skilful workforce by holding open days in which anyone can attend to find out more about the business.

- ▰ Thirdly, the managers can invite suppliers, people in the local services and professions, etc to such open days.

- ▰ Fourthly, managers may invite managers of other business to attend open days, thereby forming valuable business networks.

It may reasonably be deduced from the above discussion that the involvement of all stakeholders in SMMEs will help to identify the actual needs, wants and demands of consumers and thus constitute an opportunity to improve ROI and job creation. A profitable ROI may certainly be viewed as contributing to the development of the manufacturing SMMEs in Welkom.

2.2.4.3   Investment in entrepreneurship

According to Moore *et al*. (2010: 20-22), the factors that contribute to successful entrepreneurship are skills acquired through experience and/or formal education in different fields. In addition, age, internal locus of control and mentorship are requirements for the entrepreneur to successfully combine the factors of production (capital/ money, human resource and natural resources) and take the calculated risk required to start and run an enterprise which creates value both for the customer and the enterprise. McAdam, McAdam and Brown (2009:193-195) add that the entrepreneur requires substantial funding when the business is started and that it will take a long time before the returns are realised.

The entrepreneur thus needs to invest in the factors of production, in particular the skills development of human resources, for long term returns to be realised. Moreover, Petkova, Rindova and Gupta (2008: 320-333) agree that investment in human resources and social capital help to enhance the reputation of the enterprise and thus increase opportunities for substantial growth. Tustin, (2003: 38-40) shares the same view, explaining that contemporary enterprises tend to invest in human resources in order, for example, to increase their ability to provide quality customer service.

Another current tendency is to meet the needs of individual employees in order to keep them motivated. Entrepreneurs with both business skills and technical skills are better able to maximise the value of their enterprises (Gwatidzo & Ojah, 2009: 1-4). The development of manufacturing SMMEs is therefore directed by how the aims of the manager are combined with the capability of the SMME and the opportunities for expansion in the macro environment (Döckel & Ligthelm, 2005: 55).

2.2.4.4   Investment in segmentation

Segmentation is the process of subdividing buyers into usable units (segments/markets) where each usable unit has consumers with similar economic motive and showing similar purchase behaviour to, but different economic motive from, other usable units (Strydom, 2008: 267). Market segmentation requires investment in marketing research in order to identify the exact needs of the consumers and to determine the feasibility as well as the viability of the business idea (Sternthal & Tybout, 2001: 3-30 and Zikmund, 2003: 367-443).

The argument by Van Wyk (2003: 42-43) is that investment in marketing research to perform the segmentation process is necessary for successful marketing and target market selection. Diller and Kaserer (2009: 644-647) argue that investment in segmentation is one way of developing a competitive advantage in an imperfect business environment that is full of friction and rivalry. Therefore, it may be concluded that success in marketing is the product of marketing research based on applicable, noticeable and measurable usable units, which implies good ROI.

Furthermore, the managers of manufacturing SMMEs need to invest in market segmentation in order to know exactly who their customers are and to develop the marketing strategies that satisfy and retain customers for development purposes (Gabriel and Lang, 2006: 34). According to Levy and Powell (2000: 63-70), SMMEs which invest in information technology and develop information system strategies

(ISS) gain a competitive edge in analysing the needs of the market, and thus respond better to the market segments.

2.2.4.5   Investment in input-output level of micro environment

Input-output level is the production stage, within the micro-environment, at which inputs go through a primary stage, a secondary stage and finally a tertiary stage in order to produce the final product (Bates *et al.,* 2006: 196-198). The argument by Colton, Roth and Bearden (2010: 1-3) is that investment in innovative strategies may improve production processes and create valuable, unique outputs which may give the enterprise a competitive edge – hence improving ROI and development. Levy and Powell (2000: 63) add that managers may invest in information systems (IS) which may be used for strength, weakness, opportunity and threats (SWOT) analysis, budget analysis, constructing time tables, putting control measures in place, and outlining responsibilities – thus reducing costs and increasing the survival rate of the SMMEs.

Levy and Powell (2000: 67-70) add that managers can formulate ISS which will facilitate the requirement of an enterprise that it has a competitive advantage in the marketplace and the industry. If ISS is integrated into business planning, micro environment processes thus add value to the enterprise. Furthermore, ISS will benefit SMMEs more than large organisations as the structure of SMMEs is small and flexible. Thus, it is easier and quicker for SMMEs to adapt process than large business, a clear opportunity for competitive advantage.

Ozdemir and Hewett (2010: 41-47) state that investing in the operation processes may contribute to the improvement of quality of goods and services. It may thus be concluded that the expectations of consumers will be better met – hence, there will be greater customer retention and ultimately more sustainable manufacturing SMMEs which may prevent further job losses.

Investment in promotional strategies is another factor that contributes to the development of SMMEs as outlined below.

2.2.4.6   Investment in promotional strategies

Promotional strategies such as personal selling, sales promotion and mass selling (advertising and public relations) are the means of informing, persuading and reminding consumers about the product, thus preventing access stork (Belch & Belch, 2007: 9-32 and Tsai, 2007: 366). The promotional strategies are thus the routes through which the product can be moved from the micro-environment directly into the external macro-environment (market) where the consumers are found.

Sanchez, Pico and Comer (2010:1-7), suggest that the enterprise needs to invest in the communication skills of salespeople. Salespeople can be in a position to align a communication with the different cultural background of the consumers. Although proficiency in verbal language is a key to selling, the nonverbal aspect of communication is vital in creating selling relationships and relationship management (Futrell 2008: 155-165). Therefore, managers of manufacturing SMMEs should train their sales people in communication skills so that the non-verbal signals of consumers can be easily recognised and interpreted.

According to Toder-Alon, Berger and Weinberg (2010: 33-36), marketing communication is extremely important in changing the behaviour of consumers, so that they can be moved through the product adoption stages by first making them aware of an innovative product. Investment in marketing communication thus gives the enterprise an opportunity to increase sales – and increased income means greater ROI. Hertein, Mitki and Jaffe (2008: 360-362), however, contend that investment in integrated marketing communication produces better ROI only when the organization includes internal communication strategies aimed at the employees. The implication is that the employees will then be more competent in serving customers, thus creating better relationships with customers.

2.2.4.7   Investment in macro-environment analysis

The macro-environment is composed of the direct external macro-environment (DEME), in which consumers, suppliers, competitors and intermediaries are the variables, and the indirect external macro-environment (IEME), with political, economic, socio-cultural, technological and international variables which have impact on the behaviour of consumers (Moore *et al.,* 2010: 71-74). The view of Jean, Sinkovics and Kim (2010: 67-71) is that the enterprise should have a better comprehension of the political, economic, technological and social variables that will influence the operations of the enterprise. Hence, business should assess the variables that influence the actions of the macro-environment and find out the changes in society which will present the enterprise with an opportunity to grow.

Bélanger and Eagles (2007: 850-865) suggest that managers of enterprises need to determine whether members of the society are strongly influenced by individuals' own beliefs or those of the majority in the geographic area, and then need to adapt their marketing strategy accordingly. In contrast, Jean *et al.* (2010: 70-71) posit that managers should invest in changing how they assess the business, and not invest in changing the way the enterprise does business. Therefore, continuous analysis of the macro-environment is crucial in the strategic marketing planning process of the enterprise, so that opportunities can be taken and the effect of threats can be minimised or prevented.

2.2.4.8   Strategic marketing

According to Smit and Cronjé (2002: 110), strategic marketing can be defined as a process through which the enterprise can ensure that its resources are properly employed to take opportunities and to minimise, if not prevent, the negative effects of threats from the external business environment. Ciligan and Wilson (2003: 43) define strategic marketing as the management (planning, organising, leading and controlling) of marketing strategies. Managers of SMMEs thus need to assess changes in DEME

and IEME to determine how CB is, or will be, affected by the changes in these environments. Moreover, managers of SMMEs need to adapt their marketing strategies so as to seize opportunities and minimise the effect of threats.

According to Levy and Powell (2000: 70), ISS should be integrated into strategic marketing in order to provide information faster; in this way, opportunities may be evaluated and plans implemented which will help to achieve the mission of the enterprise. Moreover, SWOT analysis will be enhanced, which means that top managers will better and more swiftly understand the business environment (Thompson & Martin, 2010: 313-324). Furthermore, business activities and support services can be efficiently assessed to determine their value. Winer (2007: 31) notes the new power that customers possess as a result of the information available online concerning products, enterprises and competing products; he also notes the importance of customers being able to purchase from any location through the internet.

The implication of this new power is that CB is becoming more complex. Moreover, enterprises need to adopt customer oriented marketing in order to get to know their customers better; hence an appropriate marketing strategy is part of the strategic marketing process. According to Baran *et al.* (2008: 22-24), for strategic marketing to direct the proper use of resources, managers need to use data mining (statistical techniques) to determine the relationships in the database that can result in better ways of getting, retaining, regaining lost customers and predicting CB. In this way, CB analysis is the starting point for strategic marketing formulation. The strategic marketing process is represented in figure 2.3.

Figure 2.3: Strategic marketing process

```
┌────────────────────────────────────────────────────────┐
│                      PLANNING                          │
│                                                        │
│   📽  Formulate the vision statement                   │
│   📽  Formulate the mission statement                  │
│   📽  Set objectives                                   │
│   📽  Perform environmental scanning                   │
│   📽  Develop market and marketing strategies          │
│   📽  Prepare detail plans                             │
│   📽  Review the plans                                 │
└────────────────────────────────────────────────────────┘

┌────────────────────────────────────────────────────────┐
│                   IMPLEMENTATION                       │
│                                                        │
│   📽  Design the organisational structure              │
│   📽  Implement leadership                             │
└────────────────────────────────────────────────────────┘

┌────────────────────────────────────────────────────────┐
│                 EVALUATION/CONTROL                     │
│                                                        │
│   📽  Sales analysis                                   │
│   📽  Marketing cost analysis                          │
│   📽  Efficiency analysis                              │
│   📽  Marketing audit                                  │
│   📽  Analysis by observation                          │
└────────────────────────────────────────────────────────┘
```

Source: Cilligan and Wilson (2003: 43)

Explanation of figure 2.3:

Step 1 is the planning of the process that gives direction to the enterprise – to create a competitive advantage by developing the vision of the enterprise which indicates the future of the enterprise. For the vision to be practical the managers must create a

mission statement that clarifies the type of customers, the product and the technology of the enterprise. Objectives must be set in accordance with specific, measurable, attainable, realistic and time bound (SMART) standards. Formulation of market strategies involves targeting single, multiple or niche markets, while marketing strategy involves product, price, place and promotion decisions. Finally, detailed plans of how to implement strategies must be developed and reviewed to select the most suitable plan.

Step 2 is devoted to patterns of activities which are the logical series of actions to be taken in order to affect the plans chosen in step 1. These actions include decisions on the structure of the enterprise, such as whether it is flexible or rigid, functional, a multiproduct matrix, geographic or product-oriented. The decisions on leadership styles concern firstly delegating authority; and, secondly, co-ordinating marketing activities to effectively communicate with all marketing personnel so as to motivate employees to voluntarily perform towards the achievements of the enterprise and to create a beneficial enterprise culture. A decision on democratic, autocratic, laissez-faire, and coaching leadership styles must also be made. Decisions on the management team must be made at this stage, as well as decisions on the position of the enterprise in the marketplace.

Step 3 of the process is concerned with evaluation and control of the marketing performance:

The evaluation and control techniques:

- **Sales analysis**: actual sales analysis against the planned sales.
- **Marketing costs analysis**: analysis of the marketing costs by product, sales area, consumer segment, distribution channels, etc, and divided between activities such as personal sales, advertising, market research etc.
- **Efficiency analysis**: efficiency standards in the form of ratio; for example, delivery costs per order, sales per square metre sales area etc.

- **The marketing audit**: a periodic (annual), comprehensive, systematic and independent investigation into the enterprise's marketing environment and the specific marketing activities of the enterprise with the purpose of identifying opportunities and threats and recommending plans to increase the enterprise's overall marketing efficiency.

- **Analysis evaluation by audit**: evaluation visits to the intermediaries and sales-points (retail checks)

The evaluation and control process

The evaluation and control process works parallel with the planning process and thus follows the following steps:

- Establish performance criteria;
- Carry out performance projection;
- Develop marketing organisation;
- Develop marketing plans;
- Evaluate marketing performance;
- Take corrective action.

The investigation of CB with regard to manufacturing SMMEs in Welkom must determine the factors influencing consumers to buy less than expected and must recommend the formulation of strategic marketing and the development of a marketing mix appropriate to the needs, wants and demands of customers, and, in this way, develop the manufacturing SMMEs (Clover & Darroch, 2005: 244).

2.2.4.9   Marketing strategy

Cilligan and Wilson (2003: 76) define marketing as the process through which the needed goods and services are developed and provided to consumers in such a way that the enterprise succeeds in retaining loyal customers. The implication for

manufacturing SMMEs in Welkom is that managers should develop their marketing plans so as to have an advantage over competitors, thereby winning over consumers and retaining them as loyal customers.

Marketing strategy is defined by Zimmerer *et al*. (2008: 264) and Ferrell and Hartline (2005: 225) as the philosophy followed by entrepreneurs to identify potential buyers, to contact the prospective buyers, to convince them to use the products of the enterprise, to serve them effectively so as to maintain the customer base, and to introduce innovative methods to satisfy their economic motives. Therefore, marketing strategy formulation starts with the identification of the economic motives of the consumer, which means understanding the CB of the target markets.

Solomon, Marshall and Stuart (2012: 81-93) add that CB helps the enterprises to improve their marketing strategies by comprehending how components of the consumer's environment (such as family, culture, and the media) influence consumers, how the decision-making process for goods varies from that of services, and what the meaning of marketing concept and customer orientation are. Considering this argument, it follows that marketing strategy helps the enterprises know where the business is going and how to arrive at that chosen destination.

According to Cilligan and Wilson (2003: 43) and, Ferrell and Hartline (2005: 225), the key dimension of marketing strategy is a decision on which market the enterprise chooses to serve and which market the enterprise chooses not to enter. This explanation suggests that the first step in marketing strategy formulation is market segmentation (namely grouping consumers with similar economic motives together) and names this group a market (Strydom, 2008: 267). Knowledge and understanding of CB is thus crucial to this step of marketing strategy formulation. CB helps marketers know which needs are not satisfied, and thus provides a reason for consumers behaving the way they do.

The next step in marketing strategy development is the decision on the marketing mix which will satisfy the needs of the targeted consumers (Cilligan & Wilson, 2003: 49). According to Bates *et al*. (2006: 256), product strategy decisions involve selection between consumer products such as convenience, shopping, speciality or unsought products. Furthermore, marketers of manufacturing SMMEs in Welkom must make decisions about branding (name, symbol, trade mark, packaging, etc.) which will differentiate their products meaningfully from competitors' products.

Bates *et al*. (2006: 262-272) state that pricing strategy requires managers of manufacturing SMMEs to choose pricing objectives such as survival, profit, ROI, and market share pricing, as well as choosing price skimming or price penetration strategies. Furthermore, managers need to decide on place (distribution) strategy, which is a decision about selling the product directly to the consumers from the enterprise or using intermediaries such as wholesalers or retailers (Hawkins & Mothersbaugh, 2010: 300). The marketing mix decision is about promotion strategy – managers must decide on which of the IMC elements (such as advertising, sales promotion, personal selling, public relations, publicity, direct response marketing and internet/interactive) to employ (O'Guinn, Allen & Semenik, 2009: 122-421).

Therefore, a unique and outstanding marketing strategy could be the solution to the shutdown problem of manufacturing SMMEs in Welkom. Such a strategy could assist in retaining customers and create the income to sustain development and the creation of jobs, thereby contributing to the economic growth of both Welkom and SA. Du Plesiss and Rousseau (2008: 6) stress that it is important for managers of enterprises to understand CB so that they can develop marketing strategies which retain customers, create and maintain customer value, and evaluate the lifetime value of customers. The understanding of CB undoubtedly contributes to the survival and continued existence of businesses.

2.2.4.10   Growth strategies

Enterprises choose a growth strategy, described as the main aspect of the mission statement of the enterprise, with the aim of competing in the best way possible for the enterprise (Smit & Cronjé, 2002: 124-127). The needs of consumers are thus one of the considerations that influence this choice of strategy. Hence, managers of SMMEs need to analyse customer data concerning which benefits and features contributed the most to the consumption experience of the customers, and then need to select a suitable growth strategy (Johnson & Gustasfsson, 2000: 99-138 and Paul, Henning-Thurau, Gremler, Gwinner & Weirtz, 2009: 216-231).

According to Smit and Cronjé, (2002: 125), the enterprise can choose a strategy from one of the following classes of strategies:

- **Low-cost leadership**: this is when the enterprise tries to increase sales by reducing unit costs and price. This may be realised by increasing productivity or through economy of scale. For example, re-engineering a process to reduce lead time.
- **Differentiation**: this used when making the product uniquely different from the competitors' and pricing it more highly than the competitors', so that the consumer can interpret this as being better than competitors' product. Another example could be to offer a longer guarantee or warrantee period than competitors do.
- **Focus**: this is concentrating all the enterprise's efforts on one product line or usable unit (segment) that will give the enterprise the competitive advantage. For example, produce school uniforms for boys and girls.

Considering the grand strategies represented in figure 2.4, enterprises need to consider the three groups of grand strategy (namely growth, decline or corporate combination strategies) and select the one that will satisfy their consumers' needs, wants and demands, and hence meet the enterprise's goals.

Figure 2.4: Grand strategies

```
                                            ┌──────────────────────┐
                                       ┌───►│  Concentration       │
                                       │    └──────────────────────┘
                                       │    ┌──────────────────────┐
                                       ├───►│  Market development  │
                            ┌──────────┤    └──────────────────────┘
                       ┌───►│ Internal ├───►┌──────────────────────┐
                       │    └──────────┤    │  Product development │
                       │               │    └──────────────────────┘
                       │               │    ┌──────────────────────┐
                       │               └───►│  Innovation          │
            ┌──────────┤                    └──────────────────────┘
       ┌───►│  Growth  │                    ┌──────────────────────┐
       │    └──────────┤               ┌───►│  Integration         │
       │               │    ┌──────────┤    └──────────────────────┘
       │               └───►│ External ├───►┌──────────────────────┐
       │                    └──────────┘    │  Diversification     │
┌──────┴───┐                               └──────────────────────┘
│  Grand   │               ┌──────────┐
│ strategies├──────────────►│ Decline  │
└──────┬───┘               └──────────┘
       │                    ┌──────────────────────┐
       └───────────────────►│ Corporate combination│
                            └──────────────────────┘
```
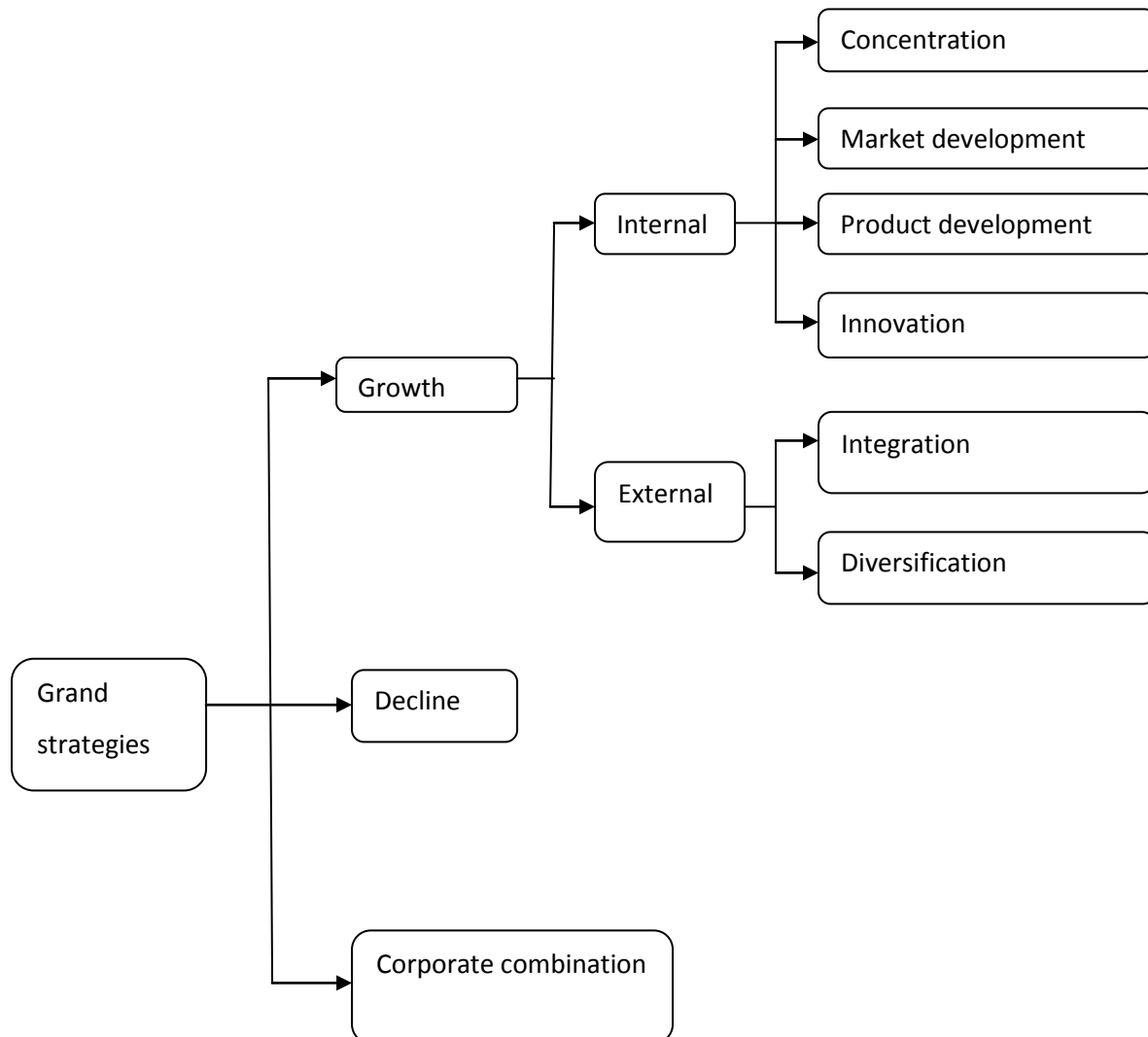
Source: Smit and Cronjé (2002: 126)

Smit and Cronjé (2002: 125-129) indicate that there are two strategies for growth, namely internal and external (figure 2.4). External strategies include forward, backward and horizontal integration strategies, and diversification. According to Brand, Du Plessis and Schutte (2007: 183-188) SMMEs can develop by buying a supplier (backward integration), or a retailer (forward integration), or by buying a similar enterprise (horizontal integration).

Diversification strategy involves growth by selecting concentric diversification or conglomerate diversification strategies (Smit & Cronjé, 2002: 128). Concentric strategy takes place when the enterprise adds an enterprise that is similar to the current business, while conglomerate strategy occurs when the enterprise buys a different business from the current one. Brand *et al.,* (2007: 188) argue that an external growth strategy is suitable for enterprises which are financially powerful and thus this strategy might not be appropriate for many SMMEs.

