

**THE STATUS AND INFLUENCE OF MARKETING RESEARCH ON  
THE ECONOMIC PERFORMANCE OF HAIR SALOONS IN THE  
BOPHIRIMA REGION**

by

**EDMUND OWUSU AMOAKOH**

**M.Tech: Business Administration**

in the

Faculty of Management Sciences

**CENTRAL UNIVERSITY OF TECHNOLOGY, FREE STATE**

SUPERVISOR: PROFESSOR D.Y. DZANSI

CO-SUPERVISOR: DR A. SZUBARGA

DECEMBER 2012

## DECLARATION

I Edmund Owusu Amoakoh, student number 207033153, do hereby declare that this research report submitted to the Central University of Technology, Free State for the Degree M.TECH: BUSINESS ADMINISTRATION is my own independent work and has not previously been submitted by me at another university/faculty. I furthermore cede copyright of the dissertation in favour of the Central University of Technology, Free State.



---

SIGNATURE OF STUDENT

10<sup>th</sup> December 2012

DATE

## **ACKNOWLEDGEMENTS**

I Edmund Owusu Amoakoh, forever remain thankful to the following:

- The Almighty for his blessings, mercies, protection, opportunities and talents bestowed upon me.
- My wife, Juliana Odej; my children: Frank Owusu Amoakoh, Gifty Owusu Amoakoh, Charity Owusu Amoakoh and Onalena Owusu Amoakoh for their sacrifices and support.
- My late father, Kwabena Amoakoh and my mother, Hannah Yaa Antwiwaa, for bringing me to this wonderful world.
- My supervisor, Professor Dennis Yao Dzansi, Head of Department: Business Support Studies, Central University of Technology, Free State for his expert and sterling guidance. I will ever feel indebted to him.
- My co-supervisor, Dr Antonio Szubarga of the Central University of Technology, Free State for his expert and sterling guidance in the statistical analysis. I will ever feel indebted to him.
- My “private co-supervisors”, Messrs Tony Agbobli, and Prosper Hoeyi, for their precious pieces of advice and corrections.
- Mr Francis Okyere, my study partner for his encouragement.
- The respondents, who unselfishly devoted their time in participating in the interviews.

**MAY YOU ALL BE BLESSED!!!**

Edmund Owusu Amoakoh

Bloemfontein, South Africa.

December 2012

## TABLE OF CONTENT

<b>DECLARATION .....</b>	<b>I</b>
<b>ACKNOWLEDGEMENTS.....</b>	<b>II</b>
<b>TABLE OF CONTENT .....</b>	<b>III</b>
<b>LIST OF FIGURES.....</b>	<b>VIII</b>
<b>LIST OF TABLES .....</b>	<b>IX</b>
<b>ABSTRACT .....</b>	<b>XI</b>
<b>CHAPTER1: INTRODUCTION TO THE STUDY .....</b>	<b>1</b>
<b>1.1 INTRODUCTION.....</b>	<b>1</b>
<b>1.2 BACKGROUND TO THE PROBLEM .....</b>	<b>1</b>
<b>1.3 ASSUMPTIONS .....</b>	<b>6</b>
<b>1.4 PROBLEM STATEMENT .....</b>	<b>7</b>
<b>1.5 OBJECTIVES OF THE STUDY .....</b>	<b>7</b>
1.5.1 MAIN OBJECTIVES.....	8
1.5.1 SECONDARY OBJECTIVES.....	8
<b>1.6 THEORETICAL AND CONCEPTUAL FRAMEWORKS .....</b>	<b>9</b>
<b>1.7 SIGNIFICANCE OF THE RESEARCH .....</b>	<b>9</b>
<b>1.8 RESEARCH DESIGN AND METHODOLOGY .....</b>	<b>10</b>
1.8.1 RESEARCH DESIGN.....	10
1.8.1.1 Population and sampling.....	10
1.8.2 THE QUESTIONNAIRE.....	11
1.8.3 DATA ANALYSIS.....	11
<b>1.9 DEFINITIONS OF KEY WORDS .....</b>	<b>11</b>
<b>1.10 LIMITATIONS OF THE STUDY .....</b>	<b>12</b>
<b>1.11 ETHICAL ISSUES.....</b>	<b>12</b>

1.12	OUTLINE OF THE STUDY .....	13
1.13	CHAPTER SUMMARY .....	14

**CHAPTER 2: MARKETING RESEARCH FROM HAIR SALON PERSPECTIVE ..... 15**

2.1	INTRODUCTION.....	15
2.2	WHAT IS MARKETING RESEARCH? .....	16
2.3	MARKET RESEARCH DEFINED .....	18
2.4	MARKET RESEARCH AND MARKETING RESEARCH CONTRASTED.....	19
2.5	EVOLUTION OF THE MARKETING RESEARCH CONCEPT .....	20
2.6	SOURCES OF MARKETING RESEARCH INFORMATION .....	22
2.7	IMPORTANCE/BENEFITS OF MARKETING RESEARCH .....	23
2.7.1	SURVIVAL.....	23
2.7.2	ENTREPRENEURIAL OPPORTUNITY.....	24
2.7.3	MARKET INTELLIGENCE FOR COMPETITIVE ADVANTAGE.....	24
2.7.4	SOUND DECISION MAKING TOOL .....	25
2.8	MARKETING RESEARCH IN MARKETING DECISION MAKING .....	26
2.9	THE SOUTH AFRICAN MARKETING RESEARCH ENVIRONMENT .....	29
2.10	THE MARKETING RESEARCH PROCESS .....	31
2.11	MARKETING RESEARCH IN SMALL FIRMS.....	33
2.12	THE THEORETICAL AND CONCEPTUAL FRAMEWORKS .....	34
2.12.1	THEORETICAL FRAMEWORK.....	34
2.12.2	CONCEPTUAL FRAMEWORK .....	36
2.13	CHAPTER SUMMARY.....	37

**CHAPTER 3: MARKETING ORIENTATION AND BUSINESS PERFORMANCE THROUGH THE ENTREPRENEURIAL LENS ..... 39**

3.1	INTRODUCTION.....	39
3.2	CLASSIFICATION/DEFINITION OF SMALL BUSINESSES .....	40
3.3	CHARACTERISTICS OF SMALL BUSINESSES .....	42
3.4	MARKET AND MARKETING ORIENTATION.....	43
3.4.1	MARKET ORIENTATION DEFINED.....	44

3.4.2	MARKETING ORIENTATION DEFINED.....	45
3.4.3	MARKET ORIENTATION AND MARKETING ORIENTATION CONTRASTED .....	46
<b>3.5</b>	<b>ENTREPRENEURIAL ORIENTATION.....</b>	<b>48</b>
3.5.1	WHAT IS ENTREPRENEURSHIP? .....	48
3.5.2	DEFINING ENTREPRENEURIAL ORIENTATION .....	49
3.5.3	ENTREPRENEURIALY ORIENTED MARKETING STRATEGIES .....	50
<b>3.6</b>	<b>A MODEL OF ENTREPRENEURIAL ORIENTATION AND FIRM PERFORMANCE ...</b>	<b>52</b>
<b>3.7</b>	<b>MARKETING AND ENTREPRENEURIAL ORIENTATION AND SMALL BUSINESS PERFORMANCE RELATIONSHIP .....</b>	<b>53</b>
<b>3.8</b>	<b>EMPIRICAL EVIDENCE OF THE IMPACT OF MARKETING AND ENTREPRENEURIAL ORIENTATION ON SMALL FIRM PERFORMANCE .....</b>	<b>56</b>
<b>3.9</b>	<b>CHAPTER SUMMARY .....</b>	<b>58</b>
 <b>CHAPTER 4: METHODOLOGY .....</b>		 <b>59</b>
<b>4.1</b>	<b>INTRODUCTION .....</b>	<b>59</b>
<b>4.2</b>	<b>ELEMENTS OF RESEARCH PROCESS .....</b>	<b>59</b>
<b>4.3:</b>	<b>RE-STATEMENT OF THE PROBLEM AND RESEARCH QUESTIONS.....</b>	<b>61</b>
4.3.1	THE PROBLEM AND ITS SETTING .....	61
4.3.1.1	Brief problem background.....	61
4.3.1.1	The problem .....	62
4.3.2	SPECIFIC RESEARCH QUESTIONS.....	62
<b>4.4</b>	<b>RESEARCH DESIGN.....</b>	<b>64</b>
<b>4.5</b>	<b>POPULATION AND SAMPLING .....</b>	<b>65</b>
4.5.1	THE POPULATION .....	65
4.5.2	THE SAMPLING METHOD .....	66
4.5.3	THE SAMPLE SIZE .....	67
<b>4.6</b>	<b>DATA COLLECTION .....</b>	<b>67</b>
4.6.1	QUESTIONNAIRE DESIGN.....	67
4.6.2	SECTIONS IN THE QUESTIONNAIRE .....	68
4.6.3	PRE-TESTING OF QUESTIONNAIRE.....	69
<b>4.7</b>	<b>ENSURING CREDIBILITY OF THE STUDY .....</b>	<b>70</b>
4.7.1	ENSURING MEASUREMENT VALIDITY .....	70