Brand *et al.* (2007: 188) therefore suggests that SMMEs should focus on internal growth strategies as these are less complicated and less financially demanding for SMMEs than external growth strategies would be. External growth strategies are more appropriate for large organisations because of the high levels of funding required – this being one of the constraints in the survival and growth of the SMMEs (Clover & Darroch, 2005:241-244). The internal growth strategies that can be chosen by SMMEs are concentration (market penetration), market development, product development or innovation, and are briefly described below (Smit & Cronjé, 2002: 126-127).

A concentration growth strategy focuses on increasing profits either by influencing consumers to increase the usage rate of the product, or by attracting more new consumers or calling on competitor's customers. A market development growth strategy requires the enterprise to sell the existing product in new markets, for example by expanding into a new geographic location. There is a subtle difference between concentration and market development strategies: both employ the existing product in new markets, but market development does not focus on development by increasing the consumption rate of the same consumers.

The enterprise that chooses a product development growth strategy will usually modify or add one or two features to the existing product in order to make it seem new to the current customer. Choosing an innovation growth strategy involves completely new business ideas that will be different to the current product, technology and the customers of the enterprise. Innovation growth strategy is considered to be risky

compared to the other growth strategies. This is especially the case if the new venture is unrelated to the existing business, as the enterprise would be introducing a product about which they have little expertise and introducing it to an unknown market (Cravens, 1997: 49).

According to Johnson and Gustasfsson, (2000: 14-16), the effectiveness of the chosen growth strategy depends on whether the enterprise tracks and traces consumer behaviour by following the process of qualitative research, creating quality-satisfaction-loyalty surveys, or analysing data to produce information that will be used in identifying a suitable strategy. Therefore, CB has direct influence on the choice of growth strategy.

2.2.4.11   Competitive edge

Clark (2004:195-208) describes competitive edge as a business factor that the enterprise possesses which causes the enterprise to compete better than the rival business. Clark (2004:200-208) continues to explain that there are many factors which can give competitive edge, such as:

- **Legal aspects**: an example is the strict compliance to occupational, health and safety act standards.
- **Demand lead satisfaction**: this is operational behaviour that fully meets consumers' demands the first time and always.
- **Proactive**: continuous performing of SWOT analyses to discover new areas of strength, weakness, opportunity and threat, and quickly adapting strategic management accordingly.
- **Efficiency**: this is the attitude that strives to achieve effective low-cost investment.
- **Good relations**: this can be achieved, for example, by becoming involved with local government issues such as pollution of the physical environment.

- ☙ **Staff moral**: ensuring that the moral is high among employees, thus ensuring high productivity and low labour turn over.
- ☙ **Procurement**: SMMEs can focus on supplying large organisations.
- ☙ **Association**: developing clear and two way communication channels with all business-related stakeholders.
- ☙ **Ethics**: SMMEs can present their ethical codes to listed businesses, thus raising the possibility of referrals from these businesses.

Therefore, managers of SMMEs need to be creative in formulating a competitive edge which is difficult to imitate, yet helps the enterprise develop.

2.2.4.12   Innovation

The view of Albino and Kühtz (2003: 167-168) is that innovation is the implementation of original or modified ideas. Innovative ideas include the re-use of waste materials from operating processes. For example, dress making enterprises could use waste (pieces of clothing materials) to make pillows, or replace the conventional energy source (electricity or fuel) with a natural energy source (solar energy), or reduce energy usage by using different machinery or by using the mechanical energy of one machine to drive other machines. SMMEs would thereby be reducing costs and increasing income, and thus taking up an opportunity for growth.

2.2.4.13   Small, medium and micro enterprises associations

Formal and informal SMMEs may form associations with business entities that are similar in operations. Such associations may help SMMEs with financial services, customer support management, logistics, services, project planning and business training (Brand *et al.*, 2007: 188). An association can encourage formal SMMEs to absorb informal SMMEs, thus combining resources in order to develop into larger organisations.

2.2.4.14   Sustainability

According to Moore and Manring (2008: 276-278), sustainability enhances the attractiveness of SMMEs to large organisations for purposes of acquisition. Such a move can protect SMMEs from the fast changing business environment, and thus can bring out growth opportunities. SMMEs can consider a network of SMMEs that can focus their effort on a niche market and concentrate on taking a large share of the niche market, perhaps with the aim of maximising exposure and even becoming a global supplier. Moore and Manring (2008: 276-278) posit the following sustainable strategic planning:

- A local or specialised market and technology, such as burglar bars, making using of manual labour.
- Entrepreneurial innovation, such as creative advertising.
- Organisational development of firms – an example could be to build-in an adaptation process to cope with the disruptions caused by innovation and change.

Acquisition may therefore be a better option for growth than external financing, as SMMEs would then not have a debt to service.

2.2.4.15   Networking

Chacko and Harris (2006: 175) argue that information communication technology (ICT) can be a useful tool for effective networking with other SMMEs, as well as the efficient transfer of values, particularly over very long distances such as overseas. Through ICT networking, SMMEs can improve their potential to be a strong sector in the digital family (Harjoto & Jo, 2011: 50-57). Networking can contribute to the development of SMMEs, lead to job creation, increase public income and generally improve the LSM of consumers in Welkom.

Constraints to the development of SMMEs are discussed in the next paragraph.

2.2.5 Constraints to the development of the small, medium and micro enterprises

This section focuses on the barriers to the development of the SMMEs, such as socioeconomic factors, lack of management skills, regulatory environment, ineffective public support services and no private sector support, and dependence on large organisations.

2.2.5.1 Socio-economic factors

According to Clover and Darroch (2005:240-244), socioeconomic factors, such as lack of infra structure (for example, poor road construction in rural areas), inaccessible markets and low wages, are constraints to the development of SMMEs. Rogerson (2006: 67-73) adds that access to and penetration of markets are expensive for manufacturing SMMEs because large organisations have already captured a large share of these markets. Mmakola (2009: 71-72) points out that SMMEs pay low wages, which do not alleviate poverty, and when the employees find higher paying jobs, they leave the SMMEs – this increases labour turnover, which implies higher costs, and therefore a constraint on development.

2.2.5.2 Lack of management skills

Strydom (2008: 52) states that managers and/or owners may lack the knowledge and management skills to run their businesses. They may especially lack the conceptual skills that are necessary for development – they must have the ability to conceptualise the future of the enterprise in order for it to be successful. Such managers would not be able to perform the necessary strategic planning to direct the growth of SMMEs. This would thus be a significant constraint to development.

2.2.5.3   Regulatory policies

Mmakola (2009: 69-72) contends that the regulatory environment for SMMEs is not conducive, as taxation is inversely proportional to the income of the SMMEs. Economic policy elements, such as a maximum level for tax, and industrial regulations, such as minimum wage levels, create both opportunities and threats for SMMEs. Objectives for support, growth and productivity are not met by SMMEs because the time frame within which they are evaluated by government is too short. Moreover, government assumes that all SMMEs are labour intensive and therefore provide an appropriate avenue for job creation. However, research indicates that the SMME sector (which includes clothing, furniture and burglar bar manufacturers) is traditionally labour intensive, but is very small in size (Mmakola, 2000: 72).

2.2.5.4   Ineffective public support services and no private sector support

According to Mmakola (2009: 71-72), the support structures of government are unable to clearly differentiate entrepreneurs from non-entrepreneurs, suggesting that the support services might be misdirected. Public support services view SMMEs as a large sector and, as a result, provide support only to SMMEs which are easy to serve. The private sector, on the other hand, does not support SMMEs by giving them supplier contracts. A further problem relates to the difficulties experienced by the custodians of public support services in adapting national policies to local policies. Government has tried to intervene by merging support services such as Ntsika and others into one support service, namely SEDA. However, research indicates that the use of SEDA is biased, since many SMMEs are not aware of this structure and eighty per cent of those who are aware do not approach SEDA. Government thus needs to introduce an intensive awareness campaign to help remove this constraint to the development of SMMEs (Mmakola, 2009: 77)

2.2.5.5   Dependence on large organisations

According to Bernstein (2005: 46-52), Welkom is an area which was economically heavily dependent on mines which used migrant labour. As the mines closed, most of these employees returned to their places of residence far away from Welkom. SMMEs which thus were heavily dependent on mine workers as their customers had to retrench employees and adapt their marketing strategy to a reduced customer base. It is thus necessary to investigate what happened to CB in Welkom.

Therefore, the next section discussed is the support systems for SMMEs.

2.2.6 Support systems for small, medium and micro enterprises

According to Mmakola (2009: 66-67), Bates *et al.* (2006: 86-88) and Van Aardt, *et al*., (2008: 41-51), the government of SA introduced policies (see figure 2.5) to rescue SMMEs from the imbalances which were the legacy of apartheid. Some of these initiatives are outlined by these authors in the following paragraphs.

2.2.6.1   Support from the government of South Africa

The custodian of the institutions tasked to support SMMEs is DTI (Van Aardt *et al*., 2008: 45) and these institutions together with their support services are summarised in figure 2.5.

Figure 2.5: Policies initiated to address specific SMME constraints

Policies and structure	Benefits for SMMEs
National Small Business Enabling Act, act 102 of 1996 Preferential Procurement Policy Framework Act, act 5 of 2000	1. Improves the legal environment
Tender Advice Centre Khula Enterprise Limited Small Enterprise Development agency	2. Opens access to markets and procurement 3. Eases access to finance 4. Addresses low skill levels
Skill Development Levy Act, ac 97 of 1198	5. Addresses access to information 6. Enables understanding
Mineral and Petroleum Resource Development Act, ac 28 of 2002	7. Counter apathy
Small Enterprise Development agency Khula Private sector institutions	8. Addresses the shortage of effective supportive institutions

Source: Bates *et al.*, (2006: 86)

Figure 2, indicates that the two important structures tasked with the development and promotion of small business in South Africa were:

Small Enterprise Development Agency (SEDA): to support the development of small businesses throughout South Africa.

Khula Enterprise Finance Limited: this is an alternative source of finance intended to support small business enterprises in disadvantaged communities (Bates *et al*., 2006: 87).

The Industrial Development Corporation (IDC) assists entrepreneurs to create competitive industries and enterprises based on the foundation of good business principles. Kula enterprise was established in 1996 to specialise in improving the availability of loans and equity capital to SMMEs; this was achieved by offering loans guarantees and assisting and guiding SMMEs on financing and opportunities. The National Manufacturing Advisory Centre Co-ordinating body (NAMAC) provided numerous support programmes which gave manufacturing information and relevant business development services to SMMEs (Van Aardt *et al*., 2008: 45-46)

According to Mmakola (2009; 65), the National Empowerment Fund (NEF) and the IDC provided empowerment to previously disadvantaged entrepreneurs through broader ownership, control, and management of some income generating assets, while the National Enterprise Promotion Agency (Ntsika) provided non-financial support service such as access to training, information, capacity building counselling, markets and technology to SMMEs. In addition, the Company and Intellectual Property Registration Office (CIPRO) offers the following services to these enterprises:

- Registration of closed corporations
- Registration of companies
- Registration of copyright
- Registration of designs

- ☙ Registration of patents

- ☙ Disclosure of corporation information

2.2.6.2   Support from the department of trade and industry

According to Van Aardt *et al*. (2008; 45), DTI intends to achieve its objective of increasing the contribution of SMMEs to gross domestic product (GDP) in SA. The sections of DTI that are concentrating on achieving this objective, by basically enhancing the creation of sustainable competitive SMMEs, are The Enterprise Organisation (TEO) and the Enterprise Development Unit (EDU). The responsibilities of TEO are the administration of incentive schemes for SMMEs, regular review of the current schemes and the building of new relevant schemes on a continuous basis, as well as creating easy and quick access to these schemes by SMMEs. EDU is charged with the tasks of rendering the environment conducive to SMMEs making an economic contribution and ensuring that larger organisations contribute to the GDP of SA and the increase in employment. Despite the initiative by the government of SA to help the SMMEs, manufacturing SMMEs in Welkom are shutting down. Therefore, this study has investigated the effect of CB on the development of manufacturing SMMEs in Welkom.

The following paragraph discusses the theoretical framework of the study.

2.3   THE THEORETICAL FRAMEWORK OF THE STUDY

According to Futrell (2008: 111-112), some of the common models that describe the consumer's decision-making process are the economic model, the psychological model and the SRCB model, which is a mixture of both economic and psychological models. Erasmus *et al*. (2001: 83-87) state that many consumer decision-making models developed between 1968 and 1974 were named „grand models' of consumer decision-making. The common factor among these models was that the buying decision was characterized by a logical multi-staged problem solving approach.

However, Du Preez (2003: 11) argues that the different consumer decision-making models that appeared between 1968 and 1973 were called ‚traditional models'. These models stated that products were purchased only on the basis of features such as price, quality and utility of the product. Gillham *et al*. (2003: 21-24) criticised the traditional models, stating that these models did not consider the subjective motives of individuals, such as tastes, pride, adventure and expression. Erasmus *et al*. (2001:84) share the same view that these models excluded the emotional aspect of the consumer during the purchase decision-making process.

Du Preez (2003: 41) argues that one of the traditional models that was later popularised in the study of CB is the SRCB model which is widely used by many marketers. However, Futrell (2008: 112) and Gillham *et al*. (2003: 22) argue that the SRCB model considers only the functional aspect of the product while the consumers consider both the utility of the product and their feelings towards the product during the purchase decision-making process. Thus, marketers need a model that addresses both the functional nature and the symbolic nature in classifying the motivational needs of consumers.

The researcher focused on the SRCB model because Anderson and Vincze (2000: 127-137) state that the SRCB model generalises a simplified representation of CB. Moreover, the SRCB model is a practical and simple model for less sophisticated small business marketers to comprehend and implement. The SRCB model was thus selected in this study as the managers of manufacturing SMMEs in Welkom were considered less sophisticated and used simpler production processes. According to Anderson and Vincze (2000: 127-137), the SRCB model outlines the way the psychological factors, personal factors, social factors and cultural factors act together to affect the buyer's decision-making process and buyer's response.

Futrell (2008: 11-112) cites sales presentation as an example of the stimuli that may cause a prospective consumer to recognise a need, to ask questions and to request

more information. The prospective consumer will focus on both practical and emotional reasons in assessing the information and then will respond by either purchasing or not. Furthermore, the cognitive activities of the consumer are hidden which makes the application of the SRCB model a challenge for marketers as they cannot see the hidden decision-making process of the consumers. These hidden activities resulted in Kotler and Armstrong (2006: 137-154) referring to the mental decision-making component of the SRCB model as a 'black box' and represented the model as in figure 2.6.

Figure 2.6: Stimulus-response consumer behaviour model (Black Box)
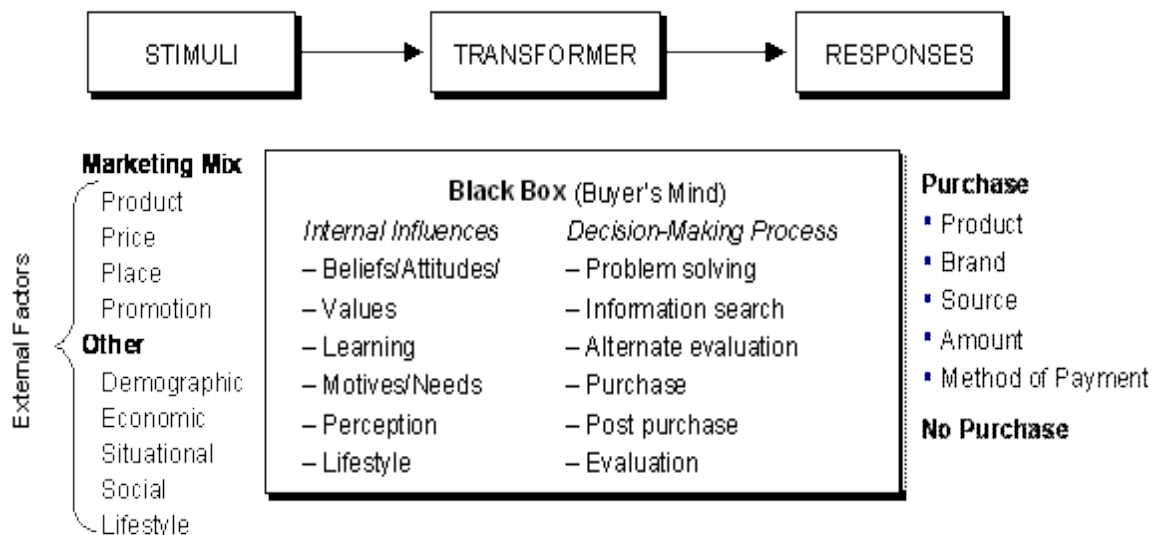
Source: Keegan *et al*. (1992: 193)

2.3.1 Explanation of Stimulus-response consumer behaviour model

According to Solomon (2011: 81-631), Futrell (2008: 11) and Du Plessis and Rousseau (2008: 46-156 & 159-245), the SRCB model represents CB which can be described by means of three major aspects, namely the stimuli leading to the transformation process and finally to a response. Consumers are influenced by two

major categories of factors – external factors which are referred to as stimuli, and internal factors, also known as individual factors.

2.3.1.1   Stimuli/external factors

Stimuli are described by Solomon (2011: 120) as happenings or events that take place in the consumer's external environment and can be received or observed through the five senses – namely sight, smell, taste, touch and/or hearing. According to Du Plessis and Rousseau (2008: 304-308), the meaning of stimuli to the consumer is derived from the influence of external factors and internal factors, as outlined in the next sub-paragraphs.

According to the SRCB model (figure 2.6), the external factors that consumers experience can be grouped into marketing mix, demographics, economic, situational, social and lifestyle variables (Solomon, 2011: 41-280). Belch and Belch (2007: 105) confirm this viewpoint, emphasising that consumers do not make buying decisions in isolation, but are influenced by factors found in their external environment, as described below.

The marketing mix is product, price, promotion and place, all of which form part of the market offering to consumers (Belch & Belch, 2007: 58-63). According to Futrell (2008: 47-48), it is important for the marketer to understand that a product must have added value, which is an extra benefit received from the product and is not part of the purchase price – an example could be the period of a guarantee or warranty. Further, the marketer can use packaging, colour, size, and reputation of the seller to influence consumers. Price is part of the marketing mix that communicates to the consumers the worth of a product, hence managers of SMMEs in Welkom must link price to the quality of their products – the price and the product of the SMME must send the same stimuli to the consumer.

According to Zimmerer *et al*. (2008: 304-305), place or distribution technique should add value by providing an excellent service and a convenient location which would make access to the product easier and faster than the competitors' location. Hence, consumers would be positively influenced towards the more easily accessible product.

Marketers should ensure that the communication elements (advertising, personal selling, direct marketing, sales promotion, publicity, public relations and internet/interactive) are integrated in the marketing mix in such a way that the message to consumers is not confusing or contradictory, but influences consumers to prefer the product of the enterprise.

According to Du Plessis and Rousseau (2008: 94-95), for the marketing mix to communicate effectively or to influence consumers favourably towards the enterprise or products, the marketers of manufacturing SMMEs in Welkom should realise that their target audience must be clearly identified. Therefore, the knowledge and feelings of consumers regarding the enterprise's product must be recorded, as well as the method of communication with the target audience, in order to influence the marketers' decision-making process. Belch and Belch (2007: 149) and Du Plessis and Rousseau (2008:115-116) suggest that the following models, represented in table 2.3, may help with effective IMC planning to influence the perceptions of consumers:

Table 2.3: The Foot, Cone and Belding (FCB) grid

	THINKING	FEELING
High involvement	Informative Example: car, house furniture Learn-feel-do model Possible implications: - Rational communication - Print or high attention mediums, use of illustration or demonstration - Measure of communication success: recall	Affective Examples: jewellery, cosmetics, fashion, apparel Feel-learn-do model Possible implications: - Emotional rather than rational communication - Media environment Important - Creative execution important - Measure of communication success: liking
Low involvement	Habit formation Example: food, household items Do-learn-feel model - Communication to remind influence behaviour. Use point of sale - Measure of communication success: sales	Self-satisfaction Example: cigarettes, liquor Do-feel-learn model - Communication or activities to stimulate trial - Emotional communication (to signal social standing) - Measure of communication success: sales

Source: Harris (1998: 5)

This Foot, Cone and Belding (FCB) grid model points out four major strategies for IMC which are described below.

Information strategy: this is seen to be appropriate to highly involving products such as burglar bars in which thinking and price are important aspects and the usual learning levels apply – namely, to learn about the product, to develop a feeling (positive or negative) for the product, and to take an action (do) which might or might not be purchasing. Hence, manufacturing SMMEs which produce such products need to communicate the facts (rational) to the target consumers, so as to influence them positively – noting that the effectiveness of the communication will be in the increased recall of the message (Belch & Belch, 2007: 181-182).

Affective strategy: is appropriate for highly involving or emotional products such as fashion clothing. With regard to these products, the message appeal should aim at the psychological needs of consumers, such as ego. Thus, jewellery manufacturing SMMEs in Welkom could use colourful print media and imply an environment which induces feeling from the target market. It should be noted that consumers first develop emotional feelings regarding the product before learning about it and finally acting on these – these actions might be buying, searching for information, or trying it out. The communication will be evaluated as effective only if consumers' liking for the product has improved (Belch & Belch, 2007: 182).

Habit-forming strategy: is for low involving or thinking products that are purchased on a routine basis. These products are often bought on trial. The type of learning is by first doing (purchase and use product); if the outcome is rewarding, a feeling of purchasing again is generated; if the outcome is negative, the consumer will learn to avoid the product. Manufacturing SMMEs of juice in Welkom could, for example, use a „reminding' advertisement and comparative advertising to influence actual and potential customers respectively – increase in sales would be the signal for achievement of the communication objective (Belch & Belch, 2007: 185).

Self-satisfaction strategy: is generally for low involvement or feeling products such as cigarettes. These are purchased mainly for the satisfaction of a social need (acceptance). The approach of consumers to learning is again operant. The emotional appeal message is the suggestion, and increased sales are the criterion for a successful message (Du Plessis & Rousseau, 2008: 116-117). IMC is thus a valuable tool to build and maintain strong brand equity in order to meaningfully differentiate the products from other competing similar products.

Demographics refer to the characteristics of the community, such as culture, language, tradition, age, gender, income bracket, education levels, religion, occupation, beliefs, etc. For example, females who are educated and working express themselves differently from those who are relatively poorly educated and are house wives. Belch and Belch (2007: 166-179) advise marketers to be aware of the influence of the source of the advertising message – the source should be seen as believable and having expertise. The demographics of consumers thus influence how they respond to events in their environment such as advertising.

Economic variables include interest rates, inflation rates, exchange rate of currency, spending power of prospective consumers, a healthy economy, business cycle and productivity (Strydom, 2008: 31-33). For example, the increase in interest rate causes disposable income to decrease, thus making consumers behave differently – they might purchase fewer products, or purchase less expensive products. If the inflation rate becomes lower, the purchasing power of consumers becomes stronger, thus influencing consumers to increase their demand.

According to Belch and Belch (2007: 129-130), the situational factors refer to the consumers' plan for making use of a product. The plan might be personal use or public use, each of which influences consumers differently. Furthermore, the situational environment might include the operating situation at the time of buying (i.e. the store environment). If, for example, the store environment is entertaining to the consumer,

his mood might be influenced positively towards the enterprise and thus he might purchase the store's product (Futrell, 2008: 309).