4.7.1.1	Content validity .....	71
4.7.1.2	Construct validity.....	71
4.7.2	RELIABILITY .....	72
4.7.2.1	Reducing subject error .....	72
4.7.2.2	Reducing subject response bias .....	73
4.7.2.3	Reducing observer error.....	73
4.7.2.4	Reducing information collection bias .....	73
<b>4.8:</b>	<b>DATA EDITING, CODING AND CAPTURING .....</b>	<b>74</b>
4.8.1	DATA EDITING .....	74
4.8.2	DATA CODING .....	74
4.8.3	DATA ENTRY.....	74
<b>4.9</b>	<b>DATA ANALYSIS .....</b>	<b>75</b>
4.9.1	DESCRIPTIVE STATISTICS USED .....	75
4.9.2	INFERENTIAL STATISTICS USED .....	75
<b>4.10</b>	<b>ETHICAL ISSUES DEALT WITH .....</b>	<b>76</b>
<b>4.11</b>	<b>CHAPTER SUMMARY .....</b>	<b>78</b>
 <b>CHAPTER 5: RESULTS AND DISCUSSION .....</b>		 <b>79</b>
<b>5.1</b>	<b>INTRODUCTION.....</b>	<b>79</b>
<b>5.2</b>	<b>DEMOGRAPHICS.....</b>	<b>80</b>
5.2.1	PERSONAL CHARACTERISTICS.....	80
5.2.2	BUSINESS CHARACTERISTICS .....	83
<b>5.3</b>	<b>FINDINGS RELATED TO THE SPECIFIC RESEARCH QUESTIONS.....</b>	<b>87</b>
5.3.1	EXTENT OF MARKETING RESEARCH IN HAIR SALONS .....	88
5.3.2	PERCEIVED USEFULNESS OF MARKETING RESEARCH .....	89
5.3.3	TYPES OF MARKET RESEARCH INFORMATION COLLECTED.....	90
5.3.4	USE OF MARKETING RESEARCH INFORMATION IN DECISION MAKING .....	91
5.3.5	AFFORDABILITY OF MARKETING RESEARCH .....	92
5.3.6	EDUCATION AND MARKETING RESEARCH ACTIVITIES.....	93
5.3.6.1	EDUCATION AND MARKETING RESEARCH ON CUSTOMERS .....	94
5.3.6.2	EDUCATION AND MARKETING RESEARCH ON COMPETITORS.....	96
5.3.6.3	EDUCATION AND RESEARCH ON MARKET TRENDS.....	97

5.3.7	MARKETING RESEARCH AND HAIR SALON PERFORMANCE .....	98
5.3.7.1	Relationship between marketing research activity and profitability .....	98
<b>CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS .....</b>		<b>112</b>
<b>6.1</b>	<b>INTRODUCTION.....</b>	<b>112</b>
<b>6.2</b>	<b>CONCLUSIONS BASED ON THE LITERATURE.....</b>	<b>112</b>
<b>6.3</b>	<b>CONCLUSIONS ON THE RESEARCH QUESTIONS.....</b>	<b>113</b>
<b>6.4</b>	<b>RECOMMENDATIONS .....</b>	<b>116</b>
6.4.1	RECOMMENDATIONS FOR POLICY AND PRACTICE .....	116
6.4.2	RECOMMENDATIONS FOR FURTHER RESEARCH .....	117
<b>6.5</b>	<b>CHAPTER SUMMARY.....</b>	<b>118</b>
<b>BIBLIOGRAPHY .....</b>		<b>118</b>



## LIST OF FIGURES

FIGURE 1.1: DR RUTH S. MOMPATI DISTRICT (FORMERLY BOPHIRIMA REGION).....	3
FIGURE 2.1: FORCES GOVERNING COMPETITION IN AN INDUSTRY .....	35
FIGURE 2.2: HYPOTHESISED RELATIONSHIP BETWEEN MARKETING RESEARCH AND HAIR SALON PERFORMANCE .....	37
FIGURE 3.1: ENTREPRENEURIAL ORIENTATION, MARKETING RESEARCH ACTIVITY & FIRM PERFORMANCE .....	52
FIGURE 3.2: THE MARKETING AND ENTREPRENEURIAL ORIENTATIONS AND BUSINESS PERFORMANCE MODEL.....	54
FIGURE 5.1: NATIONALITY OF OWNER/MANAGERS.....	81
FIGURE 5.2: AGE OF OWNER/MANAGER.....	82
FIGURE 5.3: EDUCATIONAL STATUS OF OWNER/MANAGER .....	82
FIGURE 5.4: REASONS FOR STARTING BUSINESS.....	84
FIGURE 5.5: NUMBER OF EMPLOYEES .....	85
FIGURE 5.6: FORM OF BUSINESS .....	85
FIGURE 5.7: DAILY TURNOVER .....	86
FIGURE 5.8: GROSS PROFIT PER ANNUM OVER 5 YEARS.....	87

## LIST OF TABLES

TABLE 1.1: LOCAL MUNICIPALITIES IN DR. RUTH SEGOMOTSI MOMPATI DISTRICT.....	2
TABLE 1.2: GENDER DISTRIBUTION IN DR. RUTH SEGOMOTSI MOMPATI DISTRICT .....	2
TABLE 1.3: ETHNIC GROUPING IN DR. RUTH SEGOMOTSI MOMPATI DISTRICT .....	2
TABLE 5.1: PERSONAL CHARACTERISTICS .....	80
TABLE 5.2: BUSINESS CHARACTERISTICS .....	83
TABLE 5.3: HAIR SALONS' MARKETING RESEARCH ACTIVITY .....	88
TABLE 5.4: USEFULNESS OF MARKETING RESEARCH TO BUSINESS SUCCESS .....	90
TABLE 5.5: USE OF MARKETING RESEARCH INFORMATION IN DECISION MAKING .....	91
TABLE 5.6: AFFORDABILITY OF MARKETING RESEARCH ACTIVITIES .....	93
TABLE 5.7: PEARSON CHI-SQUARE TEST FOR RELATIONSHIP BETWEEN EDUCATION AND MARKETING RESEARCH .....	94
TABLE 5.8: EDUCATION VERSUS COLLECTION OF DATA ON CHEMICALS .....	95
TABLE 5.9: EDUCATION VERSUS COLLECTING DATA ON CUSTOMER COMPLAINTS .....	95
TABLE 5.10: EDUCATION AND COLLECTING DATA ON SALON'S ENVIRONMENT .....	95
TABLE 5.11: EDUCATION AND COLLECTING DATA ON COMPETITOR HAIR STYLES .....	96
TABLE 5.12: EDUCATION AND COLLECTING DATA ON CURRENT HAIR STYLES IN THE MARKET .....	97
TABLE 5.13: PEARSON CHI-SQUARE TEST FOR DIFFERENCES IN PROFITABILITY BASED ON MARKETING RESEARCH ACTIVITY .....	98
TABLE 5.14: GROSS PROFIT VERSUS CLIENT'S PRICE SATISFACTION DATA .....	100
TABLE 5.15: GROSS PROFIT VERSUS CUSTOMER STYLE SATISFACTION DATA .....	101
TABLE 5.16: GROSS PROFIT VERSUS DATA ON CUSTOMER SATISFACTION WITH HAIR CHEMICALS USED .....	102
TABLE 5.17: GROSS PROFIT VERSUS DATA ON CUSTOMER SATISFACTION WITH SALON'S STYLISTS .....	103
TABLE 5.18: GROSS PROFIT VERSUS DATA ON CUSTOMER COMPLAINTS .....	103
TABLE 5.19: GROSS PROFIT VERSUS DATA ON SALON ENVIRONMENT .....	104
TABLE 5.20: GROSS PROFIT AND DATA ON COMPETITORS' HAIR CHEMICALS .....	105
TABLE 5.21: GROSS PROFIT AND COMPETITOR HAIR STYLE DATA .....	105
TABLE 5.22: GROSS PROFIT AND DATA ON COMPETITOR PROMOTION ACTIVITIES ...	106
TABLE 5.23: GROSS PROFIT AND DATA ON COMPETITORS' PRICES .....	106
TABLE 5.24: GROSS PROFIT AND DATA ON COMPETITOR PROMOTION ACTIVITIES ...	107

TABLE 5.25: GROSS PROFIT AND DATA ON EQUIPMENTS AVAILABLE IN THE MARKET .....	109
TABLE 5.26: GROSS PROFIT AND DATA ON HAIR CHEMICALS AVAILABLE IN THE MARKET .....	109
TABLE 5.27: GROSS PROFIT AND DATA ON CURRENT HAIR STYLES IN THE MARKET .....	110

## **ABSTRACT**

Proliferation of the hair salon business in the Bophirima region has led to intense competition for customers and this can have unfortunate consequences for hair salon's competitiveness hence survival and economic performance. The only choice left for hair salons in the words of owner/managers who were informally interviewed is to obtain accurate information on market trends and customer preferences so as to tailor products and services to meet customer preferences.

From a strategic management perspective, it makes perfect sense that in the highly competitive arena that hair salons in the Bophirima find themselves, research on industry environment to obtain accurate information on market trends and customer preferences so as to tailor products and services that meet customer preferences is a must if they are to prosper. In other words, hair salons in the Bophirima region need to conduct marketing research if they must prosper.

Conceptually, it is argued in this study that market research will reveal variables such as market demand, market opportunities, market threats, etc. which if scientifically analysed can produce information that can aid management in making informed decision that can lead to superior business performance.

Unfortunately, there is the perception among the few hair salon operators informally interviewed in the Bophirima region that for small businesses such as hair salons, engaging in marketing research will be too expensive, cumbersome, and time consuming hence unnecessary. However, this perception may not be true as normative assertions and research evidence elsewhere suggests that for service organisations, regardless of size, marketing research leads to superior performance.

The purpose of this study was to determine the status of marketing research within the hair salons in the Bophirima region and the impact that hair salon's engagement in generally accepted (conventional) elements of marketing research activities have on the economic performance (as measured by profitability).

Analysis of data obtained from 118 owner managers suggest that marketing research may not be something they engage in although they are very much aware of the business benefits of engaging in marketing research. The findings also suggest possible positive link between marketing research activity and profitability. Details of the research as well as conclusions and recommendations are presented and discussed in the report that follows.

# **CHAPTER1: INTRODUCTION TO THE STUDY**

## **1.1 INTRODUCTION**

This chapter serves as a general introduction to the study. Firstly the background sketch of the study is provided followed by the assumptions and the problem statement. Thereafter, the specific research questions, the objectives of the research and the theoretical and conceptual framework are identified presented followed by the significance of the study. Following this, the research design and methodology are highlighted followed by definitions of key words, the study limitations, ethical issues of the research, and an outline of the study is indicated. The chapter concludes with a chapter summary.

## **1.2 BACKGROUND TO THE PROBLEM**

Bophirima region is situated in the North West Province of South Africa. It comprises of poor areas situated in the former Bophuthatswana homeland. This region covers the following local municipalities:

- Naledi (Vryburg, Stella etc)
- Greater Taung (Taung, Riveloo etc)
- Kagsano (Morokweng, Ganyesa etc)
- Schwetzer-Reneke (Amalia etc)
- Lekwa-Temane (Christiana, Bloemof) and
- Molopo (Bray etc).

**Table 1.1: Local municipalities in Dr. Ruth Segomotsi Mompoti district**

Local municipality	Population	%	Dominant language
Greater Taung	182 167	41.44%	Tswana
Naledi	58 106	13.22%	Tswana
Mamusa	48 366	11.00%	Tswana
Lekwa-Teemane	42 967	9.77%	Tswana
Kagisano-Molopo	108,071	24.58%	Tswana

(Source: Wikipedia, 2012)

**Table 1.2: Gender distribution in Dr. Ruth Segomotsi Mompoti district**

Gender	Population	%
Female	229 254	52.15%
Male	210 383	47.85%

(Source: Wikipedia, 2012)

**Table 1.3: Ethnic grouping in Dr. Ruth Segomotsi Mompoti district**

Ethnic group	Population	%
Black African	405 675	92.27%
White	17 804	4.05%
Coloured	15 203	3.46%
Indian/Asian	955	0.22%

(Source: Wikipedia, 2012)



**FIGURE 1.1: DR RUTH S. MOMPATI DISTRICT (FORMERLY BOPHIRIMA REGION)**

Source: (<http://www.roomsforafrica.com/dest/south-africa/north-west>)

The population of the region consists of the following:

- Slightly exceeds 500 000 in more than 470 villages and towns dispersed in a 250 km radius;
- About half, (51%) of the population are females;
- About 43% is in the economically-active age group;
- The population is dominated by Blacks representing 91,5%, followed by whites who form 6,9%, coloureds stand at 1,3% and Asians forming only 0,3%.
- The total households in the region is about 113 795

(Town Planners, 2002).



K2M Consortium (2004) also provides the following informative statistics about the research locale. According to K2M Consortium (2004), the Bophirima region:

- (i) Has very high unemployment rate;
- (ii) The highest unemployment rate is in Greater Taung (70% for males and 88% in the case of females);
- (iii) In the Kagisano district, male-unemployment stands at 60% while females is about 80%;
- (iv) In Naledi, Mamusa and Tekwa-Temane districts, unemployment figures ranges from 22% to 28%;
- (v) The poverty indices indicate that in 2001 approximately 72% of the population was living in poverty compared to 60% in 1996.
- (vi) The largest number living in poverty is located in Greater Taung local municipality.

These figures indicate that the Bophirima region can conveniently be described as socio-economically depressed.

Meanwhile, until a few years ago, white owned farms, retail and furniture shops owned by whites, Indians and Chinese were the main source of employment and therefore the livewire economic activity for the Black people of the Bophirima region. However, recent times have seen the emergence of hair salons as the dominant form of economic activity in the region for Blacks who as mentioned above, constitute the vast majority (92%) of the population of the Bophirima region. In fact, a cursory look around major street corners of black settlements shows that this assessment could not be far from the truth.

Informal interviews with hair salon operators points to the relatively inexpensive set up cost as the main reason for blacks flocking to this sector of economic activity. It is therefore fair to postulate that because of its low set up cost, hair salons have become a major mode of entry into business for the majority of the unemployed in the Bophirima region. The socio-economic role of hair salons in the economy of the Bophirima region cannot therefore be over emphasized.

The proliferation of the hair salon business has led to unfortunate but not surprising consequences for hair salon competitiveness hence survival. During the informal interview, one of the most mentioned sources of competition in the hair salon business is the ease of entry. It was also mentioned in the informal interviews that survival, profitability and growth is major problem. Interviewees further claimed that survival, profitability and growth depend on ones knowledge of market trends and customer preferences, and tailoring products to meet these trends and preferences.