The social environment is the situation in which consumers have common lifestyles, values, norms, interests and behaviour with the society in which they are living (Belch & Belch 2007: 127). This is the basis for various social classes in the society and hence different consumption patterns of products and services. Marketers of SMMEs should thus take advantage of such behaviour and segment their markets in accordance with these different layers of society.

Solomon (2011: 253) defines lifestyle as a pattern of consumption that expresses how a person selects to use his or her time and money. However, Du Plessis and Rousseau (2007: 220) argue that lifestyle can be part of the psychographic nature of the consumer. According to this argument, the consumer behaves on the basis of preferred activities (such as brushing teeth twice per day), interest (such as the freshness given by the tooth paste) and opinion (which might be that the tooth paste is making the consumer accepted in a social group). According to this argument, products are the cornerstone of lifestyles. For example, consumers who like to spend their leisure time indoors will buy products that help them to satisfy their introverted characteristics (such as soul music), while outdoor consumers will be influenced to purchase products such as mountain climbing boots (Moore *et al*., 2010: 181). According to the SRCB model, life style can be an external as well as an internal factor. It is external if the consumers' behaviour was influenced by reference groups' ways of living, and internal if the consumers followed their own values and beliefs (Du Plessis & Rousseau, 2007: 220).

2.3.1.2   Internal/individual factors

According to figure 2.3, internal factors comprise of belief/attitude, values, learning, motives/needs, perception and lifestyle. According to Du Plessis and Rousseau (2008: 159) and, Belch and Belch (2007: 108), consumers are influenced by these internal

factors to make a meaning of stimuli. Belch and Belch (2007: 117) explain attitude as a precondition that has been learned to have a particular action towards a phenomenon. This view is shared by Du Plessis and Rousseau (2008: 194) who describe attitude as a learned behaviour which shows or expresses favourable or unfavourable action in a persistent manner towards an object. In essence, these two explanations indicate that attitude is a result of a learning process and is not natural. Solomon (2011: 282) views attitude as an enduring normal assessment of people (including oneself), objects or phenomena, for example a product. All these authors agree that attitude is not natural and that it does not change easily.

According to Du Plessis and Rousseau (2008: 195-200), the common models that are used to explain the parts or building blocks of attitude are the single component attitude model, the tri-component attitude model and the multi-attribute models (the one-dimensional approach such as bad or good; the weighted importance dimension, which qualifies how good or bad; and the refined dimension, which gives the ideal point dimension). The premise of the single-component model is that attitude is the result of one building block which is the emotions or feelings which the consumer learned to attach to a particular product or enterprise. According to the tri-component attitude model, attitude consists of a cognitive component (individual mental activities or thinking), an affective component (feelings or emotions) and a conation component (behaviour or action taken). The multi-attribute attitude models are explained by Belch and Belch (2007: 117) as models that consider a product as having several features on which consumers build a foundation for developing an attitude towards the product. All these models incorporate the belief in attitude formation. For example, the consumer may have a belief about particular features of a brand which causes him to rank these various features according to his view of the value of the feature. According to this explanation, it follows that an attitude towards a specific brand may be represented as a formula (see formula 2.1) (Belch & Belch, 2007: 117).

Formula 2.1: Attitude toward a particular brand

$$A_B = \sum_{i=1}^{n} B_i \times E_i$$

$\sum$ = the sum of i where i can assume any number from 1 up to nth

Number

A_B = attitude toward a brand

B_i = beliefs about the brand's performance on attribute i

E_i = importance attached to attribute i

n = number of attributes considered' (Belch & Belch, 2007: 117).

Application of formula 2.1 above

The Marketers of enterprises may employ formula 2.1 to determine the attitude of the consumer towards a specific brand. For example, if the consumer of a manufacturing SMME in Welkom holds beliefs (B_i) about certain features (such as price and service) with regard to different brands of dresses, or with regard to certain enterprises that manufacture dresses, one enterprise may be considered as having affordable price and quality service. Another enterprise may be interpreted as not having these features, but may be taken to be meeting a standard with regard to other features such as quality and colour. Attitude can be determined if the marketer of the manufacturing SMME in Welkom needs to know how much value or importance is given to each feature.

Therefore, the consumer who values price and service will buy from the first enterprise, while the one who considers quality and colour as important will purchase from the other enterprise. Solomon (2011: 297) states that consumers may have several beliefs concerning a brand, but only the salient (very important) beliefs will be considered when a choice between products or enterprises has to be made. Belch and Belch (2007: 118) suggest that the marketers have to note, and comprehend the salient beliefs of their target consumers and make use of multi-attribute models to influence the attitude of their consumers by altering or creating a stronger belief

ranking regarding the enterprise, or by adding a new feature to the attitude building mechanism.

Du Plessis and Rousseau (2008: 239-241) define values as beliefs that are worthy of holding on to, even to the extent of dying for. Solomon (2011: 173) defines values as beliefs in which one condition is preferred over the opposite condition. As both authors view values as strong beliefs which an individual is not prepared to sacrifice, it follows that their views are similar regarding the definition of values. Du Plessis and Rousseau (2008: 239) emphasise that values are products of culture and give definiteness to decisions, consistency of decision-making to the consumer and a complete comprehension of the world of the consumer. Considering that values are dependent on culture and Welkom is a multi-cultural community, it follows that marketers of SMMEs in Welkom should use advertising to develop cross-cultural consumption on the basis of similar or identical needs, wants and demands.

Learning is defined by Du Plessis and Rousseau (2008: 186) as any alteration in what is placed in the long-term memory of an individual – this is represented in figure 2.7.

Figure 2.7: The relationship between learning and memory

| Internal and external stimuli | → | Information processing | → | Learning | → | Memory |
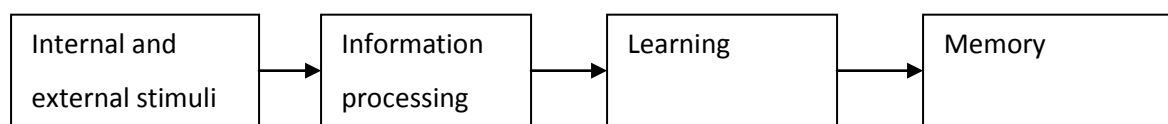
Source: Du Plessis and Rousseau (2008: 186)

Solomon (2011; 120) defines learning as a change in behaviour as a result of practical contacts or observations which, comparatively speaking, stays forever. Belch and Belch (2007: 122) define learning as „the process by which individuals acquire, purchase and consume knowledge and experience they apply to future related behaviour'. These three definitions emphasise the information or content of the brain

which is kept for future use by an individual or consumer – there is thus little difference in the three definitions.

Upon receiving a stimulus (advertisement), the consumer's mind moves the stimulus back and forth among different levels of interpretations stored in the memory; if the stimulus is associated with any particular information, the behaviour will be consistent, otherwise a cognitive dissonance (mental discomfort) occurs. Solomon (2011: 120-130) posits two main theories that explain how learning occurs, namely behavioural learning theories (classical conditioning and instrumental/operant learning) and cognitive learning theory (learning by observation and mental activities). In terms of classical conditioning theory, consumers or individuals learn by associating a previously non-response producing stimulus (conditioned stimulus-CS) with a response eliciting stimulus (unconditioned stimulus-UCS).

This association happens after the CS is repeatedly paired with the UCS, and ultimately the CS produces a response (conditioned response-CR) similar to the response (unconditioned response-UCR) elicited by the UCS. In marketing, this learning is employed by repeatedly pairing the product (CS) with music or jingles (UCS) until consumers ultimately attach music feelings (UCR) to the product and thus have a preference (CR) for the product. On the other hand, instrumental learning theory proposes that the consumer or individual learns from their actions (Du Plessis & Rousseau, 2008: 188-189; Solomon, 2011: 125-127).

Because consumers learn from their actions, it means that consumers must first use or consume a product. If the outcome is positive, their actions (consumptions) will increase (be reinforced) and, if the outcome is negative, the action will be avoided (no consumption or use). Considering classical conditioning theory and operant theory from the premise of doing something (associating and performing respectively), it can be seen that these theories propose that the learning process occurs through behaviour. From the view points of Belch and Belch (2007: 126) and Solomon (2011:

128-130), the cognitive theory considers learning as the outcome of mental activities such as thinking, motivation and interpretation.

Solomon (2011: 129) continues to express the view that the main process though with cognitive learning takes place is observation. According to this, consumers are influenced by watching a model; if the outcome observed has a positive result, the consumer will be influenced to imitate model, but, if the outcome is negative, the consumer will learn to avoid the behaviour of the model. Further, the consumer must pay attention, retain the model's behaviour, turn behaviour to performance and be driven by motive in order to be able to learn. Marketers of SMMEs in Welkom can (in their IMC) use well known celebrities or role models from the community of Welkom to influence consumers to buy their products.

Motive can be described as the force that makes consumers or individuals have motivation (Solomon, 2011: 154). Strydom (2008: 115) defines motivation as forces either from within the individual or from the external environment that start behaviour. Motivation is thus about the drive that causes a particular behaviour. According to Solomon (2011: 154-155), the cause or drive of motivation consists of needs described as states of deprivation felt regarding something that is required for survival. Wants are the directions taken by individuals to satisfy needs.

For example, two persons might be in need of energy (hungry). To satisfy the same need (energy), however, one might want a hamburger, while the other one might want pizza – different directions of satisfying the same need. Solomon, (2010: 155) explains that wants are products of cultural factors and personal factors. Bates *et al.* (2006: 5) states that many psychologists developed theories to describe the different types of needs. Strydom (2008: 118) adds that among the many theories of needs, the most common are Maslow's hierarchy of needs and McClelland's needs theory. McClelland categorises needs into needs for affiliation, needs for achievement and needs for power, while Maslow believes that needs are grouped into different levels and ranked into a particular order of importance.

Lower order needs are:

- Physiological needs that can be satisfied by wants such as food, water and sex. These needs are usually driven by physical objects like hunger or thirst.
- Safety/security needs which individuals satisfy by means of requirements to be safe, such as not being attacked by a lion (physical safety) and taking insurance cover (psychological safety)
- Social needs which are needs to belong to a social group have a friend or be loved.

Higher order needs are:

- Ego needs, such as individuals having a drive to be recognised for their achievements, or the need to have status in society, etc.
- Self-actualisation needs, in which an individual needs to realise self potential.

Solomon (2011: 161) explains that lower order levels of needs must first be satisfied before higher order levels of needs can be satisfied. Therefore, the influence of needs on buyers' decision-making depends on the strength and direction of motivation, expected outcome of behaviour, and the level of need. Considering these lower and higher order needs, it follows that marketers of manufacturing SMMEs must ensure that lower order needs are satisfied before influencing consumers to buy products that are aimed at satisfying higher order needs such as ego (recognition of achievement). Moore *et al*. (2010: 381) explain that the different orders or levels of needs might be functioning at the same time, which makes it challenging to precisely pinpoint the actual need the consumer wishes to satisfy first. Marketers of manufacturing SMMEs should strengthen the motivation of consumers through advertising.

Perception is defined by Solomon (2011: 83) and, Du Plessis and Rousseau (2008: 160) as „the process by which an individual observes, selects, organises and interprets or reacts to environmental stimuli in a meaningful way', while Moore, *et al*. (2010: 381)

defines perception as the mechanism through which the individual makes a meaning of the stimuli observed in his environment. Considering these definitions, perception means interpreting stimuli to make sense of out of them.

The definition by Du Plessis and Rousseau (2008; 160) is more detailed and includes the process of perception formation which is observation, selection, organisation and reaction.

The perception process follows these four steps, the first of which is observation (Du Plessis & Rousseau, 2008: 161-166). Observation starts when the consumer receives sensory stimuli (namely sight, sound, smell, taste and touch) though sensory receptors (namely eyes, ears, nose, tongue or skin). If the strength of the stimulus (marketing message) is below the conscious awareness level of the consumer, perception will not occur. If the stimulus level is lower than the level at which the consumer can observe (subliminal stimulus), it may be sensed unconsciously by the consumer (Solomon, 2011: 94). The implication of the observation step is that marketers can use colour, music, a pleasant odour in the store, or allowing the consumer to touch the product as ways of trying to influence the perception of consumer positively about the product or enterprise.

The second step is selection of perception. This explains the process through which consumers protect themselves against the many stimuli to which they find themselves exposed (Futrell, 2008: 121-122). Consumers use selective exposure – meaning that, from the very large amount of information received in a very short time, consumers will perceive only a very small portion. If the stimulus is not the same as consumers' beliefs and attitude, they will employ selective distortion, which is changing the information so that it is consistent with his or her belief – a view which is sometimes referred to as selective comprehension (Du Plessis & Rousseau, 2008: 171) and (Belch & Belch, 2007: 114). For example, if a salesperson makes claims regarding the quality of the product and the consumer believes that the quality of the product is low,

the consumer will distort the information. Consumers also use selective retention to keep and remember information that is in agreement with their beliefs and attitude.

Organisation is the third step of the perception formation process, in which the received stimuli (information) are placed into different groups (Solomon, 2011: 107). The closure principle or category is the tendency of individuals to organise an incomplete figure so that it is complete. Marketers employ this strategy in their IMC by leaving out words in advertisements in the hope that consumers will complete them, thus enhancing retention and forming a favourable perception towards the product or enterprise. The continuity category involves consumers organising stimuli into an interrupted type (Du Plessis & Rousseau, 2008: 172). Manufactures do not change the core feature of a product drastically because consumers will perceive it as a completely new product; however, a slight change is made to try to maintain continuity. The next category is called the principle of similarity, which implies that consumers usually put similar stimuli together (Du Plessis & Rousseau, 2008: 173). According to Solomon (2011: 108), consumers use similar physical characteristics of products as criteria to group products together. According to the principle of similarity, the marketer will use a family name or similar packaging for different products, the intention being to influence the consumer to associate the new product with the already existing and preferred product. Another category is proximity, which is the grouping of stimuli which are close to one another (Du Plessis & Rousseau, 2008: 173). In this approach, advertisers bring a product closer to a symbol that is close to the heart of the consumer. An example of this would be to say that a product is good for the whole family.

Solomon (2011: 108) states that one of the most important principles used by consumers in organising stimuli is figure and ground. The underlying properties of this principle are that figure (dominating stimulus) appears to be in front of background (ground, or less non-dominating stimulus) and that figure is taken to possess a specific shape that is clearer than ground. This principle is employed in marketing to direct the focus of consumers to the most important portion (product) of the advertisement. Du

Plessis and Rousseau (2008: 172) explain that sometimes figure and ground reversal takes place, as when advertisers use a celebrity whom consumers might perceive as more important than the actual product.

Belch and Belch (2007:166-188) explain that the actual purpose of the marketing mix and IMC is to influence consumers to form a favourable perception of the product and store. Belch and Belch (2007: 166-168) suggest that the effectiveness of IMC to create a positive perception depends on source factors, message factors and channel factors. The message to the receiver is influenced by common ground between the sender (marketer) and the receiver (consumer).

Message factors are verbal or non-verbal, rational or emotional appeals, two-sidedness or one sidedness, placement of the important fact at the beginning, middle or end of the message. The interpretation of the message is also influenced by source factors like source credibility, attractiveness, power and trustworthiness. The implication of this explanation is that managers of manufacturing SMMEs need to identify target markets and develop communication strategies that are appropriate to the target audiences (consumers) by means of suitable channels or media and the selection of appropriate sources.

Du Plessis and Rousseau (2008: 159-245) state that consumers use cognitive processes to match received stimuli with internal variables and so form a meaning of the situation at hand. Solomon (2011: 120) adds that cognitive activities are hidden, hence reference to a „Black Box'. It is difficult to know or observe these mental activities until they are transformed into observable actions or responses such as the purchase, enquiry, or no purchase of a product or brand. Enterprises use promotional strategies such as advertising, personal selling, direct response marketing, sales promotions, publicity, public relations and internet/interactive to send stimuli to consumers to elicit the response that is wanted by marketers from consumers.

2.3.1.3   Response and feedback

According to Belch and Belch (2007: 142-144) response consists of the mental activities or outcome that has been communicated to the sender of message, and the response that is sent back to the marketer is referred to as feedback. Consumers' decision-making follows the steps or stages represented in figure 2.5.

Figure 2.5: basic model of consumer decision-making process

Problem recognition	→	Information search	→	Alternative evaluation	→	Purchase decision	→	Post purchase evaluation
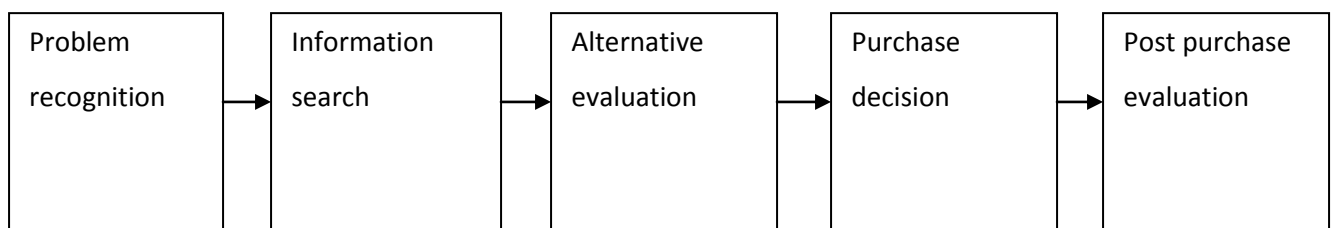
Source: Belch and Belch (2007: 107)

In addition, Du Plessis and Rousseau (2003: 117-121), explain the consumer decision-making process (figure 2.5) as follows:

- **Problem recognition**: consumer has some needs, wants or demands (economic motive) and is not sure how to meet them.
- **Information search**: shopping around for information that might solve the problem of bad experience.
- **Evaluation of alternatives**: development of the standard to assess the decision or available choices to determine the expected result of the decision.
- **Purchase**: this is the choice of product, selection of supplier, price, size, etc.
- **Post-purchase behaviour**: satisfied, dissatisfied, cognitive dissonance or indifference.

The implication of the SRCB model is that managers have the opportunity to understand CB and to influence the buyer's purchase decision favourably by developing the marketing mix (product, price, promotion and place combination) which suits the expectations of the consumers. Belch and Belch (2007: 7-34) emphasise that the favourable perception of consumers of the marketing mix should be consolidated through integrated marketing communication (IMC).

2.3.1.4 The objective of consumer behaviour models

The objective of CB models is to help marketers explain and predict the behaviour of consumers when they are faced with a purchase decision-making situation (Ballantine, Rousseau & Venter, 2008: 1-2). Dhurup (2008: 66) argues that the objective is to determine motive by classifying buyers into different types based on how the marketer understands consumers' needs and motives, and then using this classification as the criteria for market segmentation. Comparing these two view points of the objective of CB models, it can be deduced that the market may be segmented on the basis of underlying needs and motives, thus explaining and predicting the behaviour of customers. It is thus vital for marketers to study the importance of SRCB models.

2.3.1.5 The importance of the stimulus-response consumer behaviour model

Belch and Belch (2007: 107-130) point out the importance of studying SRCB models as being to help businesses predict how consumers will behave when faced with a particular purchase situation. In addition, knowing how consumers behave may assist organizations to create customer value and implement CRM in order to retain customers and determine the lifetime value of customers. Sánchez-Fernández, Iniesta-Bonillo and Holbrook (2009: 95-108) state that managers need to know exactly what determines consumer value before making final decisions about market offerings.

Furthermore, businesses should implement the SRCB model in order to be able to identify opportunities for developing new values for customers in the shortest possible

time (Baran, *et. al*., 2008: 410-416). The SRCB model makes it clear that organizations can develop marketing strategies which help to retain customers. Sichtmann and Selasinsky (2010: 90) argue that the understanding of the importance of the SRCB model may help managers build and retain a successful exchange process between business and customers. Koren (2010: 92-97) adds that one of the benefits of the SRCB models is to assist organizations to identify and track changing customer preferences when making buying decisions, as well as separating factors that are in transit from those that are lasting.

North, Birkenbach and Slimmon (2010: 2-17) and Koren (2010: 92-97) state that through CB study and the implementation of the SRCB models, it was discovered that a current trend is that of children playing a much bigger role in the decision-making process, especially in the case of those products of which children make direct use. Marketers thus need to adapt their messages in such a way that children are also communicated with and their present and future needs addressed.

The following section deals with the conclusion to Chapter two.

2.4   CONCLUSION

Chapter two discussed the conceptual framework of CB and the development of manufacturing SMMEs in Welkom, as well as the theoretical framework, namely the SRCB model on which this study was based. In Chapter two, the development of CB as a discipline was described and the rationale behind the choice of the SRCB model was explained. The meaning of CB and the importance of studying SRCB models was clarified – including how the consumer makes buying decisions. Chapter two also explained the contributing factors to the development of manufacturing SMMEs, as well as outlining constraints to development. The researcher also discussed the support systems for SMMEs.

Chapter three follows. It focuses on the research design and methodology employed.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1   INTRODUCTION

In Chapter two, the conceptual framework and the theoretical basis of the study were discussed. Chapter three focuses on the overview of the research design and methodology. The researcher outlined the ontology which was the foundation of this research project and the epistemology of the research design. The population sample was clearly identified and the sampling techniques were described. The researcher's employment of approaches (qualitative and quantitative) was justified, and the literature study was explained.

The researcher discussed methods of data collection and data collecting instruments; namely, questionnaires and interviews for quantitative and qualitative approaches respectively. Data analysis methods were also outlined by the researcher. Validity, reliability, pilot study as well as triangulation were ensured. The researcher described demarcation and limitations of the study and ethical considerations. Time frame was outlined by the researcher.

The research design and methodology are discussed in the next paragraph.

3.2   RESEARCH DESIGN AND METHODOLOGY

Research design addresses the structure of the research project and methodology explains how the evidence will be gathered to answer the research questions (Leedy & Ormrod, 2005: 93-97).

3.2.1 Research design

Leedy and Ormrod (2005: 93-97) define research design as the structure or the manner in which the research study will proceed, while focusing the researcher on a specific direction of the study. Therefore, in this study, the research design focused and directed the researchers on how to collect and analyse evidence in the investigation of the effect of CB on the development of the manufacturing SMMEs in Welkom. Research design can also be described as a blueprint or template which informs the research process (Saunders *et al*., 2003: 83-85; Byrne, 1998: 1-4 of 18 and Flowers, 2009: 1-4). McDaniel and Gates (2010: 76-78) contest that research design is usually a plan created by the researcher to give account of the research question and, because of this, there is no single research design that can said to be the best. McDaniel and Gates (2010: 76) went on to express the view that the research design is good if appropriate information is obtained – by the researcher, through the research design decided on by the researcher.

For information or data to be appropriate or without mistakes, the researcher needs to consider compromise between cost and quality, and between time constraints and research design (McDaniel & Gates, 2010: 76). Furthermore, the precision of data is proportional to the costs of research. According to Zikmund and Babin (2010: 51- 52), Iacobucci and Churrchill (2010: 58-59), and McDaniel and Gates (2010: 78), the different types of the research design from which the researcher may base the investigation are exploratory, descriptive and causal research designs.

Exploratory research design is aimed at finding out information or acquiring insight. Descriptive studies help the researcher to clarify the features under which the enterprise operates – such as what, who, when, where, why and how. Causal research studies assess the relationship between two variables (McDaniel & Gates, 2010: 78). The descriptive research design was employed in this research project to enable the investigation: what is the effect of CB on the development of the

manufacturing SMMEs in Welkom. Descriptive research design was discussed under the following headings:

- Population (Unit of analysis)
- Sample and sampling
- Ontology
- Epistemology
- Research philosophy
- The research approach
- Methodology
- Methods
- Concerns for validity and reliability
- Types of data
- Demarcation of the study
- Limitations
- Ethical considerations
- Timescale

3.2.1.1   Population (Unit of analysis)

Population (or unit of analysis) is defined by Salkind (2006: 64) as the total possible number of respondents in the research project. The characteristics of the population must be correctly identified by the researcher, and the rationale for selecting it as unit of analysis must be stated. The type of unit of analysis can be individuals, groups, institutions or organisations, social actions, etc. Zikmund and Babin (2010: 415-416) concur that correct identification of population is crucial for answering the research question with precision. They also reveal that the identification of target population is often taken lightly by researchers, to the detriment of the research outcome.

Cameron and Price (2009: 224) claim that in research, population has a special meaning – it refers to the total category from which the sample is selected, and to

which conclusion is made. Therefore, population could mean people, items, occurrences, etc. Furthermore, Cameron and Price (2009: 226) propose that defining population precisely implies identifying the entire population. For example, if addressing organisations within a particular industry and area or region, all organisations within that particular industry and area or region must be identified as population. Moreover, the researcher has to decide on respondents within the organisations, when does data have to be collected from individuals, and when must it be collected from the documents of the organisations.

Based on the above, the target population investigated for this study was 41 registered SMMEs within the manufacturing industry in Welkom. This included manufacturers of leather bags, dresses, burglar bars, coffins, etc., (SEDA Lejweleputswa database). The respondents were senior managers and supervisors of all races, ages and genders. The researcher chose manufacturing SMMEs for the following reasons: one, the manufacturing SMMEs were experiencing a high rate of shutdown and two, the number of manufacturing SMMEs was relatively larger than in other industries (SEDA Lejweleputswa database). Therefore, the researcher found that 41 manufacturing SMMEs would be sufficient to draw general conclusions about the research problem. Instead of documents of the enterprises, individuals were selected as the primary source of data, as the researcher was mainly interested in gaining a deeper understanding of the research problem.

3.2.1.2   Sample and sampling

A sample is a set of elements selected from an identified population, with the intention of generalising the findings to the whole population. A sample is usually drawn due to difficulties of covering the entire population as a result of time and financial constraints (Gravetter & Wallnau, 2002: 237). Due to time and financial constraints (the researcher was an hourly employed lecturer) a sample was used of the top managers and supervisors of the manufacturing SMMEs in Welkom. According to Struwig and Stead (2001:118-120), the determination of sample size can be simple or compounded

by variables such as the fundamental features of the population, the aims of the research, data analysis, validity, time, costs and non-response possibility.

Iacobucci and Churchill (2010: 213) claim that the size of the sample will be sufficiently large if the sample passes two tests; namely, is the size big enough to make a convincing conclusion, and is the outcome convincing? On the other hand, Cameron and Price (2009: 226-227) argue that non-response possibility, or response rate, is the determinate of sample size for both questionnaires and interviews. They claim that sample size can be determined by finding the percentage response rate for questionnaires as shown by the formula below:

Percentage response rate = $\frac{number\ of\ usable\ questionnaires\ responses\ you\ receive\ back}{number\ of\ suitable\ people\ who\ received\ quetionnaires} \times 100$
(Cameron & Price, 2009: 227).

The size of the sample will ultimately become small if the response rate is low. This negative effect can be reduced by sending out more questionnaires than needed. If all the questionnaires are returned, the required number can be selected by randomly sampling the returned questionnaires. Using this method, the sample size will be big enough whether all questionnaires were returned or not (Cameron & Price, 2009: 227). Due to these findings, the researcher distributed forty questionnaires and interviewed eight top managers.

Random sampling was used to obtain the required twenty supervisors and five top managers. Random sampling is one of the two main categories of sampling methods; namely, probability and non-probability sampling methods (Cameron & Price, 2009: 224231). In probability sampling all elements of the population have an equal and known chance of being selected for the sample. Probability sampling has methods such as simple random sampling, stratified random sampling method, systematic random sampling method, and clutter random sampling method (Welman & Kruger, 2001: 52-61). The researcher employed simple random sampling as follows:

- From forty questionnaires that were distributed to the supervisors, thirty-five usable questionnaire responses were received. This was the population for simple random sampling, from which twenty supervisors were selected.

- Each questionnaire was allocated consecutive numbers, starting with 001, 002, 003, _ _ _ 035.

- A table of random numbers (cf. Annexure 7) was used to ensure that every questionnaire had equal chance of being selected.

- With eyes closed, the researcher randomly made a mark with a pencil on the table. The number closest to the mark was chosen. The first mark in this study was 73. Using this as the starting point, the researcher moved systematically through the table (up, down, or sideways).

- The researcher chose to move upwards while selecting the number of the questionnaires, which then corresponded to the random number in the table. This continued until the required size (twenty) of the sample was obtained, as follows: 01, 02, 04, 05, 08, 11, 12, 13, 17, 16, 20, 21, 22, 24, 25, 26, 27, 30, 33 and 34.

- For top managers, seven respondents honoured the interview appointments. That became the population for simple random sampling.

- The transcripts of the interview with the top managers were given consecutive numbers which were 001, 002, 003, 004, 005, 006 and 007.

- Random starting point on the table was 87.

- The researcher moved upwards through the table to obtain a sample of five top managers. The numbers were 01, 02, 04, 05, and 06.

Salkind (2006: 95) claims that ten per cent of the population is usually considered enough, however ten per cent should not be generalised as sufficient sample size – it should only be used if the population is very large, and if time is against reasonable completion of the research project. The sample size for qualitative method was ten percent of top managers (five), while the sample size for quantitative method was fifty per cent of the supervisors (twenty). The sample of top managers was smaller than the sample of supervisors as the researcher conducted personal interviews with top

managers. Interviews take a long time, and time was one of the limitations of this study.

The large sample size of the supervisors (fifty per cent) was to increase the richness of data as well as to ensure greater representation of the population (Salkind, 2006:94-96). Permission (appendix 1) was received from the local municipality of Matjhabeng to conduct an empirical study in Welkom. The top managers and the supervisors were given a letter of assurance (appendix 2) specifying that the information given by them would be treated confidentially and that the outcome of the data analysis would be employed for research purposes only.

Leedy and Ormrod (2005: 150) mention two types of main sampling categories: probability sampling and non-probability sampling. Welman and Kruger (2002: 46-47) define probability sampling technique as the process through which the chances for any member of the population under study to be a part of the sample are determined. Leedy and Ormrod (2005: 150) write that non-probability sampling is defined as a process which selects sample members in such a way that some elements of the population under study do not have a chance of being included in the sample. An advantage of probability sampling is that the researcher will be able to show which sample values vary from the values of the population, and to what extent. For example, the researcher can calculate the extent to which population mean differs from the sample mean – thus determining sampling error. In this way, the researcher will be able to show the representativeness of a sample (Cameron & Price, 2009: 227).

According to Leedy and Ormrod (2005: 150), for probability sampling, simple random sampling, systematic sampling, stratified random sampling, cluster and multi-stage sampling techniques can be employed. For the purposes of this research, probability sampling method was used to gain fair and equal representation of the top managers and supervisors of the manufacturing SMMEs in Welkom. For both qualitative and quantitative data gathering, the researcher employed the systematic probability sampling technique. According to Saunders *et al.* (2000: 162-164), systematic

sampling requires a regular interval for choosing the sample member – the interval can be calculated as follows:

- 🎬 Assigning numbers to each element of the sample.
- 🎬 Dividing the sample size by the total population, to get the sampling fraction

$$\frac{sample\ size}{(total\ population\ )}$$

- 🎬 Choosing the first element randomly within the sampling fraction.
- 🎬 Selecting the subsequent elements by systematically using the calculated sampling fraction as interval.

Mugo (2006: 6 of 10) argues that as the selection of the first element in systematic technique is random, this confirms that systematic sampling technique belongs to the probability sampling category. However, the use of interval for subsequent members of the sample excludes other members from selection, which can be seen as a disadvantage of systematic sampling technique. For example, in this study the interval may have formed a pattern that excluded female subjects. The researcher was conscious of such possible discrepancies and would have changed to random sampling technique if such a pattern had occurred. Due to this reasoning, in this research study the elements of the sample were selected systematically from a complete list (41) of population elements, as outlined below, as the researcher felt comfortable with this technique:

- 🎬 Sampling for top managers:

  - The researcher assigned numbers from 1 to 41 to the managers.
  - The sampling interval was 41/5=8, so every 8th top managers was selected.
  - Starting point was a randomly selected number between 1 and 8. In this study it was 5.

- The researcher started with top manager number 5 as the first sample and then the other top managers were 13, 21, 29 and 37.

▨ Sampling for supervisors:

Fifty per cent of the supervisors equalled a total of twenty. They were assigned the numbers: 2, 4, 6, 8, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 38 and 40.

The researcher checked the lists (top managers and supervisors) and found no period pattern – all genders, races and ages that constituted the population were members of the sample.

3.2.1.3   Ontology

According to Creswell (2003: 5), ontology is a reality (whether a claim or assumption) that the researcher holds about the existence of the phenomenon under investigation. This can be objective reality or subjective reality. Objective reality is a view which the researcher holds based on hard evidence, while subjective reality is the view that exists in the mind of researcher as an idea or claim. Flowers (2009: 1-2) affirms that the recognition and identification of ontological claims by the researcher assists the researcher to construct the research design that will be open to reality. Cameron and Price (2009: 53) claim that ontology addresses the research question in the sense that the research design needs to indicate the new knowledge that will be provided by the researcher.

Ontology can therefore assist the researcher to select the type of research design (exploratory, descriptive or causal study), based on the knowledge of what exists. Research design for this study was based on the objective reality of ontology, as the literature study revealed that the manufacturing SMMEs in Welkom were shutting down. In other words, the research problem existed in reality and not in the mind of the

researcher.   A solution (knowledge) was given to the non-development of the manufacturing SMMEs in Welkom.

3.2.1.4   Epistemology

Epistemology is the theory of knowledge which posits that the knowledge that individuals possess can either be objective knowledge (which is as a result of their experiences and real evidence), and/or subjective knowledge (which exists in the mind only) and is due to other means of obtaining information such as learning, research studies (Flowers, 2009:1-2 and Creswell, 2003: 6-7). Furthermore, Cameron and Price (2009: 53) claim that epistemology refers to the issue of what can be known from what exists (ontology), and how it will be known. In other words, what knowledge can be obtained from the identified problem, and what techniques will be employed to obtain the knowledge? In this way, epistemology guides the researcher on which methods to use in data gathering (Cameron & Price, 2009: 53).

The epistemology of this research design was determined by both subjective knowledge and objective knowledge of the respondents.   This is because the behaviour of customers of the manufacturing SMMEs may be influenced by the objective knowledge and/or subjective knowledge they have about the SMMEs. In other words, CB may change positively or negatively towards the SMMEs due to the knowledge gathered through experience (objective knowledge) and/or through studies, reading, discussion, marketing and communication (subjective knowledge). The research design in this study was therefore guided by objective and subjective knowledge of the top managers and supervisors, about the factors that contributed to the shutdown of manufacturing SMMEs in Welkom. As a result, the researcher used qualitative and quantitative methods to obtain knowledge from respondents.

3.2.1.5   Research philosophy

Saunders *et al.* (2003: 83-84) describe research philosophy as the way people think about the collection of the knowledge, and the interpretation of the knowledge, as being admissible. The research philosophies that are commonly used in research as an indication of how people think are positivism, realism and interpretivism (Flowers, 2009: 2-4; Byrne, 1998: 1-15 of 18 and Abbott, 2010: 1-2 of 5). According to Flowers (2009; 2-4), positivism philosophy stems from the premise that theories developed from research can generalise and predict the outcome. On the other hand, interpretivism philosophy states that social science is dynamic, and thus cannot be generalised – as a result, each situation must be treated uniquely.

The assumption of realism philosophy is that research design should consider generalising and unique approaches to research study, as each phenomenon under investigation is unique (Cameron & Price, 2009: 53). Furthermore, realism philosophy states that phenomena cannot exist in abstract, but only in the real world. Flowers (2009: 3) and Abbott (2010: 1 of 5) add that realism philosophy is also recognising the fact that people are not objects. The researcher therefore adopted realism research philosophy in this research design, with the assumption and claim that consumers are not objects and always purchase in the real environment (Saunders *et. al.,* 2003: 84).

3.2.1.6   The research approach

According to Saunders *et al.* (2003: 84), the research approach specifies whether the researcher uses the deductive or quantitative approach (which is in most cases an appropriate approach for developing theory) or the inductive or qualitative approach (which in most cases is used to prove or disprove theory). Leedy and Ormrod (2005: 121-151) and Saunders *et al.* (2000: 100) argue that the choice of a quantitative approach does not prohibit the research from using a qualitative research approach simultaneously, depending on the evidence sought. Struwig and Stead (2001: 226) write that a qualitative approach comprises of methods; namely, ethnography, case

study, phenomenological, grounded theory. A quantitative approach comprises of experiment and quasi-experiment.

The research approach employed by the researcher was that of mixed approaches; namely, literature study, qualitative approach and quantitative approach. This was utilised to allow the approaches to complement one another, and to provide the researcher with a big picture of the problem under study (Struwig & Stead, 2001: 145 and Cameron & Price, 2009: 258). The dominant approach employed, however, was qualitative. This focused on the phenomenological method as CB is a perception and cannot be quantified (Creswell, 2003: 5-10 and Saunders *et al.,* 2000: 100-104).

Cameron and Price (2009: 258-259) highlight that mixed methods complement one another only if the questions in interviews and questionnaires point in the same direction. Moreover the research must take into consideration two important questions: the order of data analysis (qualitative or quantitative data first), and the production of a research outcome. On account of this highlight, the researcher aligned questionnaire items with interview questions, and analysed qualitative data first. This avoided the influence of quantitative findings on the objectivity of analysing qualitative data.

3.2.1.7   Methodology

Methodology is plan of action or strategy that narrates precisely what the researcher performed, how performance was carried out, and most importantly the justification of the methodology used (Hennink, Hutter & Bailey, 2011: 274). The fundamental methodologies that the researcher can use are survey, experiment or observation (Creswell, 2003: 6-7; Hennink *et al*., 2011: 275 and McDaniel & Gates, 2010: 78). The researcher employed survey strategy, as the purpose was to probe the underlying perception about the effect of CB on the development of manufacturing SMMEs in Welkom. Furthermore, the rationale was that the researcher held a pragmatic assumption about the effect of CB on the development of the manufacturing SMMEs in

Welkom. Survey was appropriate for a descriptive research design, which was adopted by the researcher in this study. Survey methodology would allow the researcher to interact with the respondents (top managers) in order to collect objective and subjective knowledge.

According to Creswell (2003: 5-10) research methodology can be described as the strategy or plan that clearly outlines how the research will be conducted within the structure (research design). Creswell (2003: 5-10) implies that the research methodology specifies the scientific procedure that the researcher employed to gather and analyse data in order to solve a research problem. The research methodology adopted in this study was empirical study which was informed by epistemological reality approach (subjective reality and objective reality), discussed under research design. Under the researcher methodology, the researcher explained precisely how data from the respondents was gathered and analysed. This data was used to solve the research problem, which was based on the ontological objective reality held by the researcher.

3.2.1.8   Methods

Methods are explained by Creswell (2003: 8) as techniques and procedures used for data gathering, such as questionnaires, interviews, focus groups, Hennink *et al*. (2011: 275) support this explanation by stating that the researcher should clearly indicate the method, or methods, of data collection employed – and the rationale for using the method or methods. Struwig and Stead (2001: 151) add that the questionnaire can be structured (close-ended questions), semi-structured (close-ended and open-ended questions), or unstructured (open-ended questions). An interview can take the form of personal, telephone, etc. The researcher used a semi-structured questionnaire for collecting data from the top managers, with a personal interview in order to get deeper and underlying knowledge. A questionnaire with close-ended questions was administered to the supervisors in order to obtain large amounts of data – strengthening or intensifying qualitative data.

The researcher employed a five-point Likert scale gradient to measure the responses of the supervisors, as outlined below.

1   =   agree completely.

2   =   agree somewhat.

3   =   neither agree nor disagree.

4   =   disagree somewhat.

5   =   disagree completely (Du Plessis and Rousseau, 2003: 270-272).

The above conversion made it easy to capture the frequency of responses for each of the question categories, and the rating of responses on categorical basis.

3.2.1.9   Concerns for validity and reliability

According to Golafshani (2003: 599-603), validity is the extent to which the instrument measures the object accurately – hence, the meaningful outcome of the study. Leedy and Ormrod (2005: 97-99) and Adewale (2008: 121-122) report that handing out a questionnaire to around six or more friends or colleagues will assist to test validity of the questionnaire. On this basis, the researcher tested the validity of the questionnaire by distributing it to two colleagues, three students and three business owners before implementing the questionnaire for data gathering. For ensuring validity of the interview, the researcher interviewed the top managers in the environment of the workplace, and remained neutral throughout the interview.

Trochim (2009: 5) states that reliability tests whether the instrument will produce the same result consistently, when measuring the same subject, under the same conditions. The researcher gathered data from subjects (top managers and supervisors) who were relatively credible and dependable for a reliability test, and responses were tested for validity and reliability through statistical package for social science (SPSS) software (appendix 3). Moreover, to add to the reliability of the

interviews, the researcher was well prepared for the interview and dressed in a similar fashion to the interviewees (Saunders *et al*., 2000: 251-259). The interviewer is one of the greatest threats to reliability when using an interview as a data gathering instrument, hence the emphasis on how the researcher conducted the interviews in this study (Saunders *et al*., 2003: 256).

3.2.1.10   Types of data

Saunders *et al*. (2003: 50-54) states that there are three groups of data that can be used, namely; primary data, secondary data and tertiary data. According to Saunders *et al*. (2003: 50-54), primary data is data that represents the first happenings of the phenomenon. Welman and Kruger (2001:35) define primary data as ‚the written or oral account of a direct witness of, or participant in an event, or an audiotape or photographic recording of it.'

On the other hand, secondary data comes from the source that did not witness the happenings (Churcill & Brown, 2007: 95). Saunders *et al*. (2003: 50-54) argues that secondary data are publications from primary data. Tertiary data (table of contents and/or index) is developed to assist with primary data findings, or secondary literature or topics. Moreover, the categories sometimes intersect, as data flows from primary sources to secondary sources to tertiary sources. For example, some government publications may be primary sources while others may be secondary sources.

Data becomes less detailed and authoritative as it flows from primary sources through to tertiary sources. At the same time, it becomes more easily accessible as it flows from primary sources to tertiary sources (Saunders *et al*., 2003: 50-54). The researcher used all categories of data to ensure that large amounts of data were collected, in order to make well informed research conclusions. Primary data was gathered from respondents through empirical research, with primary data sources including reports thesis, conference reports, etc. Secondary data was collected from secondary sources like newspapers, books, journals, internet, etc. Tertiary data was

collected from indexes, abstracts, dictionary, encyclopaedia (Saunders *et al.,* 2003: 50-54).

3.2.1.11   Demarcation of the study

This study was conducted in the Welkom Matjhabeng municipality district. The research focused on the field of Marketing, in the subject Business Management. It was confined to the effect of the CB on the development of the manufacturing SMMEs in Welkom. The focus on Welkom only (not including other towns under the Matjhabeng local council) was due to the financial and time constraints.

3.2.1.12   Limitations

The researcher is employed full-time, thus time constraints and lack of funds might prevent the researcher from visiting all the enterprises. This means that the outcome of this study might be affected.

3.2.1 13   Ethical considerations

According to De Vos (2005), ethics can be defined as „a set of widely accepted moral principles that offer rules for and behavioural expectations of the most correct conduct towards experimental subjects and respondents, employers, sponsors, other researchers, assistants and students'. The researcher therefore ensured that the phenomenon investigated presented no physical and/or psychological harm to participants (top managers and supervisors), allowed top managers and supervisors to state their objections, and they were not enticed into participating at a monetary fee. The researcher further undertook not to falsify the research results and data, which were dealt with anonymously (Jackson, 2011: 45). Results of the investigation were also provided to the managers and supervisors upon request (Horn, 2009: 60).

3.2.1.14 Timescale

Saunders *et al.* (2003: 95-96) outline timescale within which the research study can be completed. Firstly, this timescale could be cross-sectional, meaning a short time, especially in academic research where there are time constraints. Secondly, the timescale could be longitudinal studies, implying a much longer time is needed for conclusive evidence to be gathered – as in natural science research. An example of a longitudinal study is where the evidence is dependent on nature, such as collecting evidence to determine the lifespan of a certain species of snake. This research study was scheduled for a cross-sectional timescale of two years or twenty four months. As the research study was academic, there were financial constraints and time was a factor in interviewing the whole population of forty-one respondents.

3.2.2 Literature study

Horn (2009: 89) highlights that research is usually based on the existing theories and/or model. Hence, the researcher is starting this research study with a literature study in order to find relevant theory and/or models to this research title. Mouton (2002: 143-180) affirms that the advantage of using literature study is to help the researcher find, read and assess the theories and models that are relevant and recent to the subject of the study – thus avoiding repeating a research study that has already been conducted. Struwig and Stead (2001: 38) agrees with this view by emphasising that the literature study is the method through which the researcher finds, points out and assesses records that hold information pertinent to the research study.

The advantages of literature study are to help the researcher identify sources of data that are strange, to align the viewpoint of the study, and to develop new concepts and methods. Welman and Kruger (2002:42-43) and Jackson (2011: 37-45) mention that general sources are journals, dissertations, theses, reports from research institutes, conference papers, conference proceedings, textbooks, library reference services, and internet. Moreover, literature study requires the researcher to make a plan of how the

literature will be studied. Therefore, in this study, the researcher gathered data from primary and secondary sources of literature to determine what other scholars found on CB from earlier researches (Churchill & Brown, 2007: 62).

The researcher made a list of relevant literature to be studied, and a second list for further consideration. Recent publications were put first on the list, with complete records of their publications. Brief intensive reading of the literature sources was done by the researcher, and library staff was approached for assistance. According to Struwig and Stead (2001: 226-227), literature study for qualitative method can be at the beginning or at the end of the research project, depending on whether the researcher is using a standing theory or is intending to develop a theory respectively.

3.2.3 Empirical research

According to Struwig and Stead (2001: 11), empirical research is the technique of gathering data from individuals for research purposes. Jackson (2011: 12) defines empirical research as a method of orderly observation, with the intention of testing theories and/or models and refuting or producing theories and/or models. Therefore, the researcher used empirical research to test the SRCB model and decision-making process theory in this research study. The qualitative approach, in particular phenomenological method, was used as a source of primary data.