Judging by the above responses during the informal interviews, it is reasonable to postulate that for hair salons operating in the Bophirima region, and probably the rest of the country, survival and performance depend on marketing research to provide knowledge of market trends and customer preferences. In fact, a number owner-managers who happen to be doing well suggested that knowledge of sources of cheap products, preferred hair products, level of pricing compared to competitors, latest hair style preferences and ability to let potential customers know about one's business are key success factors. In other words, for competitiveness and survival of hair salons in the Bophirima region, the ability to gather information on the market environment is important. Marketing research information can therefore help hair salons to keep in touch with market trends hence being competitive. Unfortunately, marketing research activity on hair salon in South Africa is non-existent. Thus not much is known about how hair salons go about collecting, analysing and using information about their markets.

In fact, the literature search did not yield any hits on hair salon marketing research activity in South Africa. During the literature search, the most notable study found that has some relevance to hair salon has been the work of Chandler (2002) titled: *Marketing Tactics of selected Micro small Businesses in East London CBD Area*. While informative, the study was conducted in an urban setting and examined a wide range of small businesses. The applicability of the findings to rural based small businesses in general and hair salons in particular can therefore be problematic.

### **1.3 ASSUMPTIONS**

The conduct of this research was based on the following assumptions:

- i. Some of the hair salons in the Bophirima region show better performance than others.
- ii. The better performance could be the result of the use of marketing research information.
- iii. There is high failure rate among the hair salons due to lack of the use of marketing research information.
- iv. The research questionnaire was detailed enough to investigate the practice and the application of the marketing research information in the hair salons in the Bophirima region.
- v. Participants would readily and honestly answer questions posed to them.
- vi. Knowing the shortcomings in terms of those hair salons not practicing marketing research and making recommendations will improve their performance and growth.

These assumptions underpinned the nature and structure of the research questions hence objectives of this study.

#### **1.4 PROBLEM STATEMENT**

As mentioned earlier, proliferation of the hair salon business in the Bophirima region can have unfortunate consequences for hair salon's competitiveness hence survival and growth. The only choice left for hair salons in the words of owner/managers who were informally interviewed is to obtain accurate information on market trends and customer preferences so as to tailor products to meet these trends and preferences. In other words, it is crucial for hair salon operators in the Bophirima Region to identify sources of cheaper yet quality hair chemicals, preferred hair chemicals, level of pricing compared to competitors and latest hair style preferences to remain competitive hence remain in business. However, such vital information could only be obtained through marketing research.

The problem is that, the informal conversations with hair salon operators suggest that marketing research is hardly an activity that they understand very well let alone engage in in a formal way. In fact, there is the perception among the few hair salon operators informally interviewed that marketing research may be too expensive, cumbersome, time consuming hence unnecessary for hair salons to engage in.

#### **1.5 OBJECTIVES OF THE STUDY**

Based on the above problem statement, the following main and subsidiary objectives were set to guide the study.

### 1.5.1 MAIN OBJECTIVES.

The primary objective of this study is to determine the impact of hair salons' use of generally accepted (conventional) elements of marketing research activities on the economic performance of hair salons in the Bophirima region.

### 1.5.1 SECONDARY OBJECTIVES.

The above primary objective was achieved through the following secondary objectives. These are, to:

1. Determine the extent to which Hair Salons in Bophirima Region engage in marketing research;
2. Determine the extent to which Hair Salons in Bophirima Region regard marketing research as important to their business success;
3. Determine the kinds of marketing research information collected by Hair Salons in the Bophirima Region;
4. Determine the extent to which hair salons in the Bophirima region have formally incorporated marketing research in their decision making;
5. Determine the affordability of marketing research for hair salons;
6. Determine the relationship (if any) between hair salons use marketing research information and hair salon performance; and
7. Determine the relationship between educational background of salon owners and the use of marketing research information in decision making;

## **1.6 THEORETICAL AND CONCEPTUAL FRAMEWORKS**

The theoretical framework underpinning this research is industry environmental analysis. As alluded to by strategic management thinkers such as Hough et al. (2001:57), from a strategic management perspective, businesses will do well to conduct both internal and external environmental analysis in order to prosper in the competitive arena that hair salons in the Bophirima find themselves in.

The conceptual framework is the marketing research and business performance relationship. In brief, the conceptual framework explains how variables such as market demand, opportunities, threats, etc. can aid management in making informed decision which eventually leads to better business performance (refer to Chapter 2 for a detailed discussion of the conceptual framework).

## **1.7 SIGNIFICANCE OF THE RESEARCH**

The introductory paragraph of this study alluded to the fact that empirical research on hair salons in South Africa is limited if not non-existent. Even if there is such research the influence on hair salons has not been explored and ascertained. But given their numbers and apparent importance in black communities, hair salons need closer attention from researchers. This exploratory study is intended to accord it that attention.

Another, significance is that this study is designed to generate ideas and open avenues for future research on hair salons in general.

The research will introduce the hair salons to conventional marketing practices that can help them operate more successfully. In other words, the study will encourage hair salons to value marketing research.

Furthermore, this study intended to promote the understanding and acceptance of the use of marketing research information not only by hair salons but all other small businesses if it can be shown that market research and the use of the information gathered from the research indeed has economic influence on business performance.

## **1.8 RESEARCH DESIGN AND METHODOLOGY**

### **1.8.1 RESEARCH DESIGN**

This was an exploratory and descriptive study to investigate hair salon marketing research activity and the relationship between marketing research activity and firm economic performance. Performance was measured in terms of gross profit. Reasons behind the choice of this measure will be explained in the relevant section of the study.

#### ***1.8.1.1 Population and sampling***

The target population for this study is all hair salons in the Bophirima region, both registered and non-registered. Since many of the hair salons are unregistered, a sample frame was not readily available. In a preliminary investigation, 989 hair salons both registered and unregistered were identified in the region. This list constituted the sample frame for the study. A free software called sample size calculator was used to select a sample of 280 respondents from 989 (see details in Chapter 4).

## 1.8.2 THE QUESTIONNAIRE

A structured Likert type questionnaire was used to gather responses from owner/managers. The questionnaire was pre-tested to eliminate problem questions. It was hand-delivered and personally collected so as to increase response rate. A substantial part of the chapter on methodology (Chapter 4) is devoted to reliability and validity issues related to this custom made questionnaire.

## 1.8.3 DATA ANALYSIS.

Because the choice of statistics is crucial to credibility in quantitative studies, the advice of the supervisor and statisticians were sought to identify appropriate statistical techniques for both descriptive and inferential analysis. The quantitative data were statistically analysed using frequency counts, means, percentages, Chi-square test statistics and cross-tabulation.

## 1.9 DEFINITIONS OF KEY WORDS

The following operational definitions are provided to give clarity on some terms used in this study that are considered to possess definitional ambiguity hence need to be understood in the context of this study.

### ***Hair chemicals***

In the language of hair salons, they are *hair products* that are used for the treatment of hair such as hair creams, relaxers, shampoos, and colouring creams.



### ***Hair stylist***

They are the workers who are in charge of washing, brushing, cutting, weaving, curling the hair etc.

### ***Market trends***

In the context of hair salons, it refers to the current changes in the salon business market in terms of innovations such as new products, hair styles, and equipment.

## **1.10 LIMITATIONS OF THE STUDY**

The population consisted of all salons both formal and informal, in the Bophirima region of North West Province. There is a risk of geographical bias because the sample in terms of size and ownership may not be representative of hair salons in other regions of South Africa. Generalizability of the results to hair salons across the whole South Africa might therefore be limited.

The difficulty in obtaining annual sales, profits and in fact, any financial information on small business is also applicable to hair salons. To overcome this problem, indirect measures of economic gross profit percentage was requested instead of actual profit made.

## **1.11 ETHICAL ISSUES**

This study adhered to all prescripts of conducting ethically sound scientific research. This includes, amongst others, confidentiality and anonymity with regard to privileged

information. Furthermore, respecting the privacy, rights, and dignity of parties involved in the research were upheld. Lastly, the aims and objective of this study was communicated to all parties with the view to soliciting their informed consent.