Qualitative methods do not present any clear quantitative information, and the advantage of using qualitative methods is to obtain deeper understanding of the phenomenon under study (Leedy & Ormrod, 2005: 93-97). The phenomenon in this study was how CB affected development of the SMMEs in Welkom. The use of qualitative research in this study is justified by the fact that it helped the researcher to focus on the process of research, and on the type of techniques and procedures used by manufacturing SMMEs in Welkom (Struwig & Stead, 2001: 11).

Therefore, the employment of a qualitative method was not only the choice of the researcher, but was also dictated to by the objectives of the study. The justification of the qualitative method in this research study stems from the advantage of understanding the social processes taking place and in internalising the experiences occurring in the subjects of the study, the top managers and supervisors (Saunders *et al.*, 2000: 380-382). Through the qualitative method, the researcher determined the way in which the subjects made meaning and sense of their experiences and structures in the enterprise world (Cameron & Price, 2009: 390).

The researcher considered consumers as humans who think, and not as objects that react mechanically to the treatment of the researcher. For example, in this study, CB was analysed from the view point of a perception of subjects (top managers and supervisors) and practice (what actually happened). Welman and Kruger (2002: 6-7) state that qualitative methods have the disadvantage of being expensive and time consuming. The researcher therefore used a small sample to minimise the effect of these disadvantages.

According to Saunders *et al.* (2000: 381), the quantitative methods are characterised by making use of numerical values to represent the collected data. Welman and Kruger (2002: 69-93) differentiate between four kinds of quantitative research design; namely, experimental research, quasi-experimental research and non-experimental research. All of the experimental researchers have treatment of the subjects as a common denominator. For quasi-experimental research the differentiating feature is the assignment of the respondents to various treatment categories – in order to equate the groups to known or unknown nuisance variables (Jackson, 2011: 144-150).

In non-experimental research design there is no planned treatment of the subject because data is gathered under natural conditions or environment (Jackson, 2011: 144-150). Therefore, non-experimental research design used in this research study was justified by the fact that data was collected in the natural environment of the supervisors – which is one of the differences between experimental and non-

experimental research designs (Welman & Kruger, 2002: 84). The quantitative approach, emphasising the descriptive analysis method, was employed to complement the qualitative method.

Quantitative methods have measurable attributes, with the advantage of differentiating the findings by means of numbers (Wiid & Diggines, 2009: 85). The disadvantage of quantitative methods is that the subjects (supervisors) may not return the questionnaires. This disadvantage was minimised by distributing the questionnaires twice (40), and by using simple random sampling to reduce the sample size to required fifty per cent which is 20 supervisors (cf. 3.2.1.2).

3.2.4 Pilot study

According to Golafshani (2003: 599-603), Van Teijlingen and Hundley (2001: 1 of 7), a pilot study is a technique for testing data gathering instruments and research methods for validity before committing to a full study. Struwig and Stead (2001; 89) agree that a pilot study is a technique used to ensure validity of the questionnaire. Cameron and Price (2009: 435-436), explain that a pilot study can be employed to test validity of interview questions as follows:

- Prepare coding manual for data analysis, informed by research question and literature study.
- Sample small number of respondents and interview them.
- Analyse data and check that the selected codes in the coding manual closely reflect the codes that come from data analysis.

Piloting interview questions gives the researcher an opportunity to revise codes, thus strengthening the validity of research outcome. Therefore, for interview questions, the researcher conducted a pilot study by interviewing two top managers of the manufacturing SMMEs, who were not part of the selected respondents for data collection. For questionnaire validity, the researcher gave the questionnaires to four

business owners. The aim was to produce diverse opinions and criticism based on differing degree of knowledge, understanding and practical capabilities of the sampled population. The necessary amendments were made to the questionnaires.

3.2.5 Data gathering instruments and data gathering

Saunders *et al*. (2000: 98) state that all data gathering instruments have advantages and disadvantages. Because of this, it is helpful to employ more than one instrument to minimise the disadvantages of the instruments and to re-enforce the advantages. The researcher employed a semi-structured interview as a data gathering instrument in qualitative method. The managers were all asked the same open-ended questions. The five formulated interview questions were in accordance with the research objectives from Chapter one.

According to Leedy and Ormrod (2005: 146), one of the disadvantages of an interview is the direct involvement of the researcher – which may result in bias. Because of this, the researcher did not show any body language that could imply agreement or disagreement with the managers' responses during and after the interview. Furthermore, the researcher distributed structured questionnaires (closed-ended questions) as a quantitative data gathering instrument to the supervisors. The questionnaire was used to cancel out the disadvantage of the interview, where the researcher might have unintentionally signalled agreement or disagreement to the managers' responses.

Moreover, questionnaire results helped the researcher to triangulate the interview results in order to strengthen validity of research outcome. The questionnaire had seventy nine items, focusing on: the supervisors' knowledge about customers' purchase behaviour currently and in the past, factors that influenced CB, and the marketing strategies that were employed which favourably influenced CB towards the products. Unfortunately, questionnaires as an instrument have the disadvantage of non-response – hence the researcher's decision to distribute forty one questionnaires,

which is more than the required twenty (fifty percent sample size for supervisors) (Cameron & Price, 2009: 227 and Salkind, 2006: 96).

3.2.6 Data analysis

For qualitative data, the researcher analysed the responses by developing transcripts (textual data) from audiotape and formulated themes (Sonja & Waters 2003, 2-4 of 7). Cameron and Price (2009: 432-435) advise that transcription of the audio record of an interview should be done on the same day of the interview, before going into the next interview. This will give the researcher the opportunity to improve on the mistakes identified during the prior transcription. The disadvantage of taking too long before transcribing might frustrate the researcher, and even result in a loss of opportunity to learn from the previous interviews (Neil, 2006: 331). According to Sonja and Waters (2003: 2-4 of 7), the researcher can employ the following strategy for analysing text from interviews:

- Identify meaningful categories, and classify data according to the categories which were guided by the research questions and objectives.
- Attach units of data to the different categories as a means to downsize data.
- Rearrange data to find its meaning and understanding.
- Develop matrix and place data within the appropriate cells.
- Categories are once more re-arranged to refine the analysis and to search for the meaning of the group of data.

However, Cameron and Price (2009: 432-435) contest that the first step of textual analysis is the coding process, during which the researcher must decide on the source of data (primary or secondary) and the foundation (professional or academic literature) for analysis. The second step is to decide on where the analysis should be concentrated, and the following three issues:

Words: these are words that the researcher is pre-determined to look for in the text.

Themes: themes are ideas that can be associated with the selected words, whether words are used or not in the text.

Disposition: this is recognising how subjects of the research responded (positively, indifferent or negatively).

Cameron and Price (2009: 433) emphasise that the second step demands that the researcher must have thorough comprehension of the literature, the main objective, and the secondary objectives of the research project.

Furthermore, step 3 of textual analysis is to develop a coding manual as demonstrated in table 3.1 below:

Table 3.1: Template for content coding manual

No	Word/Theme	Code	Features	Disposition
1		1	I. II. III. IV.	a) positive b) negative c) neutral
2		2		
3		3		

Source: Cameron and Price (2009: 434)

According to Cameron and Price (2009: 434), the number column is for the number of discoveries. The words/theme column is a list of fundamental words or themes (to be matched with different words or themes) that respondents might usually employ in the actual environment, to present the same information. In other words, mapping the words of the respondents is an attempt to become familiar with the terminology of the respondents (Cameron & Price, 2009: 435). Moreover the advantage of matching the words is to expose the hidden aspects from the explanation or response from participants, thus obtaining deeper understanding and information. The researcher then writes the various ways in which the fundamental words or themes can be stated by respondents in the feature column. Finally, the disposition column records the

emotions (agreeing or disagreeing, right or wrong, happy or sad, etc.) of the respondents concerning the words or themes.

Step 4 covers the analytical process, which can be „annotating' text (reading everything in the text while making notes) or „thematic review' (scanning text for specific words or themes and constructing groups of words that give the same theme). The advantage of „annotating' is a chance to review the transcript statements that can be used as evidence to support the argument during research outcome reporting, thus strengthening validity. On the other hand, „thematic review' is a way of developing groups of similar comments that can be referred to during argument presentation to conclude the research project (Cameron & Price, 2009: 437).

Finally, Cameron and Price (2009: 437-438) suggest that in step 5 the researcher extracts conclusions from the content analysis, and highlights the content analysis that gives both quantitative and qualitative results. Quantitative results stem from the frequency of the word usage by the respondents, while qualitative data is the result of explaining and making a meaning of respondents' themes and inclination („disposition'). Furthermore, the researcher needs to analyse the relationship between quantitative and qualitative findings of the textual analysis.

The researcher adopted the textual data analysis procedure explained by Cameron and Price (2009: 427-438), as the researcher found it to be much easier to comprehend and to implement. The researcher developed a coding manual and listed identified words and themes based on the research questions and objectives from Chapter one, as well as on the SRCB model factors discussed in Chapter two. The words or themes were coded accordingly, and different appropriate features were identified and recorded. „Disposition' of the respondents was analysed and appropriately listed. Quantitative data from textual analysis was captured on distribution frequency tables. The relationship between textual quantitative and qualitative findings was analysed.

Quantitative data was carefully analysed by using computer software (Johnson & Gustafsson, 2000: 110 and Kerr, Hall & Kozub, 2002:10-17). Specifically, SPSS from the North-West University Vaal Triangle campus was used. The researcher used descriptive statistics to outline the common features of the distribution of scores from gathered data. Descriptive statistics as explained by Jackson (2011: 221) and Horn (2009: 157) was used to measure numbers, creating an outline of distribution of data to give information on central tendency as well as the width of data.

Saunders *et al.* (2000: 251) add that descriptive statistics makes it easier for the researchers to use numbers for describing and comparing variables. Therefore, the researcher used descriptive statistics, in particular the frequency distribution tables and pie charts to analyse data as follows:

Frequency tables: The number of times a specific word and/or theme was used during the interview, the number of responses for part A of the questionnaire, and the responses per category of questions from part B to part E.

Pie charts: Details of sampled supervisors and manufacturing SMMEs.

The rationale for using descriptive statistics was to give a general, clear and simple image of the responses of the top managers and supervisors (Struwig & Stead, 2001: 158 and Kerr *et al.*, 2002:10-17).

3.2.7 Triangulation

Triangulation is the technique that increases the validity of data through cross checking from more than two sources of data – especially in the case where a combination of the methods is used in the study of the same phenomenon (Saunders *et. al.*, 20003: 230) and (Wikipedia, 2009: 1 of 2). Triangulation tests whether data is giving the information which the researcher hoped for. Cameron and Price (2009: 257-

258) argue that triangulation does not improve validity, but triangulation does increase the comprehensiveness and the richness of data.

Furthermore, Cameron and Price (2009: 257-258) claim that triangulation gives the researcher a chance to approach the problem of the research study from different angles – such as methodological triangulation (data from interview and questionnaire), data triangulation (data from internal and external stakeholders of the enterprise), investigator triangulation (data from more than one researcher) or interdisciplinary triangulation (data from more than one profession or discipline).

As a result, the researcher employed methodological triangulation in this study to determine whether the results of the literature study and empirical research converge to the same findings, as follows:

- The researcher intensively studied the relevant publications on CB and SMMEs. This was done in order to conceptualise the effect of CB on the growth of SMMEs, and the factors that influence purchase decisions as outlined by the SRCB model. This was an essential theoretical data.
- The in-depth interview with eight managers was conducted to develop a picture of the behaviour of the consumers of the manufacturing SMMEs in Welkom, and of how the development of these SMMEs was affected by CB.
- Questionnaires were administered to twenty supervisors. These obtained data that would permit the comparison of theoretical data and managers' perceptions. Questionnaires were necessary to validate the claim by the SRCB model, and the findings from the managers' response. Similar outcomes of the three instruments would mean greater confidence will be put on the research conclusion.

The following section concludes Chapter three.

3.3 CONCLUSION

Chapter three outlined the research design and methodology used by the researcher. The research design was defined as the structure that was followed to collect data which helped to solve the research problem. Chapter three explained that the population was the senior managers and the supervisors of the manufacturing SMMEs. It also explained that the research design was based on the ontological claim of reality of the researcher, and the epistemological objective knowledge and subjective knowledge theories. Realism research philosophy informed the research approach, methodology and method that were described in Chapter three. The researcher explained types of data, and the concern for validity and reliability of data collected.

Demarcation of the study was affirmed, and limitations and ethical considerations were identified. Timescale was stated as cross-sectional. The researcher employed mixed approaches; namely, literature study, qualitative and quantitative approaches – and the researcher gave the rationale for these mixed methods. Systematic probability sampling technique was used in this study. Data collecting instruments, which were interview and questionnaires, were employed. Qualitative data was analysed through themes formulation, while descriptive statistics was used to analyse quantitative data through the use of SPSS technique. A pilot study was used to test the validity of the questionnaire, while triangulation was employed to increase the confidence of the research conclusion.

Chapter four focuses on data presentation, analysis and interpretation.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1   INTRODUCTION

Chapter three outlined the research design and methodology. The population sample was identified. Probability sampling technique, with specific reference to systematic sampling method, was employed. The types of research used and outlined in Chapter three were qualitative and quantitative, while data collecting methods were interviews and questionnaires.

Chapter four focused firstly on presenting and analysing the findings of qualitative data. Secondly it looked at presentation and analysis of quantitative data. The researcher divided the presentation and analysis of qualitative data into quantitative findings and qualitative findings (from words and/or themes identified during annotation and semantic review of the content of the transcripts).

The following section focuses on types of data and the method of analysis applied.

4.2   TYPES OF DATA AND METHODS OF ANALYSIS APPLIED

As mentioned in Chapter three, the researcher developed a coding manual (cf. 4.1) to analyse qualitative data. Analysis was divided into themes and statistical frequency tables for descriptive analysis (cf. 3.2.2.5). For quantitative data, the questionnaire was divided into five parts: Part A dealt with the demographics of respondents (supervisors) and the size of enterprises, while parts B to E dealt with issues relating to the development of SMMEs (cf. Annexture B). The Likert rating scale of 1-5 was used to guide the respondents (cf. 3.2.1.8).

Although the ranking scales of each question within the questionnaire vary in direct meaning (1= completely agree; 2= somewhat agree; 3= neither agree nor disagree; 4= somewhat agree and 5= completely disagree), the researcher considered it appropriate to use common means of representation. To achieve common means of representation and analysis (agree, indifferent or disagree), the researcher used the following conversions:

1 = very positive perception, indicated by „positive ++'

2 = positive perception, indicated by „positive +'

3 = neutral perception, indicated by „0'

4 = negative perception, indicated by „negative -„

5 = very negative perception, indicated by „negative - -„

Again, statistical frequency tables were used to analyse the supervisors' responses where 1 and 2 meant agree, 3 indifferent, and 4 and 5 disagree. Pie charts were used to represent responses about the demographics and sizes of enterprises. The methods and procedures for quantitative data analysis were equally discussed in Chapter three (cf. 3.2.2.5).

The presentation of qualitative data, and quantitative data results, is outlined in the next section.

4.3 PRESENTATION AND ANALYSIS OF DATA RESULTS

The following section focuses on the presentation of qualitative data.

4.3.1 Presentation of qualitative data

Results of the top managers' responses were presented in the same sequential order in which the questions were outlined in the questionnaire. The questionnaire items were numbered as '1' to '5' (cf. Annextue A). Results of the top managers (5) sampled

and interviewed were captured using a tape recorder, and the content was transcribed. Words and/themes from transcripts were presented in table 4.1 below.

Table 4.1: Coding manual for qualitative data

No	Words/Themes	Code	Features		Disposition
1	Buying pattern	1	i ii iii iv	Everyday Weekly Regularly Often	a) negative b) positive c) neutral d) neutral
2	Employee number	2	i ii iii iv	Stable Increasing Decreasing Fluctuating	a) neutral b) negative c) positive d) negative
3	Growths of SMMEs	3	i ii iii iv v vi vii viii ix	Many factories Big factory Employing more people Many factories Selling more Selling provincially Selling nationally Selling different products Selling internationally	a) positive b) positive c) positive d) positive e) positive f) positive g) positive h) positive i) positive
4	Growth strategies	4	i. ii. iii. iv.	More markets More segments New markets More product lines	a) positive b) positive c) positive d) positive
5	Strategic formulation	5	i ii iii iv	Quarterly Yearly Continuously When necessary	a) neutral b) negative c) positive d) positive

The role of table 4.1 was to help the researcher to accurately represent the terms and phrases that the participants used in their workplaces, as well as making allowance for terms and expressions that may be specific to certain enterprises. As a result of this, the researcher will increase the chance of capturing valid information that will strengthen the researcher's closing argument.

The following sub-paragraph focuses on the analysis of qualitative data.

4.3.2 The analysis of qualitative data

The analysis of qualitative data was done by carefully reading each of the texts, identifying where themes occurred, and lastly in how themes were dealt with in terms of the disposition as captured in table 4.1 above. The analyses were documented firstly by annotating each text in turn and secondly by employing thematic review (cf. 3.2.2.5). Content analysis produced both qualitative and quantitative findings. Quantitative findings were produced by the identification of the frequencies with which the specific words and/or themes were used – and represented in table 4.2.

Table 4.2: Words and/or themes used (N=5)

Word/theme	Frequency	Percent	Valid Percent	Cumulative Percent
Buying monthly	5	7	7	7
Employee number decreasing	10	14	14	21
Quality	20	29	29	50
Service	12	17	17	67
Employing more people	8	11	11	78
New markets	5	7	7	85
New products	2	3	3	88
Selling provincially	4	6	6	94
Revising strategic marketing continuously	4	6	6	100
Total	60	100	100	

From table 4.2, it can be observed that the top managers (respondents) considered the following issues important to the development of the manufacturing SMMEs in Welkom:

- Quality (29%)
- Quality of service (17%)
- Decreasing number of employees 14%
- Employing more employees 11%
- Buying pattern 7%
- New markets 7%
- Selling provincially 4%
- Continuously revising strategic marketing 4%

Qualitative analysis focused on the effect of trying to influence CB on the development of the manufacturing SMMES in Welkom. In determining the effect, the following were utilised: firstly the meaning and explanation of the words and/or themes, and secondly the dispositions (including the relationships between quantitative findings and qualitative findings of qualitative data analysis). In this research project the researcher used buying pattern, attitude, reaction to marketing strategies, etc., as a reflection of CB. Changes in CB (for example the increase or decrease in buying pattern) showed an effect on the development of the manufacturing SMMEs in Welkom. This was measured in terms of changes in the number of employees, or in the expansion of enterprises. An increase in the number of employees and the expansion of SMMEs would imply development, and vice versa. Therefore influencing CB favourably towards the products, through strategic marketing, meant development or non development of these SMMEs.

Buying pattern: The majority of the top managers of the manufacturing SMMEs in Welkom claimed that quality of products and quality customer service were the main contributors to repeated purchase. This opinion was also observed through quantitative findings in table 4.1 (29% quality and 17% service). All respondents had

positive dispositions with regards to negative consumers' attitudes towards the products of SMMEs. Negative attitudes were found to be the main influencer of CB towards the products. The respondents could not, however, indicate what was done to give salespeople training on quality customer service, or what strategies were employed to improve product quality.

Employee number: the increase in the number of employees meant development of enterprises. However, the respondents (top mangers) were certain that the number of employees was decreasing – which was also observed through quantitative findings (refer to table 4.2). The deduction here was that buying pattern of the consumers (CB) of the manufacturing SMMEs in Welkom resulted in no development (effect) of these SMMEs.

Growth of SMMEs: The disposition of the respondents was highly positive that growth of SMMEs would be good for the community of Welkom. One of the respondents was emphatic about international sales, as Welkom was part of SA and SA was now internationally recognised as a democratic country. The respondent cited the successful hosting of the Federation of Football Associations (FIFA) soccer world cup in SA as a long term opportunity for development of all SMMEs in SA. This view was also depicted by the quantitative findings in table 4.1. Despite this, top managers complained that Khula enterprise officers did not assist them and that the locations of their offices were not known by most entrepreneurs.

Growth strategies: the respondents were positive that growth strategies were necessary for the development of the manufacturing SMMEs in Welkom. However, **none** of the respondents could mention concrete endeavours to implement a specific growth strategy – except mentioning that some of the strategies implemented were market penetration, market development and product development. This observation was affirmed by the low frequencies of the themes: new markets (7%) and selling provincially (4%).

Strategic marketing formulation: the respondents were quite uncertain about how often their strategic marketing was reviewed. This was affirmed by quantitative findings in table 4.1, where the low frequency of the continuous review of the strategic marketing (4%) is observed. Moreover, probing into this matter revealed that the respondents were also uncertain of the strategic marketing process steps.

The following paragraph focuses on the presentation and analysis of quantitative data.

4.3.3 Presentation and analysis of quantitative data

Results of the „demographics of the supervisors and the sizes of the enterprise' and „the development of SMMEs issues' ratings were presented in the same sequential order in which the questions were outlined in the questionnaire. Firstly, the questionnaire items for demographics and sizes of enterprises were captured as: gender, age, number of employees, and experience from part A of the questionnaire. Secondly, questionnaire items from part B to part E were captured as follows:

B6_1 B6_2 B6_3 B6_4 B6_5 B6_6 B7_1 B7_2 B7_3 B7_4 B7_5 B7_6 C8_1 C8_2 C8_3 C8_4 C8_5 C9_1 C9_2 C9_3 C9_4 C9_5 C9_6 C9_7 C10_1 C10_2 C10_3 C10_4 C10_5 C10_6 C10_7 C10_8 C10_9 C10_10 C10_11 D11_1 D11_2 D11_3 D11_4 D11_5 D11_6 D11_7 D11_8 D11_9 D11_10 D11_11 D11_12 D11_13 D11_14 D11_15 D11_16 D11_17 D11_18 D11_19 D11_20 D11_21 E12_1 E12_2 E12_3 E13_1 E13_2 E13_3 E13_4 E13_5.

A validity test on the quantitative data was as follows:

Statistics

		Gender	Age	Employees	Experience	Qualification	B6_1
N	Valid	20	20	20	20	20	20
	Missing	0	0	0	0	0	0

Statistics

		B6_2	B6_3	B6_4	B6_5	B6_6	B7_1	B7_2
N	Valid	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0

Statistics

		B7_3	B7_4	B7_5	B7_6	C8_1	C8_2	C8_3
N	Valid	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0

Statistics

		C8_4	C8_5	C9_1	C9_2	C9_3	C9_4	C9_5
N	Valid	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0

Statistics

		C9_6	C9_7	C10_1	C10_2	C10_3	C10_4	C10_5
N	Valid	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0

Statistics

		C10_6	C10_7	C10_8	C10_9	C10_10	C10_11	D11_1
N	Valid	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0

Statistics

		D11_2	D11_3	D11_4	D11_5	D11_6	D11_7	D11_8
N	Valid	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0

Statistics

		D11_9	D11_10	D11_11	D11_12	D11_13	D11_14	D11_15
N	Valid	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0

Statistics

		D11_16	D11_17	D11_18	D11_19	D11_20	D11_21	E12_1
N	Valid	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0

Statistics

		E12_2	E12_3	E13_1	E13_2	E13_3	E13_4	E13_5
N	Valid	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0

The validity of the data above showed no missing questionnaire, and the process was based on the strategy suggested by Cameron and Price (2009), where percentage of response formula was used in this research project (cf. 3.2.1.2).

The following section addresses the analysis of quantitative data.

4.3.4 The analysis of quantitative data

4.3.4.1   The analysis of demographics and size of enterprise (part A)

Frequency tables and pie charts illustrating the demographics of the respondents (supervisors) and the sizes of enterprises were as follows:

Question 1: What is your gender?

Table 4.3: Gender of the respondents (N=20)

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	9	45.0	45.0	45.0
Female	11	55.0	55.0	100.0
Total	20	100.0	100.0	

Pie chart 4.1: Gender of the respondents (N=20)
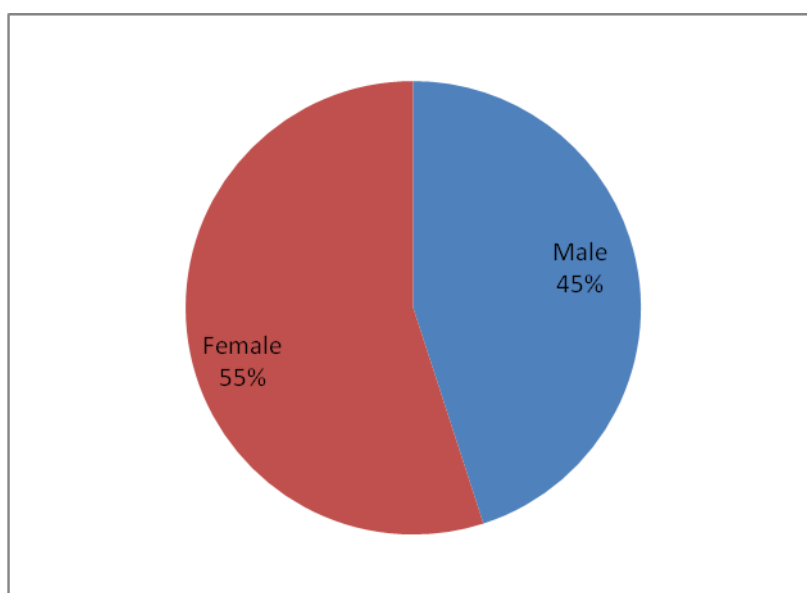
Two observations with regard to the gender profile of the sampled supervisors were made from table 4.3 and pie chart 4.1. Firstly, female supervisors constituted 55% of the total sample (20) out of 41 Manufacturing SMMEs in Welkom. Secondly, male supervisors made 45% of the total sample. These observations confirm that there are many females in small enterprises, especially dressmaking businesses, owing to the shift to traditional attire post 1994 democratic elections in SA – these female

enterprises are using the product to identify themselves (database of SEDA Matjhabeng).

Question 2: What is your age in the completed year?

With regards to the age of the respondents, the following responses in table 4.2 and pie chart 4.2 were generated.

Table 4.4: Age of the respondents (N=20)

In completed year	Frequency	Percent	Valid Percent	Cumulative Percent
Valid **20-30**	2	10.0	10.0	10.0
31-40	5	25.0	25.0	35.0
41-50	8	40.0	40.0	75.0
51-60	3	15.0	15.0	90.0
61+	2	10.0	10.0	100.0
Total	20	100.0	100.0	

Pie chart 4.2: Age of the respondents (N=20)
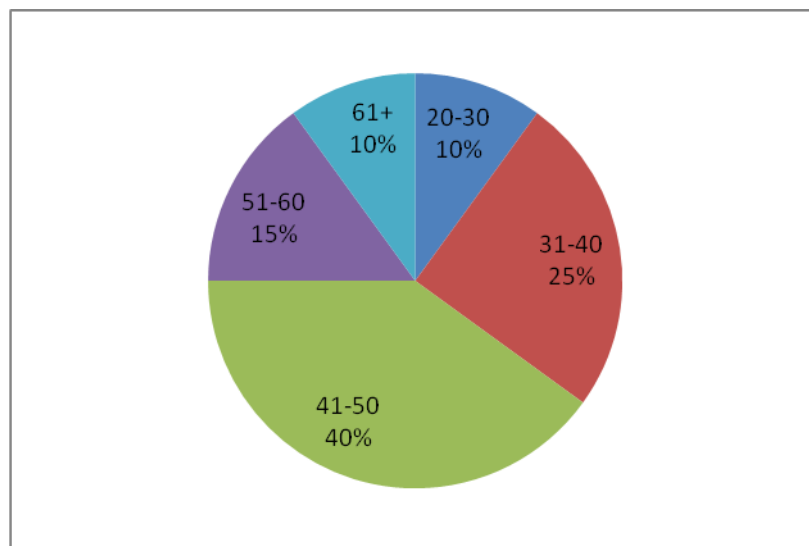
From table 4.4 and pie chart 4.2, several observations can be made concerning the age profile of the supervisors. The majority of the supervisors (40%) were older than 41 years of age and younger than 50 years of age. This was followed by 25% of

supervisors between 31 and 40 years old, and 15% of supervisors between 51 and 60 years old. The lowest percentage, at 10% each, was supervisors between the ages of 20 to 30 years and those of 60 years plus.

Looking at this age distribution, it is observed that many of these supervisors' early school careers were at a time when entrepreneurial skills were not seriously considered in SA – the interpretation of these observations is that up to 65% of the respondents could be lacking basic business management skills.

Question 3: What is the total number of employees in this enterprise?

Table 4.5: Number of employees in the sampled enterprises (N=20)

Size of enterprise		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**1-5 (micro)**	12	60.0	60.0	60.0
	6-50 (small)	7	35.0	35.0	95.0
	51-200 (medium)	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Pie chart 4.3: Number of employees in the sampled enterprises (N=20)
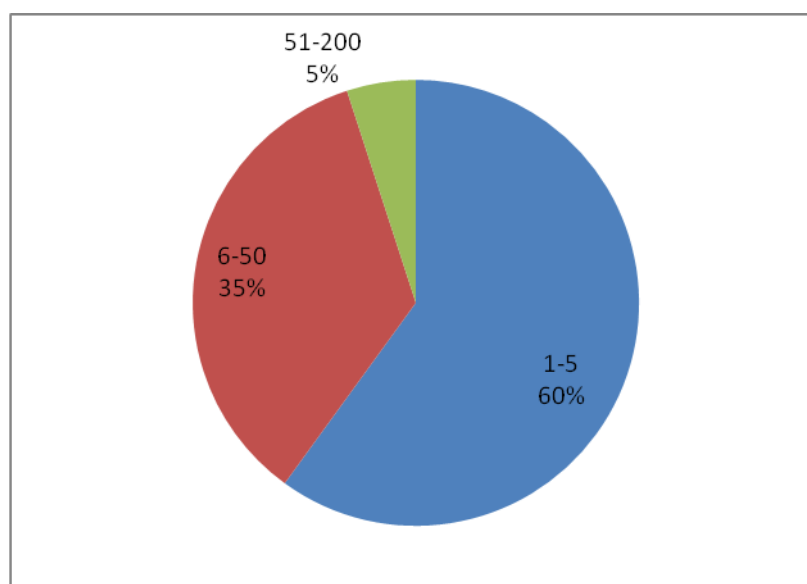
Table 4.5 and pie chart 4.3 depicted the response to the question of total number of employees in the enterprise represented by sampled supervisors. The number of employees is considered one of the measures which is used to determine the size of the enterprise – as outlined in Chapter two (cf. 2.5.2). Several observations can be made from table 4.6 and pie chart 4.3. A total of 60%, more than half the number of sampled manufacturing SMMEs, comprised of micro enterprises. Together, micro and small enterprises made up 95%. Medium enterprises occupied only 5% of the area of pie chart. These observations suggest that the manufacturing SMMEs in Welkom are not developing into big enterprises.

Question 4: What is your experience in a supervisory position? (Choose one category)

With regards to the experience of the supervisors, the following responses on table 4.6 and pie chart 4.4 were generated.

Table 4.6: Experience of respondents (N=20)

Period in Years	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2	3	15.0	15.0	15.0
3	2	10.0	10.0	25.0
4	5	25.0	25.0	50.0
5	7	35.0	35.0	85.0
6	3	15.0	15.0	100.0
Total	20	100.0	100.0	

Pie chart 4.4: Experience of respondents (N=20)
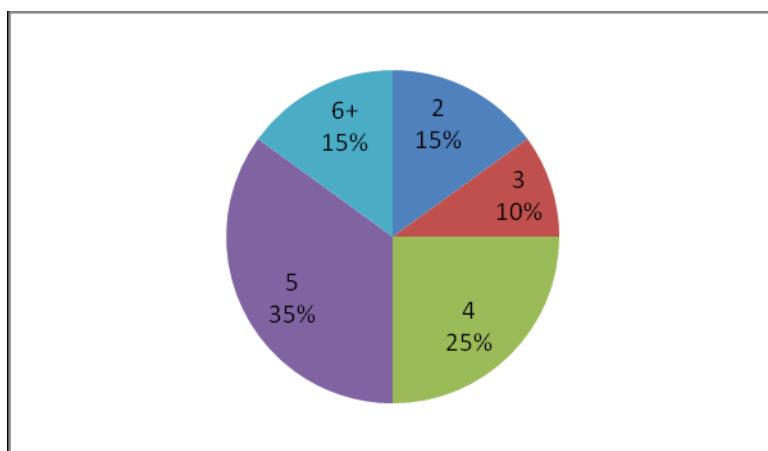
Table 4.6 and pie chart 4.4 indicated that 85% of respondents (supervisors) have worked more than two years as a supervisor. This makes their responses to the research variables (such as growth, buying pattern of consumers, and factors affecting the buying pattern and development of SMMEs) accurate.

Question 5: What is your highest education?

With regards to the respondents' (supervisors) level of qualification, the researcher recorded the observations below.

Table 4.7: Qualification of respondents (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Grade (1-8)**	4	20.0	20.0	20.0
	Grade (9-10)	7	35.0	35.0	55.0
	Grade (11-12)	5	25.0	25.0	80.0
	Diploma	2	10.0	10.0	90.0
	Degree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

From table 4.7, it is seen that the majority of sampled supervisors (35%) had an education level of grade 9 to grade 10. This was followed by 25% of supervisors with an education level of grade 11 to 12. The respondents with a qualification from an institution of higher learning (diploma or degree) were only 20% all together. This meant that 80% of the supervisors of the manufacturing SMMEs in Welkom were without tertiary education. The implication is that there is a high possibility of lack of formal business management skills and, as a result, low prospects for quality customer service to promote the development of the enterprises.

The following set of frequency tables represented the interrogation of issues related to the development of SMMEs. For easy analysis, the options to the questions were used

as headings, and responses to the options of the questions were depicted inside the tables.

4.3.4.2 The analysis of issues related to the development of small, medium and micro manufacturing enterprises in Welkom (part B to part E)

Part B: The buying pattern of customers

Question 6: How often do customers currently buy from the enterprise?

Table 4.8: Daily (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	9	45.0	45.0	45.0
	Positive +	2	10.0	10.0	55.0
	0	0	0	0	55.0
	Negative -	3	15.0	15.0	70.0
	Negative - -	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

The observations drawn from table 4.8 were that 55% of supervisors strongly agreed or agreed that consumers were currently buying on a daily basis. Therefore, since most supervisors agreed, it could be concluded that consumers of SMMEs in Welkom were currently buying on a daily basis.

Table 4.9: Once a week (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	5	25.0	25.0	25.0
	Positive +	7	35.0	35.0	60.0
	Negative -	3	15.0	15.0	75.0
	Negative - -	5	25.0	25.0	100.0
	Total	20	100.0	100.0	

From table 4.9, the observations were that 60% of supervisors strongly agreed or agreed that consumers currently bought weekly from enterprises. As a result, the conclusion is that consumers of the manufacturing SMMEs in Welkom were currently buying on a weekly basis.

Table 4.10: Once a month (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	8	40.0	40.0	40.0
	Positive +	9	45.0	45.0	85.0
	Negative -	1	5.0	5.0	90.0
	Negative - -	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

From table 4.10, it can be observed that 85% of supervisors either strongly agreed or agreed that consumers currently buy once a month. Therefore, it can be deduced that consumers of the manufacturing SMMEs in Welkom were buying on a monthly basis.

Table 4.11: Once a year (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	4	20.0	20.0	20.0
	Positive +	10	50.0	50.0	70.0
	Negative -	1	5.0	5.0	75.0
	Negative - -	5	25.0	25.0	100.0
	Total	20	100.0	100.0	

From table 4.11, the observations were that 70% of supervisors either strongly agreed or agreed that consumers were currently buying once a year. It can therefore be concluded that consumers of the manufacturing SMMEs in Welkom were currently buying yearly.

Table 4.12: Twice per year (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	1	5.0	5.0	5.0
	Positive +	12	60.0	60.0	65.0
	Negative -	1	5.0	5.0	70.0
	Negative - -	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

From table 4.12, 65% of supervisors either strongly agreed or agreed that consumers were currently buying twice per year. The implication of this observation is that consumers of the manufacturing SMMEs in Welkom were currently buying twice per year.

Table 4.13: Four times per year (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	2	10.0	10.0	10.0
	Positive +	10	50.0	50.0	60.0
	Negative -	1	5.0	5.0	65.0
	Negative - -	7	35.0	35.0	100.0
	Total	20	100.0	100.0	

The following observations can be made from Table 4.13: 60% of supervisors either agreed or disagreed that consumers were currently purchasing four times per year. The interpretation of this observation is that consumers of the manufacturing SMMEs in Welkom were purchasing on a quarterly basis.

Question 7: How often did the customers buy from this enterprise in the past?

Table 4.14: Daily (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	1	5.0	5.0	5.0
	Positive +	11	55.0	55.0	60.0
	0	1	5.0	5.0	65.0
	Negative -	2	10.0	10.0	75.0
	Negative - -	5	25.0	25.0	100.0
	Total	20	100.0	100.0	

The observations from table 4.14 were that 65% of supervisors either strongly agreed or agreed that consumers used to buy on a daily basis. It can therefore be concluded that consumers of the manufacturing SMMEs in Welkom used to buy on a daily basis.

Table 4.15: Once a week (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	5	25.0	25.0	25.0
	Positive +	9	45.0	45.0	70.0
	0	1	5.0	5.0	75.0
	Negative -	1	5.0	5.0	80.0
	Negative - -	4	20.0	20.0	100.0
	Total	20	100.0	100.0	

Table 4.15 indicated that 70% of supervisors either strongly agreed or agreed that consumers used to purchase once a week. As the majority concur, it could be deduced that consumers of the manufacturing SMMEs in Welkom used to purchase once a week.

Table 4.16: Once per month (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	5	25.0	25.0	25.0
	Positive +	12	60.0	60.0	85.0
	Negative -	1	5.0	5.0	90.0
	Negative - -	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Observations from table 4.16 were that 85% of supervisors either strongly agreed or agreed that consumers used to buy once per month. The conclusion is that consumers of the manufacturing SMMEs in Welkom used to purchase once per month.

Table 4.17: Once a year (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	2	10.0	10.0	10.0
	Positive +	12	60.0	60.0	70.0
	Negative -	3	15.0	15.0	85.0
	Negative - -	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

From table 4.17 it can be observed that 70% of supervisors either strongly agreed or agreed that consumers used to buy once a year. Therefore, consumers of the manufacturing SMMEs in Welkom were buying once a year.

Table 4.18: twice per year (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	1	5.0	5.0	5.0
	Positive +	9	45.0	45.0	50.0
	0	1	5.0	5.0	55.0
	Negative -	3	15.0	15.0	70.0
	Negative - -	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

50% of supervisors from table 4.18 either strongly agreed or agreed that consumers used to purchase twice per year. This was opposed to 45% who either disagreed or strongly disagreed, and 5% who neither agreed nor disagreed. As the majority of supervisors agreed (50%), it could be concluded that consumers of the manufacturing SMMEs in Welkom used to buy twice per year.

Table 4.19: Four times per year (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	1	5.0	5.0	5.0
	Positive +	9	45.0	45.0	50.0
	0	1	5.0	5.0	55.0
	Negative -	2	10.0	10.0	65.0
	Negative - -	7	35.0	35.0	100.0
	Total	20	100.0	100.0	

From table 4.19 it is observed that 50% of supervisors either strongly agreed or agreed that consumers used to purchase four times per year. 45% of supervisors either disagreed or strongly disagreed, and 5% neither agreed nor disagreed. On account of the 50% of supervisors who agreed, it could be concluded that consumers of the manufacturing SMMEs in Welkom used to buy four times per year.

Part C: Factors that influenced the buying pattern of consumers

Question 8: Which survival factors influenced the buying pattern of consumers of this enterprise?

Table 4.20: Basic needs (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	17	85.0	85.0	85.0
	Positive +	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

Table 4.20 indicated that 100% of the supervisors either strongly agreed or agreed that consumers' buying pattern was influenced by basic needs – such as clothes and food. Therefore, all consumers of the manufacturing SMMEs in Welkom are influenced by basic needs.

Table 4.21: Safety needs (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	14	70.0	70.0	70.0
	Positive +	3	15.0	15.0	85.0
	0	1	5.0	5.0	90.0
	Negative - -	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

It is observed from table 4.21 that 85% of the supervisors either strongly agreed or agreed that consumers' buying pattern was influenced by safety needs towards the products of the manufacturing SMMEs. The conclusion is that safety needs are influencing factors in the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.22: Social needs (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	10	50.0	50.0	50.0
	Positive +	7	35.0	35.0	85.0
	0	1	5.0	5.0	90.0
	Negative -	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

As is observed in table 3.22, 85% of supervisors either strongly agreed or agreed that consumers' buying pattern was influenced by social needs. Therefore, it could be concluded that the buying pattern of the consumers of the manufacturing SMMEs in Welkom is influenced by social needs.

Table 4.23: Esteem needs (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	5	25.0	25.0	25.0
	Positive +	8	40.0	40.0	65.0
	0	2	10.0	10.0	75.0
	Negative -	2	10.0	10.0	85.0
	Negative - -	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

The observations from table 4.23 are that 65% of the supervisors either strongly agreed or agreed that consumers' buying pattern is influenced by esteem needs. As the majority concurs, it can be concluded that consumers of the manufacturing SMMEs in Welkom are influenced by esteem needs.

Table 4.24: Self-actualisation needs (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive +**	1	5.0	5.0	5.0
	0	10	50.0	50.0	55.0
	Negative -	4	20.0	20.0	75.0
	Negative - -	5	25.0	25.0	100.0
	Total	20	100.0	100.0	

The observations from table 2.24 were that 5% of the supervisors strongly agreed that self-actualisation needs influenced the buying pattern of consumers. 45% either disagreed or strongly disagreed, while 50% neither agreed nor disagreed. Therefore, it can be concluded that self-actualisation needs were not an influencing factor in the buying pattern of the consumers of the manufacturing SMMEs in Welkom.

The response to question 8 indicated that, overall, the buying pattern of the consumers of the manufacturing SMMEs in Welkom is influenced by lower order needs.

Question 9: Which social factors influenced the buying pattern of consumers in this enterprise?

Table 4.25: Family (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	11	55.0	55.0	55.0
	Positive +	8	40.0	40.0	95.0
	Negative -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Table 4.25 indicated that 95% of supervisors either strongly agreed or agreed that family is a factor that influences the buying pattern of the consumer. Based on this, it can be deduced that family played a major role in influencing the buying pattern of the consumers of the manufacturing SMMEs in Welkom.

Table 4.26: Friends (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	14	70.0	70.0	70.0
	Positive +	5	25.0	25.0	95.0
	Negative -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Table 4.26 shows that the responses of 95% of the supervisors either strongly agreed or agreed that the buying pattern of consumers is influenced by friends. On account of the overwhelming majority of supervisors agreeing, it can be concluded that the buying pattern of the consumers of the manufacturing SMMEs in Welkom is influenced by friends.

Table 4.27 Neighbours (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	4	20.0	20.0	20.0
	Positive +	9	45.0	45.0	65.0
	0	4	20.0	20.0	85.0
	Negative -	2	10.0	10.0	95.0
	Negative - -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Observations from table 4.27 were that 65% of the supervisors either strongly agreed or agreed that the buying pattern of consumers is influenced by neighbours. As the majority of supervisor agreed, it could be deduced that the neighbours are an influencing factor in the buying pattern of the consumers of the manufacturing SMMEs in Welkom.

Table 4.28: Co-workers (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	5	25.0	25.0	25.0
	Positive +	7	35.0	35.0	60.0
	0	3	15.0	15.0	75.0
	Negative -	3	15.0	15.0	90.0
	Negative - -	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Table 4.28 showed that 60% of supervisors either strongly agreed or agreed that co-workers influenced the buying pattern of the consumer towards the products of the manufacturing SMMEs in Welkom. As a result, the interpretation is that the co-workers were a factor that influenced the buying pattern of the consumers.

Table 4.29: Members of the religion (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive +**	3	15.0	15.0	15.0
	0	9	45.0	45.0	60.0
	Negative -	1	5.0	5.0	65.0
	Negative - -	7	35.0	35.0	100.0
	Total	20	100.0	100.0	

The observations from table 4.29 are that only 15% of the supervisors either strongly agreed or agreed that the buying pattern of consumers is influenced by members of the religious community. 40% either disagreed or strongly disagreed, and 45% neither agreed nor disagreed. Considering that the majority of supervisors disagreed, it can be concluded that the buying pattern of the consumers of the manufacturing SMMEs in Welkom was not influenced by the members of any religious denominations.

Table 4.30: Professional associations (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	2	10.0	10.0	10.0
	Positive +	5	25.0	25.0	35.0
	0	5	25.0	25.0	60.0
	Negative -	3	15.0	15.0	75.0
	Negative - -	5	25.0	25.0	100.0
	Total	20	100.0	100.0	

Table 4.30 indicated that 35% of the supervisors either strongly agreed or agreed that professional associations influenced the buying pattern of consumers. 40% of supervisors either disagreed or strongly disagreed. While 25% neither agreed nor disagreed. As the majority of supervisors disagreed, it can be concluded that the buying pattern of the consumers of the manufacturing SMMEs in Welkom is not influenced by professional associations.

Table 4.31: Trade union (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	2	10.0	10.0	10.0
	Positive +	4	20.0	20.0	30.0
	0	7	35.0	35.0	65.0
	Negative -	2	10.0	10.0	75.0
	Negative - -	5	25.0	25.0	100.0
	Total	20	100.0	100.0	

From table 4.31, 30% of the supervisors either strongly agreed or agreed that trade unions influenced the buying pattern of consumers. 35% either disagreed or strongly disagreed, and the remaining 35% neither agreed nor disagreed. As more supervisors disagreed, it could be concluded that the buying pattern of the consumers of the manufacturing SMMEs in Welkom is not influenced by trade unions. The responses to this question could have been distorted by the possibility that many of the employees of manufacturing SMMEs were not members of a trade union.

Question 10: Which personal factors influenced the buying pattern of the consumers of this enterprise?

Table 4.32: Age (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	10	50.0	50.0	50.0
	Positive +	9	45.0	45.0	95.0
	Negative - -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Observations from table 4.32 were that 95%, an overwhelming majority, of supervisors either strongly agreed or agreed that age influenced the buying pattern of consumers.