## **1.12 OUTLINE OF THE STUDY**

**Chapter 1** provides a general introduction and background to research. This includes the background to the problem. The assumptions and the problem to be investigated are stated followed by the identification of the objectives of the study. The theoretical and conceptual framework guiding the research and the significance of the study are indicated. The research design and methodology applied to the study are briefly highlighted followed by the definitions of key words, limitations and ethical issues of the research. The chapter ends with the outline of the study and chapter summary.

**Chapter 2** reviews the literature on marketing research. Firstly, the concept of market research is examined. This includes a brief history of marketing research, sources of marketing research information and importance of marketing research information. This is followed by the examination of some views on non-uses of marketing research information in small businesses such as hair salons. The conceptual frame work of marketing research information and business performance will be discussed, ending with chapter summary.

**Chapter 3** continues the literature review exploring the role of marketing orientation on small firm performance through entrepreneurial orientation. The main purpose of this chapter is to emphasize on 'marketing orientation' and "entrepreneurial orientation" as the main elements in the practice of marketing research for small business owner/managers to perceive its importance in the economic performance of their businesses. Therefore empirically investigated evidence of the role of marketing orientation on small firm

performance is detailed by discussing such concepts like 'small firm', 'entrepreneurship', and 'entrepreneurial orientation' for the purposes of analysis.

**Chapter 4** deals with the methodology applied to this research. The contents in this chapter include research objectives, significance, and description of the population under investigation, sampling method and sample size. Questionnaire design, data collection, data analysis, validity and reliability of research are also discussed.

**Chapter 5** presents and discusses the findings of the study.

**Chapter 6** presents the conclusion and recommendations based on the findings of the empirical study to owner/managers of small businesses and subsequent researchers.

### **1.13 CHAPTER SUMMARY**

This chapter has provided a detailed discussion of the background to the problem to be investigated. The next chapter looks at the theory and application of marketing research with emphasis on small firms. It also explains in much detail, the theoretical and conceptual frameworks underpinning the study.

## CHAPTER 2: MARKETING RESEARCH FROM HAIR SALON PERSPECTIVE

### 2.1 INTRODUCTION

Every business, regardless of size and type needs information on which to base decisions. This applies to hair salons that no doubt need reliable information so that they can make informed decisions on the products and services they offer to clients.

This chapter reviews the market research literature in general as well as from a hair salon perspective. The review begins with an analysis of existing definitions of marketing research leading to the development of an operational definition. An operational definition is crucial for two reasons. Firstly, there are several definitions for the term and this creates the possibility of confusion. An operational definition will avoid this confusion. Secondly, and of no less importance, a similar concept, *market research* is often confused with *marketing research*. The two concepts are defined to resolve the confusion at least for the purpose of this study.

Following examination of definitions, the evolution of the notion of *marketing research* is briefly be explored. Thereafter, marketing research is discussed with particular focus on its importance to small scale service businesses, and its role in product and service decision making. Expert views on consequences of not engaging in marketing research, particularly for small businesses such as hair salons including the relationship between marketing research and business performance are highlighted and discussed. Following this, a discussion of the South African marketing research environment is undertaken. Thereafter, a review of the current literature on marketing research in small businesses is undertaken. The chapter ends with presentation of the conceptual framework for the study.

## 2.2 WHAT IS MARKETING RESEARCH?

As stated in the introduction, there are numerous definitions for marketing research to the extent that it is not possible to agree on a singular universally accepted definition for the concept. In this section, attention is paid to a limited number of definitions that are considered useful for this study.

Marketing research is variously defined in the marketing literature as:

- *“A systematic process of designing methods for collecting information, managing the information collection process, analysing and interpreting results, and communicating findings to decision makers”.* (Hair et al., 2008:4).
- *“The systematic and objective process of planning, gathering, analysing and reporting data which may be used to solve a specific problem or opportunity facing an organization”.* (Cant et al., 2008:3).
- *“The systematic and objective collection, analysis and interpretation of information for decision making on marketing problems of all kinds by recognized, scientific methods”.* (Tustin et al., 2010:7).
- *“The process of determining what customers want so that appropriate products can be offered to meet their needs”.* (Brumbaugh, 2010:3)
- *“The function that links the consumer, customer and the public to the marketer through information.”* (Churchill & Brown, 2007:6).

- *“The planning, collection, and analysis of data relevant to marketing decision making and communication of the result of this analysis to management”*. (McDaniel Jr. & Gates, 2010:7).
- *“Designing, gathering, analysing and reporting information that may be used to solve a specific marketing problem”*. (Burns & Bush, 2010:35).
- *“Activities that help an organisation to get the information it needs to make decisions about its environment, its marketing mix and its present and potential customers”*. (Rix, 2011:80).
- *“The systematic collection, analysis and interpretation of information ....in the decision-making process”*. (Wiid & Diggines, 2011:5).

Critical examination of the definitions reveals the following activities common to marketing research: systematic gathering of data; recording the data; analysing the data; interpreting information to guide decision making, and adherence to scientific method.

The American Marketing Association (AMA), perhaps the most influential and authoritative body on marketing and related activities in the world defines marketing research as:

“The function that links the consumer, customer, and public to the marketer through information...information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection

process, analyses the results, and communicates the findings and their implications”.

(AMA, 2004).

Based on the above AMA (2004) definition, marketing research in hair salons is operationally defined as ***the systematic gathering, recording, and analysing of data relating to the services provided by hair salons.***

### **2.3 MARKET RESEARCH DEFINED**

Having arrived at a working definition for marketing research, it is pertinent as mentioned earlier to examine extant definitions of market research in order to distinguish between it and marketing research so as to eliminate the possibility of confusing the two seemingly similar yet different concepts.

Tustin et al. (2010:7) define market research as “the systematic, objective collection of information by recognized, scientific methods, usually confined to the collection of data about the size and other characteristics of a specific market”.

Brumbaugh (2010:3) views market research as: “the process of determining what customers want so that appropriate products can be offered to meet their needs”.

According to Blurtit.com (2011:1), market research includes research conducted in a specific market for example, to analyse the prices of food items in food-market.

These definitions show that market research focuses on a specific market or markets. That is, market research explains more about a specific market such as why a product is not selling well, the customers' buying behaviour and what type of product customers want. (Blurtit.com, 2011:1).

## **2.4 MARKET RESEARCH AND MARKETING RESEARCH CONTRASTED**

According to Groopman (2011), many scholars and practitioners in the field of marketing do not see much difference between marketing research and market research. However, this author notes that there are some practitioners and scholars that do acknowledge the nuances in definitions that point to differences between the two concepts. In fact, although the cited definitions show evidence of many similarities, one can clearly identify differences even if minor between the two concepts.

In terms of similarities, both concepts are concerned with systematic data collection, analysis and reporting of findings (Cant et al., 2008:3; Hair et al., 2008:4; Tustin et al., 2010:7; Brumbaugh, 2010:3; Blurtit.com, 2011).

The distinction however lies in the objective of the research (Groopman, 2011) and the scope of their research area. Marketing research focuses on the marketing processes and its research is broad, including market research itself (Cant et al., 2008:3; Hair et al., 2008:4; Tustin et al., 2010:7).

On the other hand, market research is concerned specifically with a market or markets, focusing on the size and trends in that market (Tustin et al., 2010:7; Brumbaugh, 2010:3; Blurtit.com, 2011:1). Thus, whilst market research is about collecting information about a



particular market or markets, marketing research on the other hand focuses on the firm's marketing activities.

Groopman (2011) explains the differences between the two concepts in the following manner:

“In its most basic sense, *market research* is concerned with specific markets (surrounding a product or a demographic for instance). *Marketing research*, however, is specifically concerned with supporting marketing processes and approaches. In theory, one could conduct market research on a demographic without applying the research to any marketing initiatives. The converse would be a little harder as marketing approaches generally hinge (to some extent) on behaviour of a targeted audience (or market)”.

(Groopman, 2011)

The above analysis shows that although there are differences, these are nuanced. The two terms share the same research methods and markets, and for the purpose of this study these two terms are used interchangeably one and the same thing.

## **2.5 EVOLUTION OF THE MARKETING RESEARCH CONCEPT**

It is not clear when marketing research started as researchers give conflicting dates. For example, Synodinos and Kobayashi (2008:121) and Laccobucci and Churchill (2010:7) state that marketing research started during and following World War 2. While Synodinos and Kobayashi (2008:121) trace the emergence of marketing research to Japan during the end of World War 2, Laccobucci and Churchill (2010:7) identify a post-World War 2

beginning, when firms found that they could no longer depend on selling all they produced and as a result began to assess market needs.

McDaniel Jr. and Gates (2010:15) believe that the inception of marketing research can be traced to the pre-1900s. According to McDaniel Jr. and Gates (2010:15), the first recorded marketing research survey was undertaken prior to 1824 by John Jacob Astor followed in July 1824 by the *Harrisburg Pennsylvanian* and *Raleigh Star* newspapers.

Another account by Wiid and Diggins (2011:7) suggests that the development of marketing research concept began after the *great depression* of the 1930s when an over-supply of goods led to a change in emphasis from a *production* to a *market-oriented* economy.

Vasquez (2011:1) records that marketing research was started around the late 1920s and early 1930s by one Daniel Starch who developed a research company that would interview people in the streets to find what advertisements they read in a particular magazine. After collecting these data Daniel Starch is reported by Vasquez (2011:1) to have compared the number of people he interviewed with the circulation of the magazines to figure out how effective the advertisements were in reaching their readers.

Regarding the use of marketing information for product/service decision making, McDaniel Jr. and Gates (2010:15) explain that the first documented case was an advertising agency called *N.W Ayer* that conducted a survey of state and local officials to determine expected levels of grain production. According to McDaniel Jr. and Gates (2010:15), the information gained was used to develop the scheduling of advertising for a producer of farm equipment.

The above accounts suggest that the actual date and place of origin of marketing research cannot be exactly specified.

## **2.6 SOURCES OF MARKETING RESEARCH INFORMATION**

There are two main sources of marketing research information (hereafter MRI) namely, primary and secondary sources. Primary MRI may come from personal interview transcripts from families, friends, and customers and from questionnaires (Key et al., 2007:596). Therefore, hair salons' primary MRI may come from family and friends who may have utilised the services of competitor salons. Hair salons can also therefore obtain valuable MRI from interviews with own customers and client records.

There are two basic sources of secondary data namely the business itself (internal sources) and other organisations or persons (external sources). Typically, information is generated internally within the business and routinely collected, analysed and stored in a way that facilitates future use. Hair salons normally keep daily records of customers that may be used to identify customer preferences. Some of the internal data relevant to hair salons include sales data, financial data (cost of goods bought and or sold); goods return records. Outside secondary MRI for hair salons include feedback from customers, information on competitors, suppliers and distributors, research agencies reports, websites, and information from printed and broadcast media, professional associations and Government bodies (Wiid & Diggins, 2011:16).

The above shows that hair salons have an array of sources of MRI. South African hair salons have a number of magazines from which they can obtain information concerning products and market trends. Interestingly, hair salons keep daily records, and if these data could be analysed and interpreted, they could produce useful information.

## **2.7 IMPORTANCE/BENEFITS OF MARKETING RESEARCH**

Scholars have indicated various ways in which marketing research can be important to a business in ways that may be applicable to hair salons. For example, marketing research is said to provide a means of survival, entrepreneurial opportunity, market intelligence and decision making.

### **2.7.1 SURVIVAL**

According to Crane (2010:39), marketing research is a useful survival tool to promote by providing a means to understanding customers, competitors and the industry.

It is a truism that whether or not a business will survive or grow depends largely on the quality of decision made by management. It is also a truism that quality business decisions require comprehensive and reliable information on the business environment. To promote success and growth, hair salons need to know the types of products and services customers most prefer; customer characteristics such as age and gender; what types of hair styles and products are in most demand at a particular point in time; and at what price. In other words, hair salons must know the requirements of their target market, not forgetting information about their competitor prices, quality of their products and their marketing practices all of which can only be .acquired from careful scanning of the market. That is, this type of information can only be obtained through marketing research. This implies that hair salons in the Bophirima region ought to be market research 'oriented' if they are to succeed and grow because of the fierce competition for market share that was alluded to in Chapter 1.

## 2.7.2 ENTREPRENEURIAL OPPORTUNITY

Burns and Bush (2006:10) suggest that marketing research can be used to identify market opportunities; generate, and evaluate potential marketing actions; monitor marketing performance; improve the marketing process; and to monitor customer satisfaction. According to these authors, information from such marketing research activities should then be used to build a marketing information system (MIS) for the business. This information system can then be used to make product/service decisions to the benefit of the organisation.

While Burns and Bush (2006:10) suggestions may not necessarily apply to hair salons, there is no doubt that marketing research can be used by hair salons to identify entrepreneurial opportunities by assessing and identifying new trends that may be in vogue elsewhere but which may not yet have captured the imagination of their own customers and those of their competitors. The extent to which hair salons can have a formal MIS is however limited due to obvious financial constraints. However, MIS for hair salons need not be very complicated. It is the researcher's view that basic elements in the marketing information process can be adapted to suit hair salons' informational needs.

## 2.7.3 MARKET INTELLIGENCE FOR COMPETITIVE ADVANTAGE

Young and Javalgi (2007:114) mention the following benefits of marketing research which although not specifically for small businesses can be useful to hair salons. The list includes: (i) serving as a vital link between the business and its customers; (ii) helping the business to interpret consumer behaviour and translate the perspective of key customers into actionable marketing strategies; (iii) assisting the business to keep in touch with vital consumer behaviour trends and other influences that affect the customer of a business;

and (iv) providing a clue to uncovering specific segment needs and perceptions to help avoiding the risk of failure.

Informal conversations with salon owners revealed that many keep contact details of customers. These records may provide very useful information. For example, they may show how often clients change their hair style. Marketing research may also help to uncover specific segment needs and perceptions. It must be stated that the hair salon environment is highly competitive mainly due to low start-up cost. Success in the hair salon business therefore depends heavily on market intelligence to outcompete others. And this is what marketing research is supposed to provide to hair salons.

#### 2.7.4 SOUND DECISION MAKING TOOL

Solanki (2010:2) states that the importance of marketing research lies in its role in making marketing, sales, and target market decisions, and in helping a business to survive competition and maximize profits. The author, however, cautions that, marketing research as a tool for informed decision making is limited and that it must be supplemented with general marketing skills. In addition, Naik (2012:1) argues that marketing research can (i) help a business to determine whether it has been able to satisfy its customers or not; (ii) help a business to devise more effective strategies; (iii) adopt marketing campaigns which directly target specific groups; (iv) help in planning a particular product launch, and identify potential problems; and (v) help a business to track its progress, and that of its competition.

From the discussion so far, it is evident that marketing research is important for both survival and decision making as far as the market is concerned. It is therefore important to explore further the role that marketing research plays in marketing.

## **2.8            MARKETING RESEARCH IN MARKETING DECISION MAKING**

Businesses operate in a dynamic marketing environment whose social actors (competitors, suppliers, customers, etc.); societal trends (economic, political, legal, etc.); and competitive trends have impact on the success of their marketing efforts (Churchill & Brown, 2007:5).

Generally, management has little influence on the external environment of the business. As a result, there is always a need for information to address the external environment more effectively. Many marketing research scholars have expressed views on the proactive role of marketing research in marketing decision making. This section concentrates on a few of them that are deemed relevant to this study.

Churchill and Brown (2007:6) observe the following roles of marketing research in marketing decision making. Firstly, marketing research is useful in determining which marketing opportunities are most viable. For example through marketing research one can correctly estimate the size and scope of the market so that the right resources can be acquired to develop and exploit the market opportunity. Secondly, according to Churchill and Brown (2007:6) marketing research is very important regarding marketing decision that a firm must make with respect to its marketing mix - product, price, promotion and place/distribution. Thirdly, it can be used for control – that is, it helps management to isolate market trouble spots Churchill and Brown (2007:6).