Therefore, it was concluded that the buying pattern of consumers of the manufacturing SMMEs in Welkom is influenced by the age of the consumers.

Table 4.33: Life-cycle of family (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	11	55.0	55.0	55.0
	Positive +	8	40.0	40.0	95.0
	Negative - -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

From table 4.33 above, observations were that 95% of the supervisors either strongly agreed or agreed that the buying pattern of consumers is influenced by the life-cycle of the family. It can be deduced that the buying pattern of the consumers of the manufacturing SMMEs in Welkom is influenced by the life-cycle of the family.

Table 4.34: Occupation (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	14	70.0	70.0	70.0
	Positive +	4	20.0	20.0	90.0
	0	1	5.0	5.0	95.0
	Negative - -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

From table 4.34, 90% of supervisors either strongly agreed or agreed that occupation is a factor that influences the buying pattern of consumers. On the basis of this majority, it can be concluded that the buying pattern of the consumers of the manufacturing SMMEs in Welkom is influenced by the occupation of the consumers.

Table 4.35: Economic situation (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Positive + +	18	90.0	90.0	90.0
	Positive +	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Table 4.35 indicated that 100% of supervisors either strongly agreed or agreed that economic conditions influenced the buying pattern of consumers. Therefore, the buying pattern of consumers of the manufacturing SMMEs in Welkom is influenced by the economic situation.

Table 4.36: Lifestyle (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Positive + +	9	45.0	45.0	45.0
	Positive +	8	40.0	40.0	85.0
	0	2	10.0	10.0	95.0
	Negative - -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Table 4.36 above showed that 85% of supervisors either strongly agreed or agreed that lifestyle influences the buying pattern of the consumer. Based on the observation that the majority of supervisors agree, it suggests that lifestyle is influencing the buying pattern of the consumers of the manufacturing SMMEs in Welkom.

Table 4.37: Personality (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	1	5.0	5.0	5.0
	Positive +	9	45.0	45.0	50.0
	0	9	45.0	45.0	95.0
	Negative - -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Observations from table 4.37 were that 50% of supervisors either strongly agreed or agreed that personality influences the buying pattern of consumers. 5% strongly disagreed, while 45% neither agreed nor disagreed. It could be concluded that the buying pattern of the consumers of the SMMEs in Welkom is influenced by personality.

Table 4.38: Perception (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive +**	7	35.0	35.0	35.0
	0	10	50.0	50.0	85.0
	Negative -	2	10.0	10.0	95.0
	Negative - -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Table 4.38 showed that 35% of the supervisors either strongly agreed or agreed that perception influences the consumer. 15% disagreed or strongly disagreed. 50% neither agreed nor disagreed. Therefore, the buying pattern of consumers of the manufacturing SMMEs in Welkom is influenced by perception.

Table 4.39: Attitude (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive +**	13	65.0	65.0	65.0
	0	4	20.0	20.0	85.0
	Negative -	2	10.0	10.0	95.0
	Negative - -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Table 4.39 indicated that 65% of the supervisors either strongly agreed or agreed that attitude influences the buying pattern of consumers. Considering that the majority of supervisors agreed, it can be concluded that the buying pattern of consumers of the manufacturing SMMEs in Welkom is influenced by attitude.

Table 4.40: Values (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	1	5.0	5.0	5.0
	Positive +	10	50.0	50.0	55.0
	0	7	35.0	35.0	90.0
	Negative -	1	5.0	5.0	95.0
	Negative - -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

From table 4.40 it can be observed that 55% of supervisors either strongly agreed or agreed that values influence the buying pattern of consumers. Because the majority of supervisors agreed, the conclusion is that values influence the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.41: Learning (N=20)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid **Positive +**	7	35.0	35.0	35.0
0	8	40.0	40.0	75.0
Negative -	1	5.0	5.0	80.0
Negative - -	4	20.0	20.0	100.0
Total	20	100.0	100.0	

Table 4.41 indicated that 35% (7) of supervisors strongly agreed that the buying pattern of consumers is influenced by learning. 25% (5) either disagreed or strongly disagreed. 40% (8) neither agreed nor disagreed. Considering that the supervisors who agreed (7) are more than those who disagreed (5), it could be concluded that the buying pattern of the consumers of the manufacturing SMMEs in Welkom is influenced by learning.

Table 4.42: Belief (N=20)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid **Positive +**	8	40.0	40.0	40.0
0	6	30.0	30.0	70.0
Negative -	2	10.0	10.0	80.0
Negative - -	4	20.0	20.0	100.0
Total	20	100.0	100.0	

From table 4.42 it was observed that 40% of supervisors agreed that belief influences the buying pattern of consumers, while 30% disagreed and strongly disagreed. The observation that supervisors who agreed are the majority allowed the researcher to conclude that the buying pattern of consumers of the manufacturing SMMEs in Welkom is influenced by belief.

Part D: The influence of the marketing strategy on the development of this enterprise.

Question 11: Which marketing variables influenced the buying pattern of the consumers of this enterprise?

Table 4.43: Brand name (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	9	45.0	45.0	45.0
	Positive +	11	55.0	55.0	100.0
	Total	20	100.0	100.0	

Table 4.43 depicted that 100% of supervisors either strongly agreed or agreed that the brand name influences the buying pattern of consumers. Therefore, brand name influences the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.44: Product quality (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	19	95.0	95.0	95.0
	Positive +	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Table 4.44 showed that 100% of consumers either strongly agreed or agreed that product quality influences the buying pattern of consumers. The conclusion is that product quality influences the buying pattern of the consumers of the manufacturing SMMEs in Welkom.

Table 4.45 Product features (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	14	70.0	70.0	70.0
	Positive +	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

The observations from table 4.45 were that 100% of supervisors either strongly agreed or agreed that product features influence the buying pattern of consumers. As a result, it was concluded that product features influence the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.46: Product styling (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	11	55.0	55.0	55.0
	Positive +	9	45.0	45.0	100.0
	Total	20	100.0	100.0	

From table 4.46 it was observed that 100% of supervisors either strongly agreed or agreed that product styling influences the buying pattern of consumers. The buying pattern of the consumers of the manufacturing SMMEs in Welkom is therefore influenced by product styling.

Table 4.47: Product packaging (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	3	15.0	15.0	15.0
	Positive +	15	75.0	75.0	90.0
	0	1	5.0	5.0	95.0
	Negative -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

From table 4.47 it was noted that 95% of the supervisors either strongly agreed or agreed that product packaging influences the buying pattern of consumers. As a result, it was concluded that the buying pattern of consumers of the manufacturing SMMEs in Welkom is influenced by product packaging.

Table 4.48: High pricing strategy (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	2	10.0	10.0	10.0
	Positive +	5	25.0	25.0	35.0
	Negative -	2	10.0	10.0	45.0
	Negative - -	11	55.0	55.0	100.0
	Total	20	100.0	100.0	

Table 4.48 above indicated that 35% of supervisors either strongly agreed or agreed that high pricing strategy influenced the buying pattern of consumers. 65% disagreed or strongly disagreed. As the majority disagreed, it can be concluded that the buying pattern of the consumers of the manufacturing SMMEs in Welkom is not influenced by high pricing.

Table 4.49: Low price strategy (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	9	45.0	45.0	45.0
	Positive +	1	5.0	5.0	50.0
	Negative -	1	5.0	5.0	55.0
	Negative - -	9	45.0	45.0	100.0
	Total	20	100.0	100.0	

Table 4.49 indicated that 50% of supervisors either strongly agreed or agreed that the buying pattern is influenced by low pricing strategy, while the remaining 50% disagreed or strongly disagreed. Due to this result, it could not be confirmed or

disputed that low price strategy is a factor influencing the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.50 Survival pricing strategy (N=20

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	4	20.0	20.0	20.0
	Positive +	2	10.0	10.0	30.0
	Negative -	1	5.0	5.0	35.0
	Negative - -	13	65.0	65.0	100.0
	Total	20	100.0	100.0	

From table 4.50, the observations were that 30% of supervisors either strongly agreed or agreed that the buying pattern of consumers is influenced by survival pricing strategy. An overwhelming majority of 70% disagreed or strongly disagreed. Therefore, survival pricing does not influence the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.51: Product quality pricing strategy (N=3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	12	60.0	60.0	60.0
	Positive +	7	35.0	35.0	95.0
	Negative - -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Table 4.51 indicated that a majority of 95% of supervisors either strongly agreed or agreed that product quality pricing strategy influences the buying pattern of consumers. Considering the result, it can be concluded that product quality pricing strategy influences the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.52: Direct distribution (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	19	95.0	95.0	95.0
	Positive +	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

From table 4.52 the observations were that the 100% of supervisors either strongly agreed or agreed that direct distribution influences the buying pattern of consumers. Therefore, direct distribution influences the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.53: Intensive distribution (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	6	30.0	30.0	30.0
	Positive +	2	10.0	10.0	40.0
	Negative -	3	15.0	15.0	55.0
	Negative - -	9	45.0	45.0	100.0
	Total	20	100.0	100.0	

From table 4.53, 40% of supervisors either strongly agreed or agreed that intensive distribution influences the buying pattern of consumers. 60% disagreed or strongly disagreed. Due to the majority disagreeing, it can be concluded that the buying pattern of the consumers of the manufacturing SMMEs in Welkom is not influenced by intensive distribution.

Table 4.54: Selective distribution (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	3	15.0	15.0	15.0
	Negative - -	17	85.0	85.0	100.0
	Total	20	100.0	100.0	

Table 4.54 indicated that 15% of supervisors strongly agreed that selective distribution influenced the buying pattern of consumers. A majority of 85% disagreed with this statement. Therefore, the buying pattern of consumers of the manufacturing SMMEs in Welkom is not influenced by selective distributions strategy.

Table 4.55: Exclusive distribution (N=20)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid **Negative - -**	20	100.0	100.0	100.0

From table 4.55 the observation is that 100% of supervisors strongly disagreed that exclusive distribution influences the buying pattern of consumers. As a result, exclusive distribution does not influence the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.56: Advertising (N=20)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid **Positive + +**	1	5.0	5.0	5.0
Positive +	10	50.0	50.0	55.0
Negative -	2	10.0	10.0	65.0
Negative - -	7	35.0	35.0	100.0
Total	20	100.0	100.0	

Table 4.55 showed that 55% of supervisors either strongly agreed or agreed that advertising influenced the buying pattern of consumers. Therefore, advertising influences the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.57: Personal selling (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	4	20.0	20.0	20.0
	Positive +	7	35.0	35.0	55.0
	Negative -	9	45.0	45.0	100.0
	Total	20	100.0	100.0	

From table 4.57 the observations are that 55% of supervisors either strongly agreed or agreed that personal selling influences the buying pattern of consumers. The observation that more than 50% agree, implies that the buying pattern of consumers of the manufacturing SMMEs is influenced by personal selling.

Table 4.58: Sales promotion (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive +**	5	25.0	25.0	25.0
	Negative -	4	20.0	20.0	45.0
	Negative - -	11	55.0	55.0	100.0
	Total	20	100.0	100.0	

Table 4.58 indicated that 25% of supervisors agreed that sales promotion influences the buying pattern of consumers, as opposed to 75% that disagreed or strongly disagreed. It was concluded that sales promotion does not influence the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.59: Public relations (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive +**	2	10.0	10.0	10.0
	0	2	10.0	10.0	20.0
	Negative -	3	15.0	15.0	35.0
	Negative - -	13	65.0	65.0	100.0
	Total	20	100.0	100.0	

The observations from table 4.59 are that 10% of the supervisors agreed that a public relations influences the buying pattern of consumers, as opposed to 80% who disagreed and strongly disagreed. Therefore, public relations do not influence the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.60: Publicity (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	1	5.0	5.0	5.0
	Positive +	8	40.0	40.0	45.0
	0	2	10.0	10.0	55.0
	Negative -	2	10.0	10.0	65.0
	Negative - -	7	35.0	35.0	100.0
	Total	20	100.0	100.0	

Observations from table 4.60 were that 45% of supervisors either strongly agreed or agreed that publicity influenced the buying pattern of consumers. 45% disagreed or strongly disagreed, while 10% neither agreed nor disagreed. The observations of equal number of supervisors who agreed and disagreed did not affirm nor negate whether publicity influenced the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.61: Direct marketing (N=20

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	4	20.0	20.0	20.0
	Positive +	1	5.0	5.0	25.0
	0	8	40.0	40.0	65.0
	Negative -	1	5.0	5.0	70.0
	Negative - -	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

Table 4.61 indicated that 25% of supervisors either strongly agreed or agreed that direct marketing influences the buying pattern of consumers. 35% disagreed or strongly disagreed, while 40% neither agreed nor disagreed. Therefore, direct marketing does not influence the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.62: Internet/interactive (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive +**	3	15.0	15.0	15.0
	0	11	55.0	55.0	70.0
	Negative - -	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

Table 4.62 indicated that 15% of supervisors (3) agreed that internet/interactive influenced the buying pattern of consumers, while 30% (6) disagreed. It was further observed that both values (agreeing and disagreeing) were below the mean of 7 supervisors – thus, as disagreeing supervisors (6) were more than agreeing supervisors (3), it was deduced that internet/interactive did not influence the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Table 4.63: Integrated marketing communication (N=20)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid **Positive +**	1	5.0	5.0	5.0
0	14	70.0	70.0	75.0
Negative -	1	5.0	5.0	80.0
Negative - -	4	20.0	20.0	100.0
Total	20	100.0	100.0	

The observations from table 4.63 were that only 5% of supervisors agreed that integrated marketing communications influenced the buying pattern of consumers. 15% disagreed or strongly disagreed, while 70% neither agreed nor disagreed. Therefore, integrated marketing communication does not influence the buying pattern of consumers of the manufacturing SMMEs in Welkom.

Part E: The development of this enterprise.

Question 12: What is the speed of growth of this enterprise?

Table 4.64: Slow (N=20)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid **Positive + +**	3	15.0	15.0	15.0
Positive +	3	15.0	15.0	30.0
0	2	10.0	10.0	40.0
Negative -	3	15.0	15.0	55.0
Negative - -	9	45.0	45.0	100.0
Total	20	100.0	100.0	

From table 4.64 the observations were that 30% supervisors either strongly agreed or agreed that the growth of the manufacturing SMMEs in Welkom is slow, while 60% disagreed or strongly disagreed. 10% neither agreed nor disagreed. Therefore, it could be concluded that the growth of the manufacturing SMMEs is not slow.

Table 4.65: Fast (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	3	15.0	15.0	15.0
	Positive +	7	35.0	35.0	50.0
	0	1	5.0	5.0	55.0
	Negative - -	9	45.0	45.0	100.0
	Total	20	100.0	100.0	

Table 4.65 indicated that 50% of the supervisors strongly agreed or agreed that the growth of the manufacturing SMMEs in Welkom is fast, as opposed to 45% who strongly disagreed. Considering that the majority of supervisors agreed, it can be concluded that the growth of the manufacturing SMMEs is fast.

Table 4:66: None (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	4	20.0	20.0	20.0
	Positive +	1	5.0	5.0	25.0
	Negative -	1	5.0	5.0	30.0
	Negative - -	14	70.0	70.0	100.0
	Total	20	100.0	100.0	

Table 4.66 depicted the observation that 25% of supervisors strongly agreed or agreed that the manufacturing SMMEs in Welkom showed no growth. A majority of 75% disagreed or strongly disagreed. Therefore, it can be concluded that there is a growth in the manufacturing SMMEs in Welkom.

Question 13: Which factors influenced the growth of this enterprise?

Table 4.67: Quality of products (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	18	90.0	90.0	90.0
	Positive +	1	5.0	5.0	95.0
	Negative -	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Table 4.67 showed that 95% of the supervisors strongly agreed or agreed that the quality of the products influenced the growth of the manufacturing SMMEs in Welkom.

Table 4.68: Economic factors (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	18	90.0	90.0	90.0
	Positive +	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

From table 4.68, observations were that 100% of supervisors strongly agreed or agreed that the economic factors influenced the growth of the manufacturing SMMEs in Welkom. The conclusion is therefore that economic factors influence the growth of these SMMEs.

Table 4.69: Promotional strategies (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive +**	10	50.0	50.0	50.0
	0	2	10.0	10.0	60.0
	Negative -	4	20.0	20.0	80.0
	Negative - -	4	20.0	20.0	100.0
	Total	20	100.0	100.0	

Table 4.69 indicated that 50% of supervisors agreed that promotional strategies influence the growth of the manufacturing SMMEs in Welkom. 40% disagreed or strongly disagreed. Therefore, it can be concluded that the promotional strategies influence the growth of these SMMEs.

Table 4.70: Infrastructure (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	8	40.0	40.0	40.0
	Positive +	6	30.0	30.0	70.0
	Negative -	3	15.0	15.0	85.0
	Negative - -	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

The observations from table 4.70 were that 70% of supervisors strongly agreed or agreed that infrastructure is a factor that influenced the growth of the manufacturing SMMEs in Welkom.

Table 4.71: Customer quality service (N=20)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	**Positive + +**	15	75.0	75.0	75.0
	Positive +	5	25.0	25.0	100.0
	Total	20	100.0	100.0	

Table 4.71 depicted that 100% of supervisors strongly agreed or agreed that customer quality service influenced the growth of the manufacturing SMMEs in Welkom.

The following paragraph addresses the conclusion on Chapter four.

4.3   CONCLUSION

Chapter four presented qualitative data obtained from top managers. Themes and frequency distribution were used to describe qualitative data as a method of data analysis. The relationships between quantitative and qualitative findings obtained from qualitative data were explained. Chapter four also presented and analysed quantitative data. Frequency tables were used for questionnaire items (based on the questionnaires distributed to the supervisors of the manufacturing SMMEs in Welkom).

The data collected focused on: firstly, the CB of the manufacturing SMMEs in Welkom; secondly, issues related to the development of these SMMEs; and thirdly, the factors that influenced the CB of consumers. As a result of these findings, the influences on the development of the SMMEs could be observed. Interpretation of findings from qualitative data and quantitative data was also done in Chapter four.

Chapter five focuses on findings, conclusions and recommendations.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1   INTRODUCTION

Chapter four focused on the presentation, analysis, findings and interpretation of data. The interpretation of data in chapter four was related to co-objectives one and two. In chapter five the researcher summarised these results by discussing the findings from the literature studies and the findings from the empirical research. The SRCB model was found to have shortcomings, the most important of which is the non inclusion of new technology such as cellular phones and internet. Recommendations were made on how to address these shortcomings.

Chapter five also made recommendations based on combined qualitative and quantitative findings. These findings revealed that a lack of basic business management skills was a major factor influencing CB for development of the manufacturing SMMEs in Welkom. Finally Chapter five provided the overall conclusions of this research project. These were based on the triangulation of the research literature studies and the empirical research employed in this study.

The following paragraph focuses on the summary of the findings of this research.

5.2   FINDINGS OF THIS RESEARCH

The findings of this research project were summarised to allow reliable conclusions to be drawn, as well as valuable recommendations to be made.

The next section focuses on the findings of the literature studies.

5.2.1 Literature studies

The literature studies focused on the theoretical framework underpinning this research study – the SRCB model (cf. 2.3). The SRCB model mentioned variables such as attitudes, personality, inflation rates, interest rates, etc as influences of CB and the consumer decision-making process. The literature also established that development of SMMEs required investment into stages of enterprises, including: entrepreneurship, business micro-environment, operations, research, promotional strategies and SWOT analysis.

The literature studies highlighted constraints in the development of SMMEs, which were confirmed by empirical research. Findings from this research project's interviews and questionnaires pointed out that CB (which showed a decreased buying pattern) was influenced firstly by individual factors (such as attitudes, personality, etc.), and secondly by external factors (such as inflation rates, interest rates, infrastructure and lack of business management skills). Furthermore, this research project established that negative attitude and poor economic factors were major contributors to CB regarding manufacturing SMMEs in Welkom.

Considering that findings from the literature studies and empirical study converged to the same point, it could be concluded that this research project confirmed the explanations of the SRCB model. The shortcoming of the SRCB model was that the power or influence of new technology (in particular the use of cellular phones) was not clearly explained. Nonetheless, most of the top managers were not aware of the SRCB model – or any other CB model.

Next is a summary of findings from empirical study.

5.2.2 Empirical study

The main research objective of this study was to investigate the effect of CB on the development of the manufacturing SMMEs in Welkom. To accomplish this objective, the researcher used qualitative and quantitative research approaches while conducting empirical study. The findings from empirical study on CB were related to the first two co-research objectives of this study (cf. 1.6.1).

The empirical study findings affirmed that CB resulted in negative development of the manufacturing SMMEs in Welkom. Therefore, this research project achieved co-objective number one, which was to determine the effect of CB on the expansion of the manufacturing SMMEs in Welkom. For co-objective number two (cf. 1.6.1), the findings from interview and questionnaire responses established that – in attempts to influence CB favourably (increase the buying pattern) – the manufacturing SMMEs adopted market penetration, market development and product development as growth strategies (cf. 4.3.7.2). Unfortunately, the effect of these growth strategies was non development of these SMMEs. The conclusion therefore, was that the researcher managed to achieve the second co-objective – to establish the growth strategies adopted by the manufacturing SMMEs in Welkom.

Consequently, this research project showed that the effect of CB and of the ineffective growth strategies adopted by the manufacturing SMMEs in Welkom was non development. This was deduced to be a possible cause of the closure of these SMMEs in Welkom.

The findings from qualitative data follow.

5.2.2.1   Findings from qualitative data

The response of the top managers was recorded with regards to the sustainability and development of the manufacturing SMMEs in Welkom – as depicted in table 4.2. The

more often the words and/or themes were used by the top managers during their interview, the greater the importance of these words and/or themes to the subjects. The meaning and explanation of the words and/or themes indicated that the top managers, on average, showed a positive disposition.

The consumers of the manufacturing SMMEs in Welkom showed a CB characterised by a decreased buying pattern, negative attitudes etc. This had a negative effect on the development of these SMMEs. Interview and questionnaire responses confirmed this, as it was stated that development indicators (such as buying pattern, number of employees and expansion of the enterprises) were not improving.

To influence CB, the manufacturing SMMEs in Welkom employed growth strategies such as market penetration, market development and product development. The CB response was negative – reflected as decreased buying pattern, negative attitudes, etc. The effect of this negative CB was non development of the SMMEs.

The next paragraph looks at the findings of the quantitative data.

5.2.2.2   Findings of quantitative data

Part A: Demographics of respondents (supervisors) and the size of enterprises

There were a higher number of female supervisors in the manufacturing SMMEs than there were male supervisors. This was in line with the current trend in SA, which emerged after democratic government, of females performing previously male dominated positions (Hartojo & Jo, 2011: 45-67).

The majority of supervisors were middle aged – the highest percentage being between the ages of 41 and 50 – which implied that the manufacturing SMMEs in Welkom were operated by young to mature individuals.

No supervisors taking part in the research had less than two years experience of a supervisory position. This makes them appropriate subjects to provide the required and valid information for this research project (Rogerson, 2006: 67). The majority of supervisors had a qualification which was lower than tertiary level. This could indicate a lack of formal business management skills (Bates et al., 2006: 86-89).

A majority of 60% of the manufacturing SMMEs in Welkom were micro in size. This could be interpreted as an indicator of non development in these SMMEs in Welkom (Rogerson, 2006: 75).