Whilst these observations are generic, they are nonetheless relevant to hair salons for a number of reasons with the most important being the marketing mix. The point is that, in a highly competitive hair salon business, it is reasonable to expect that any product, price, promotion or place/distribution miscalculations will undermine customer loyalty.

Wiid and Diggines (2011:3) provide the following insights regarding the role of marketing research in marketing decision making:

- *Descriptive research:* marketing research provides a company with historical and current data about the consumer, industry, and environment and the impact or relevance of this data to the company;
- *Diagnostic research:* marketing research involves diagnoses of effects of certain events in a given situation. For example, It focuses on cause and effects of introducing a new strategy or how a price increase or decrease will affect a product's sales and
- *Predictive research:* marketing research is used to predict or forecast the outcomes of new strategies being developed. It focuses on looking towards the future and identifying new opportunities to be taken advantage of.

It may be argued that marketing research is an expensive exercise and that it requires resources that small businesses like hair salons just do not have. It is however contended here that marketing research can be performed for hair salons by the numerous small business support agencies such as SEDA and Umsombovu and other provincial and municipal business development agencies and departments.

It is also claimed that marketing research makes businesses proactive in their decision making. McDaniel Jr. and Gates (2010:9) state that through marketing research, a business can gain a thorough knowledge of factors that have impact on the target market and marketing mix which management can use to make proactive decisions. These authors specifically maintain that the following benefits can be derived from undertaking marketing research. It is contended that the same benefits can accrue to small businesses like hair salons.



- Marketing research makes management proactive. For example, by influencing management to alter the marketing mix to fit newly emerging patterns in economic, social and competitive environments without waiting for a change to have impact on the firm before deciding to take action.
- It plays a role in a proactive management by allowing managers to anticipate changes in the market and customer desires and then design goods and services to meet those changes and needs.
- It not only examines emerging markets but also seeks, through strategic planning, to develop a long-term marketing strategy for the firm which guides the projected long-term use of existing resources based on projected internal capabilities and projected changes in the external environment, and
- It fosters strategic planning which in turn supports long-term profit and market share goals.

(McDaniel Jr. & Gates, 2010:9)

Similar to Churchill and Brown (2007:3), Laccobucci and Churchill (2010:3) contend that marketing research creates avenue for management to create strategies to enhance attraction and retention of customers. In addition, the authors argue that marketing research helps management to understand customers and evaluates the effectiveness of marketing activities, and helps evaluate returns on market expenditure. It is contended that the same benefits can accrue to small businesses like hair salons

## 2.9 THE SOUTH AFRICAN MARKETING RESEARCH ENVIRONMENT

There are many marketing research institutions that provide research services to businesses in South Africa with the Southern African Marketing Research Association (SAMRA) and Bureau of Market Research (BMR) are the two most well-known.

SAMRA is a professional association for members of the marketing research industry whose history traces back to 1963. It is engaged in every aspect of marketing research – from planning, supervising and setting standards for the industry to teaching and promoting professionalism in marketing research. Its main aims are as follows:

- To ensure the maintenance of professional standards
- To provide members with an educational, information and social forum for the promotion of marketing research
- To represent the interests of the marketing research profession in the wider society
- To promote the image and good standing of marketing research

SAMRA provides a year-round programme of seminars and courses to advance the above mentioned aims (Tustin et al., 2010:28).

BMR was established in 1960 in the Faculty of Economic and Management Sciences of University of South Africa as a research institute. Its research activities relevant to this study involve the following:

- Customer satisfaction
- Market potentials
- Small, medium and micro-enterprises

- Informal sector
- Consumer and business behaviour
- Communication and brand and
- Household expenditure studies.

(Unisa online, 2012).

Other services provided by BMR are consultancy services for members, training in marketing research on various levels and short, organisation-specific courses (Tustin et al., 2010:34).

Examining the activities of these two marketing research bodies shows that hair salons benefit from the organisations because the training activities of BMR and SAMRA are what hair salons can take part in in order to gain an understanding of marketing research.

As stated earlier, an underlying objective of this study is to explore the value of marketing research to small businesses in general and hair salons in particular. But in order to collect meaningful information for objective decisions, owners and managers of hair salons need to have a thorough knowledge of the marketing research process. Thus, having conceptualised and discussed the benefits of marketing research, the next logical step is to examine what marketing research entails.

## 2.10 THE MARKETING RESEARCH PROCESS

Marketing research scholars offer different depictions of the marketing research processes. However, examination of the literature suggests that in spite of differences in articulation, accounts of the marketing research process are largely similar and in fact follows the same scientific process in all social science research endeavours regardless of discipline. Examining more than one formulation will only lead to tautology. Therefore, only the work of Justin et al. (2010:77) will be used to present the marketing research process since it appears comprehensive and seems to capture the essential elements of the marketing research process as espoused by others.

Consistent with the normal research process, Justin et al. (2010:77) conceptualisation of the marketing research starts with a service or a product related problem which may originate from either internal (the business) or external environments within which the business operates. At this stage, a hair salon for example may be faced with a problem or opportunity which might for example be that sales are declining and the business would like to know why. Alternatively it may be that a neighbouring hair salon has closed down and the business would like to launch a strategy to capture their customers, bearing in mind that other competitors may also be interested in capturing these “floating” customers.

Like in all scientific process, the next stage in marketing research is *defining the problem/opportunity* (Justin et al., 2010:77). At this stage, the marketing researcher translates the hair salon’s problem into a research problem. This helps the researcher to determine what information is needed and how that information can be obtained. This will lead to the development of specific research questions.

According to Justin et al. (2010:77), *establishing the marketing research objectives* follows the problem definition stage. At this stage, the main objective and sub-objectives that are required to address the problem faced by the hair salon are set.

The next stage in the marketing research process is *determining the marketing research design* (Justin et al., 2010:77). Generally, research design by definition refers to the plan that specifies the methods and procedures or techniques for collecting and analysing data. The design for a hair salon can be descriptive, diagnostic or predictive research. Depending on the nature of the problem, the hair salon may choose the applicable design strategy. Like in every other research design, there has to be a sampling plan as well as data collection and data analysis plans.

As a result of cost and practical considerations, hair salons may not be able to engage in a census and therefore may have to resort to sampling, adopting any of the appropriate sampling procedures available. A fuller discussion of sampling is undertaken in the methodology chapter of this study. Suffice it to however say that for hair salons, the sample may include all the people or part thereof whose opinions, behaviour, preferences and attitudes will yield information for answering the research questions.

Like other social research, Justin et al. (2010:77) framework shows that instrumentation, data collection, data editing and data analysis follows the design stage.

To conclude on the marketing research process, it is important to mention that the market research process outlined above may look quite daunting for small businesses that often lack resources. However, as observed by Crane (2010:39) a quick, uncomplicated and inexpensive marketing research process can be developed for smaller organisations like hair salons.

## **2.11      MARKETING RESEARCH IN SMALL FIRMS**

The normative and empirical literature contains contributions from several researchers expressing lack of formal marketing research in small firms (Snepenger, 2007; Berthon, Ewing & Napoli, 2008; Hinson & Mahmoud, 2011; Jones & Rowley, 2011) just to mention a few.

Authors often cite reasons such as monetary and time constraints, scepticism about benefits of marketing research, and owner/manager's self-perceived inability to carry out research as the main reason for small business lack of interest in marketing research.

Hinson and Mahmoud (2011:36) for example observe that most small business owner/managers possess limited formal education to be able to conduct marketing research. These authors further contend that small firms perceive marketing research to be cost prohibitive and non-value adding.

Jones and Rowley (2011:26) state that the market orientation of small and medium enterprises is highly dependent on the marketing knowledge of the entrepreneur or small business owner, who tends to be a generalist rather than having management or marketing skills.