Part B: Issues related to the development of SMMEs

Table 5.1: Buying pattern of consumers

	NUMBER OF RESPONDENT	
OPTIONS	**CURRENTLY**	**PREVIOUSLY**
Daily	11	13
Once a week	12	14
Once per month	17	17
Once per year	14	12
Twice per year	13	10
Quarterly	12	10
AVERAGE	**13**	**13**

The average replies of respondents with regards to the buying pattern (in terms of current and previous pattern) were compared. The fact that the average of both categories was equal may indicate that there was no improvement in the buying pattern.

A slight decrease was observed in the number of respondents who reported daily and once a week purchase patterns. Those reporting purchase patterns of once a year, twice per year and quarterly improved slightly. The number of monthly purchase

patterns remained unchanged. This observation was interpreted as indicating that no development of manufacturing SMMEs in Welkom has occurred.

Part C: Factors influencing the buying pattern of consumers

All the respondents agreed that basic needs, according to Maslow's Hierarchy of Needs, influenced CB (the buying pattern of consumers). Furthermore, all the respondents agreed that external factors (such as family, friends, neighbours, etc.) and internal factors (such as attitude, personality perception, etc.) influenced CB of the consumers of the manufacturing SMMEs in Welkom.

The respondents (supervisors) also excluded some factors as influencers of CB of the consumers of the manufacturing SMMEs in Welkom. The factors excluded were an internal factor (self actualisation) and external factors (trade union and professional associates).

Part D: This part examined which marketing mix elements influenced the buying pattern.

The respondents indicated that product strategy was the most important component of the marketing mix elements which contributed to the buying pattern of consumers of the manufacturing SMMEs in Welkom. The respondents indicated that the quality of products was particularly influenced by product strategy. As responses indicated that pricing strategy was viewed as a less important contributor, it was not considered. It was determined that direct distribution strategy was the only type of distribution channel that was considered an appropriate influencer of the buying pattern.

The type of market coverage that was seen as a valuable factor was selective coverage – and not intensive or exclusive coverage. A possible reason for intensive coverage being viewed as less valuable was that the majority of the enterprises were micro in size – resulting in lower production volumes for intensive coverage. Exclusive

coverage was not suitable as no enterprise in Welkom was manufacturing speciality consumer goods.

The view of the respondents was that the promotional strategy was not considered a highly important factor in the influence of CB -- direct marketing, public relations, publicity, internet/interactive were not implemented. This opinion could be as a result of two issues: firstly, lack of knowledge about IMC and, secondly, lack of funds from the top manager and/or owners of the manufacturing SMMEs in Welkom. This was understandable as most SMMEs were micro enterprises (cf. Part A).

Part E: Growth of the SMMEs

It was found that the supervisors held the view that there was a growth in the SMMEs, and that the growth was not slow. This view was in contradiction to that of the top managers, who overwhelmingly considered that there was no growth in the SMMEs. The top managers also reported no increase in the number of employees and factories (cf. 4.3.3). The reason for the supervisors' confusion could be the increased number of informal SMMEs in Welkom (Rogerson, 2006: 69).

All supervisors and top managers agreed that economic factors and the quality of products were major influencing factors in the buying pattern of consumers – and hence, major factors in the development of the manufacturing SMMEs in Welkom.

The following section discusses the conclusion from findings.

5.3   CONCLUSION ON THE FINDINGS

In this research project, findings made from qualitative data and quantitative data were interpreted. The interpretation was aimed at determining the effect of CB on the development of the manufacturing SMMEs in Welkom. Firstly, the findings from literature review were summarised into theoretical framework in particular stimulus-

response consumer behaviour model that underpinned this research study - constraints and intervention to improve the development of the. Secondly, the responses of the top managers were summarised into a table. The table contained words and/or themes, dispositions, and a frequency table (cf. 4.2). Thirdly, the responses of the supervisors were summarised into frequency tables. Lastly, responses on the buying pattern of consumers were condensed into a table (cf. 4.72).

The rationale for summarising the findings of the literature review, qualitative data and quantitative data was to reflect the level of significance of the literature review, qualitative data and quantitative data. The level of significance was determined by how close the literature review, qualitative and quantitative data converged to the same result. Co-objective number one was to determine the effect of CB on the expansion of the manufacturing SMMEs in Welkom. The SRCB model outlined the factors that influenced CB (cf. 5.2.1). Investigation into issues related to the development of the manufacturing SMMEs in Welkom focused on: CB (such as the buying pattern), the reactions of consumers to the factors influencing CB (such as internal and external factors), and the influence of CB on the number of employees.

Findings based on the qualitative data analysis indicated that the CB (buying pattern) of consumers and the number of employees in the manufacturing SMMEs in Welkom both decreased. Top managers indicated that CB (buying pattern) towards the SMMEs was negatively influenced (decreased) mainly by: consumer attitude and economic factors (such as an increase in unemployment in Welkom and inflation rate). Quantitative data findings indicated that supervisors held the view that the buying pattern of consumers had on average not improved. This stemmed from the observation that shorter buying frequencies (daily and weekly) decreased, monthly buying frequency remained unchanged, and longer buying frequencies (once per year, twice per year and quarterly) increased insignificantly (cf. 5.1). It was therefore concluded that the buying pattern had, in general, decreased. The reasons for this decreased buying pattern were again found to be linked to: negative attitudes and

unfavourable economic circumstances (reduced disposable income) for consumers in Welkom.

CB directly affected the growth of enterprises, as was seen in the decreased number of employees. CB was in turn influenced by various factors, as explained in the SRCB model. These factors included internal factors (attitudes), and external factors (economic aspects).

Considering the findings in the previous paragraphs with regards to the main research objective (cf. 1.6) and co-research objectives (cf. 1.6.1) it was determined that the effect of CB on the expansion of the manufacturing SMMEs in Welkom was negative and established that top managers adopted market development growth strategies and market penetrations growth strategies. The findings from the SRCB model and the empirical study converged to indicate the non development of the SMMEs. This convergence was an indication of a high level of significance of the research variables to the development of these SMMEs.

This research project established the growth strategies adopted by manufacturing SMMEs in Welkom. On the basis of the findings drawn from the literature review and empirical study, it was concluded that the effect of CB (decreased buying pattern, and negative attitudes.) and growth strategies adopted by top managers affected the development of the manufacturing SMMEs in Welkom negatively. In other words, the research questions were directly answered by literature review and empirical study findings. Considering that 50% of the population was sampled for quantitative data, 10% was sampled for qualitative data and the validity test of quantitative data was 100% (cf. 3.4.3), it could be argued that this information supported the conclusion that the outcome of this research was applicable to the population of manufacturing SMMEs in Welkom.

Recommendations follow in the next paragraph.

5.4   RECOMMENDATIONS

5.4.1   Consumer behaviour models

The researcher recommends that SRCB model be reviewed to include consumer influencing factors such as internet and mobile cellular phones and that top managers of the manufacturing SMMEs in Welkom should learn about the available CB models.

5.4.2   Integrated marketing communications

The top managers need to consider IMC to enhance the adopted growth strategies because this research project revealed that the concept of IMC was not implemented by top managers of the manufacturing SMMEs in Welkom to influence CB.

5.4.3   Training of salespeople

On the findings that there was poor customer service and there was a lack of strategic marketing formulation skills, the researcher recommended ongoing short courses on quality customer service and strategic marketing formulation.

5.4.4   Customer database

Due to a lack of customer database, it was recommended that top managers consult experts on: firstly, how to gather data on customers effectively and efficiently and, secondly, how to process this data in order to compile a customer database.

5.4.5 Customer relationship management

The researcher recommends that a customer database be used to implement CRM, in other to implement customisation of products (to better suit the customers' needs, wants and demands).

5.4.6 South African government intervention

As there was a lack of knowledge and understanding among the respondents from the manufacturing SMMEs in Welkom – particularly the top managers – of what „Proudly South African' means, the recommendation was that South African government agencies should educate all stakeholders (owners, investors, suppliers, trade unions, professional associations and consumers) on the meaning of „Proudly South African'.

Furthermore, the SA government needs to assess the effectiveness of available support services for SMMEs – in particular Khula enterprises – as top managers were of the view that entrepreneurs in Welkom did not know about Khula.

The following paragraph discusses the overall conclusions on chapter five.

5.5   OVERALL CONCLUSIONS ON FINDINGS

A conclusion drawn from this research project was that literature studies and empirical research converged to a similar outcome; namely, that the effect of CB on the development of manufacturing SMMEs in Welkom was that there was no development of these SMMEs. It was also concluded that the adopted growth strategies did not assist in the development of these SMMEs. Moreover, lack of essential management skills like strategic marketing formulation, quality customer service and market research contributed to this effect (no development) on these SMMEs (cf. 5.2.1 – 5.2.3). Therefore, this research study reasonably solved the research problem of the

study by indicating that the effect of CB on the development of manufacturing SMMEs in Welkom was lack of development – which caused the shutdown of the SMMEs.

The research project was able to pinpoint the factors (such as infrastructure, support services, education level, experience, gender and age) which influenced the development of manufacturing SMMEs in Welkom. Further research should be conducted, inter alia, on those factors of infrastructure that are necessary to reduce operational expenses – and thus increase profits and hence provide the opportunities for development of SMME. It was suggested that substantial resources should be allocated for such research – after all, this constituted the main limitations of this research study.

Following is the researcher's conclusion on Chapter five.

5.6   CONCLUSION

Chapter five summarised the findings from literature studies, qualitative data and quantitative data and found that the effect of CB (decreased buying pattern) on the development of the manufacturing SMMEs in Welkom was that there was no growth of these SMMEs. Therefore, all the objectives in section 1.7.1 were achieved, since this research determined that the effect of CB (decreased buying pattern) on the development of the manufacturing SMMEs in Welkom was non expansion, or no development.

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ANNEXURES

1.   Letter requesting permission to conduct research in Welkom

Enquiries: Mr. T S Mokgatla   1875 Ntsonga Street

Work : 057-9103577   **THABONG**

Cell : 072-3726042   9463

Municipal Manager

Matjhabeng Municipality

WELKOM

9459

Dear Sir

RE : PERMISSION TO CONDUCT RESEARCH

I regard your position in the municipality as highlyh critical and fundamental. You are performing a guiding role to the politicla structures, political bearers and officials of the municipality. I also know that you are responsible to see to the issues of economic growth in the municipality and the contribution of the business sector in the economy of Matjhabeng Municipality.

I am presently doing a Masters study at Central University of Technology (CUT) in Welkom campus where my research is focusing on **"The effect of consumer behaviour (CB) on the development of the small, medium and micro manufacturing enterprises (SMMEs) in Welkom"**. The views of the managers and supervisors of the manufacturing SMMEs are of critical importance in this study.

I kindly request you to allow me to gather information at your municipal area (Welkom) by way of handing questionnaires to supervisors of the manufacturing SMMEs, and

subsequently, conducting interviews with the managers of manufacturing SMMEs. Questionnaires will be collected after a week. This endeavour is intended to highly contribue to the body of knowledge on the effect of consumer behaviour on the development of SMMEs. I intend to guarantee confidentiality in handling this issue, therefore no name is required on the questionnaire.

Your co-operation will be highly appreciated in order for me to complete my sutdy.

MR. T S MOKGATLA
M.TECH: MARKETING STUDENT
CENTRAL UNIVERSITY OF TECHNOLOGY, WELKOM CAMPUS

2. **Permission to conduct research in welkom**

3.   Letter of assurance

T0:   WHOM IT MAY CONCERN

FROM: **ABM KOLOBE**

DATE: 01 JUNE 2011

SUBJECT: **CONFIRMATION FOR REQUIREMENT TO DO IMPERICAL RESEARCH FOR MASTERS DEGREE: MARKETING**

TOPIC: **The Effect of Consumer Behaviour (CB) on the Development of Small, Medium and Micro Manufacturing Enterprises (SMMEs) in Welkom**

The student for the above mentioned programme is required to collect data for the requirements of the above mentioned degree. Kindly assist to place and provide him with necessary information relating to his field of research.

The acquisition of information will be treated with caution and confidentiality as per the requirements for research ethics. The authorities participating in this study reserve the right to information relating to results and finality of the study if requested.

Your assistance will be highly appreciated.

Should you require further information in this regard, Please contact the Programme Head for the **School of Entrepreneurship and Business Development.**

Kind regards,

ABM Kolobe. (Programme Head: School of Entrepreneurship and Business Development – Welkom Campus) 057-910 3603 Cell: 0729872354.

_____   _____

ABM KOLOBE   DATE

_____   _____

DR. J. DUVENAGE (Supervisor)   DATE

_____   _____

DR. SOLOMON MAKOLA   (CAMPUS MANAGER)   DATE

4.   Letter of appreciation

Dear Sir/Madam

I am very grateful for you kind support to have taken time out to participate in this survey.

Thank you so much and wish the best in your career endeavours.

Yours truly,

Tefo Stephen Mokgatla
Telephone: 057 910 3577, or
Cellular phone: 072 272 6042

5.   INTERVIEW QUESTIONS FOR TOP MANAGERS OF THE SMALL, MEDIUM AND MICRO ENTERPRISES (SMMEs)

THE EFFECT OF CONSUMER BEHAVIOUR ON THE DEVELOPMENT OF THE SMALL, MEDIUM AND MICRO MANUFACTURING ENTERPRISES OF WELKOM

Dear manager/Owner,

I am a master's student enrolled at the Central University of Technology, Free State. I am involved in a research that tries to investigate the **effect** of **consumer behaviour** on the **development** of the manufacturing SMMEs in Welkom.

- **Effect:** a change due to some activities or other causes.

- **Consumer behaviour**: is about the actions taken by individuals, groups and organizations in selecting, buying and getting rid of goods, services or ideas.

- **Development**: Specific state of growth or advancement

The investigation into consumer behaviour is chosen because the consumers are central to the success of any enterprise. Therefore, consumers are very important drivers of the development of any enterprise.

Attached please find interview questions designed for managers in all manufacturing SMMEs in Welkom to help answer questions on which the research is based. Therefore, in order to understand and interpret your ideas about how consumer behaviour affects the development and marketing strategy of the enterprise, some information is needed from you without giving your name. The interview is completed anonymously and all information will be treated confidentially.

Suitable and relaxed conditions for an interview will be arranged between the manager and the researcher on dates and times agreed.

Thank you for your cooperation.

_____

Mr. TS Mokgatla

1.   HOW IS THE DEVELOPMENT OF SMMEs IN WELKOM?

2. **WHAT ARE THE BUYING PATTERNS OF CONSUMERS OF THE SMALL, MEDIUM AND MICRO ENTERPRISES (SMMEs) IN WELKOM?**

3. **WHICH FACTORS ARE INFLUENCING CONSUMER BEHAVIOUR OF CUSTOMER OF SMMEs IN WELKOM?**

4. **WHICH GROWTH STRATEGIES ARE USED BY SMMEs WELKOM TO INFLUENCE CONSUMER BEHAVIOUR?**

5. **HOW OFTEN DO THE MANAGERS REVISE THE MARKETING STRATEGIES OF SMMEs IN WELKOM?**

6. **DO YOU HAVE ANY QUESTIONS WHICH YOU WOULD LIKE TO ASK ME ABOUT MY RESEARCH MADAM/SIR?**

Thank you so much for giving off your valuable time. I found your information very helpful and informative, and I also appreciate your willingness to share it with me.

Good bye. Thank you for your cooperation.

Work Address; Central University of Technology, Free State.
Mothusi Road
WELKOM

6. SUPERVISOR QUESTIONNAIRE

THE EFFECT OF CONSUMER BEHAVIOUR ON THE DEVELOPMENT OF THE SMALL, MEDIUM AND MICRO MANUFACTURING ENTERPRISES OF WELKOM

Dear Supervisor,

I am a master's student enrolled at the Central University of Technology, Free State. I am involved in a research that tries to investigate the **effect** of **consumer behaviour** on the **development** of the manufacturing SMMEs in Welkom.

- **Effect:** a change due to some activities or other causes.

- **Consumer behaviour**: is about the actions taken by individuals, groups and organizations in selecting, buying and getting rid of goods, services or ideas.

- **Development**: Specific state of growth or advancement

The investigation into consumer behavior is chosen because the consumers are central to the success of any enterprise. Therefore, consumers are very important drivers of the development of any enterprise.

Attached please find questionnaire designed for supervisors in all manufacturing SMMEs in Welkom to help answer questions on which the research is based. Therefore, in order to understand and interpret your ideas about how consumer behavior affects the development and the marketing strategy of the enterprise, some information is needed from you without giving your name. The interview is completed anonymously and all information will be treated confidentially.

After completing the questionnaire, please hand it over to your manager who will keep them safe until I fetch them.

Thank you for your cooperation.

_____

Mr. TS Mokgatla

SUPERVISOR QUESTIONNAIRE: SMALL, MEDIUM AND MICRO ENTERPRISES (SMMEs)

PART A: PERSONAL DATA: (Demographic variables and size of SMME)

Kindly answer by marking the appropriate number by means of a cross (X) in the block provided.

1. What is your gender?

Male	1
Female	2

2. What is your age in completed year?

20-30	31-40	41-50	51-60	61+
1	2	3	4	5

3. What is the total number of employees in this enterprise?

(According to the small business act, if employee number is 1-5 = micro, 6-50 = small and 51-200 = medium enterprises)

1-5	6-50	51-200
1	2	3

4. What is your experience in supervision position? (Choose one category).

Number of years
Less than 1
2
3
4
5
6+

5. What is your highest education?

Grade (1-8)	Grade (9-10)	Grade (11-12)	Diploma	Degree	Other

1	2	3	4	5	6

Other (specify) _____

_____

_____

PATR B: THE BUYING PATTERN OF CUSTOMERS

Below you are required to indicate the extent to which you agree, neither agrees, disagrees, disagrees with each statement. Please respond by marking with a cross (X) on the number in the appropriate block.

6.   How often do the customers buy from the shop currently?

Statement	Completely Agree	Somewhat Agree	Neither agree Nor disagree	Somewhat Disagree	Completely Disagree
	1	2	3	4	5
6.1 Customers buy daily					
6.2 Customers buy once a week					
6.3 Customer buy once per month					
6.4 Customers buy once a year.					
6.5 Customers buy twice per year.					
6.6 Customers buy four times per year.					

7.   How often did the customers use to buy from this store?

Statement	Completely Agree	Somewhat Agree	Neither agree Nor disagree	Somewhat Disagree	Completely Disagree
	1	2	3	4	5
7.1 Customers bought daily					
7.2 Customers bought once a week					
7.3 Customer bought once per month					
7.4 Customers bought once a year.					
7.5 Customers bought twice per year.					
7.6 Customers bought four times per year.					

PATR C: THE FACTORS THAT INFLUENCE THE BUYING PATTERN OF CONSUMERS

Below you are required to indicate the extent to which you agree, neither agrees, disagrees and disagrees with each statement. Please respond by marking with a cross (X) on the number in the appropriate block.

8.   Which survival factors (need for food, need for safety, need for esteem, etc) are influencing the buying pattern of consumers of this enterprise?

Statement	Completely Agree	Somewhat Agree	Neither agree Nor disagree	Somewhat Disagree	Completely Disagree
	1	2	3	4	5
8.1 Basic needs					

(food, clothes, etc) influences.					
8.2 Safety needs (security, shelter, etc) influences.					
8.3 Social needs (love, friendship, etc) influences.					
8.4 Esteem needs (status, acknowledgement, etc) influences.					
8.5 Self-actualisation needs (enriching, experience, etc) influences.					

9. **Which social factors (such as friends, family, etc) are influencing the buying pattern of consumers of this enterprise?**

Statement	Completely Agree	Somewhat Agree	Neither agree Nor disagree	Somewhat Disagree	Completely Disagree
	1	2	3	4	5
9.1 Family influence					
9.2 Friends influence.					
9.3 Neighbour					

influence.					
9.4 Co-workers influence.					
9.5 Members of their religion.					
9.6 Professional association influence.					
9.7 Trade union influence.					

10. **Which personal factors (such as income level, marital status, etc) are influencing the buying pattern of consumers of this enterprise?**

Statement	Completely Agree	Somewhat Agree	Neither agree Nor disagree	Somewhat Disagree	Completely Disagree
	1	2	3	4	5
10.1 Age influences					
10.2 Life-cycle of the family influences.					
10.3 Occupation influences					
10.4 Economic situation (wealth) influences.					
10.5 Lifestyle influences.					
10.6 Personality					

influences.					
10.7 Perception influences					
10.8 Attitude influences					
10.9 Values influences					
10.10 Learning influences.					
10.11 Belief influences.					

PART D: THE INFLUENCE OF THE MARKETING STRATEGY ON THE DEVELOPMENT OF THIS ENTERPRISE

Below you are required to indicate the extent to which you agree, neither agrees, disagrees and disagrees with each statement. Please respond by marking with a cross (X) on the number in the appropriate block.

11.   Which marketing variables (product, price, promotion and distribution) influenced the buying pattern of consumers of this enterprise?

Statement	Completely Agree	Somewhat Agree	Neither agree Nor disagree	Somewhat Disagree	Completely Disagree
	1	2	3	4	5
11.1 Brand name influences.					
11.2 Quality of product influences.					
11.3 Product features influences.					

11.4 Product styling influences.				
11.5 Product packaging influences.				
11.6 High pricing strategy influences.				
11.7 Low price strategy influences.				
11.8 Survival pricing strategy influences.				
11.9 Product-quality pricing strategy influences.				
11.10 Direct distribution influences.				
11.11 Intensive distribution influences.				
11.12 Selective distribution influences.				
11.13 Exclusive distribution influences.				
11.14 Advertising influences.				

11.15 Personal selling influences.					
11.16 Sales promotion influences.					
11.17 Public relations influences.					
11.18 Publicity influences.					
11.19 Direct marketing influences.					
11.20 Internet/interactive influences.					
11.21 Integrated marketing communications influences.					

PART E: THE DEVELOPMENT OF THIS ENTERPISE.

Below you are required to indicate the extent to which you agree, neither agrees, disagrees and disagrees with each statement. Please respond by marking with a cross (X) on the number in the appropriate block.

12.   How is the growth of this enterprise?

Statement	Completely Agree	Somewhat Agree	Neither agree Nor disagree	Somewhat Disagree	Completely Disagree
	1	2	3	4	5

12.1 Growth is slow.					
12.2 Growth is fast.					
12.3 there is no growth.					

13.   Which factors influenced the growth of this enterprise?

Statement	Completely Agree	Somewhat Agree	Neither agree Nor disagree	Somewhat Disagree	Completely Disagree
	1	2	3	4	5
13.1 Quality of product.					
13..2 Economical factors					
13.3 Promotional strategies					
13.4 Infra-structure.					
13.5 Customer quality service.					

Thank you for your cooperation.

Work Address; Central University of Technology, Free State.

Mothusi Road,

 WELKOM

7. **TABLE OF RANDOM NUMBER**

29	30
81	99
00	12
87	19

8. DECLARATION OF EDITOR

I declare that I have edited this document to a prescribed standard of language usage. Furthermore, no facts have been changed and the author's meaning has been fully preserved.

Chris Jewell
PRINCIPAL – ST ANDREWS SCHOOL, WELKOM

13 November 2011

Date