In fact, informal discussions with hair salon operators seem to support these assertions. During the informal discussions, hair salon owners indicated that they established the business out of necessity for making a living, and that the idea of expansion was secondary. Secondly, they said low set up cost encouraged them to enter into the salon business. Thirdly, they acknowledged that they lacked knowledge about marketing research and thus lacked skills to collect information from the market environment. They

also said they were aware only of the need to find a business premise and advertise locally. Fourthly, the majority of the operators expressed their low level of education as a handicap, and did not see the necessity for marketing research, stating the time and costs involved would lead to bankruptcy.

In spite of the seemingly lack of marketing research within small businesses in general and within the hair salons in particular, it is hereby argued that salons would benefit from marketing research, but an affordable, and simple model is required.

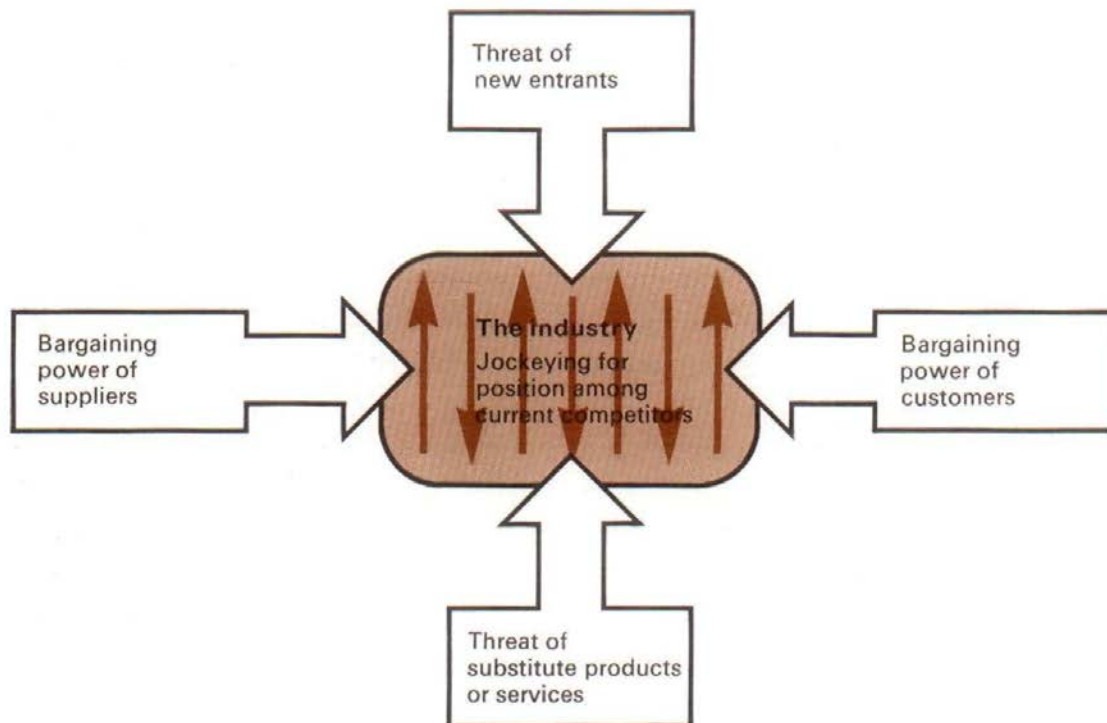
## **2.12 THE THEORETICAL AND CONCEPTUAL FRAMEWORKS**

### **2.12.1 THEORETICAL FRAMEWORK**

As said in Chapter 1, this research is located in the broad field of strategic management and more specifically what need to be done in a competitive environment in order to succeed. According to strategic management thinkers such as Hough et al. (2011), in a competitive environment, a business has to continuously scan its internal and external environments in order to prosper. In doing so, the business is able to identify threats and opportunities in the external environment and weakness and strengths in its internal environment. This theory goes on to say that a business must then leverage its strengths in exploiting opportunities whilst using same to ward off threats. Further, the business needs to address its weaknesses.

A complementary theory that also underpins this study is the widely talked about Michael Porter's five forces model of competition. Basically, Porter's (1980) framework allows managers to analyse the industry environment to identify opportunities and threats produced by (i) bargaining power of suppliers; (ii) threats of substitute products or

services; (iii) threat of new entrants; (iv) bargaining power of customers; and (v) jockeying for positioning among current competitors.



**FIGURE 2.1: FORCES GOVERNING COMPETITION IN AN INDUSTRY**

(Source: Porter, 1980)

As pointed out by Porter (1980:34), “the essence of strategy formulation is coping with competition”. The problem is that the hair salon business as reported in the problem statement is highly competitive partly due to ease of entry that results low start-up cost. However, the full five forces model is relevant to the hair salon industry in the Bophirima region.

When Porter’s model (180) is applied to the hair salon industry, the following scenario can play out. In addition to easy entry into the hair business due to low start-up costs,

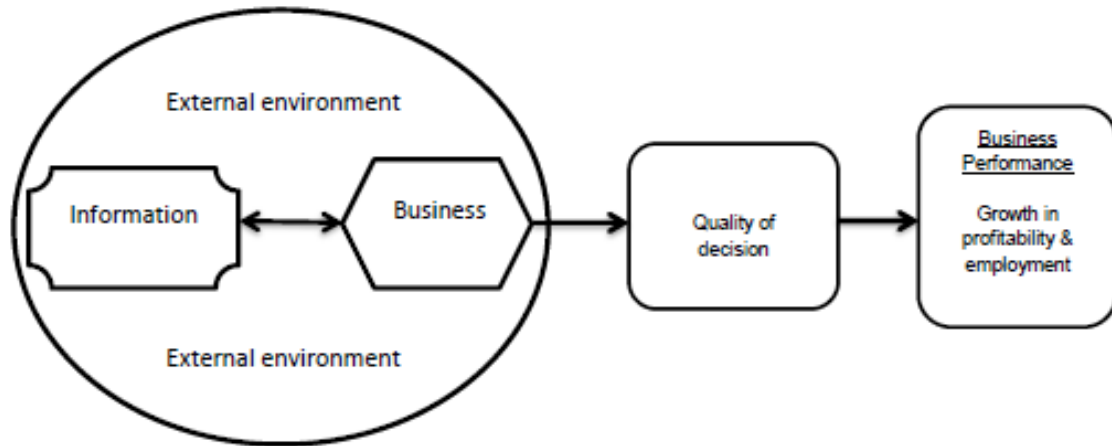


- (i) suppliers can either raise prices or reduce quality of hair products;
- (ii) customers can force hair salons to bring price down or to raise the quality of product or service by playing salons off against each other;
- (iii) customers can move to other hair salons that may offer substitute hair products or substitutes at lower prices if a salon's products or services are found unacceptable; and
- (iv) hair salons may resort to tactics like price competition etc.

All of the above forces have the potential of eroding profit of hair salons. Environmental analysis through marketing research will allow owner/managers to identify these elements in the competitive environment of hair salons so that hair salons can use their strengths to take advantage of opportunities whilst warding off threats – ultimately to improve profitability.

## 2.12.2 CONCEPTUAL FRAMEWORK

The conceptual framework (Fig. 2.1) illustrates the hypothesised relationship between marketing research and hair salon performance. According to the framework, a hair salon explores the external environment to identify variables such as market demand, opportunities, customer preferences, competitors and threats. The business environmental variables are then analysed and interpreted into useful information that can be used by the owner/manager to make an informed decision. Informed decisions eventually will lead to improved business performance such as growth in profitability and employment.



**FIGURE 2.2: HYPOTHESISED RELATIONSHIP BETWEEN MARKETING RESEARCH AND HAIR SALON PERFORMANCE**

From a strategic management point of view, this hypothesised relationship makes sense for hair salons to conduct internal and external environmental analysis for opportunities, threats, resources, capabilities and competencies. That is, consistent with Porter’s five force model of competition, knowledge of the external environment will allow hair salons to detect threats from other possible new entrants. The same external environmental analysis will enable them to identify opportunities such as a nearby salon closing down in which case the business can devise means to capture the “floating” customers left by the closure. Finally, marketing research will allow a hair salon to determine customer requirements, preferences, market trends hence deploy or acquire resources to exploit these opportunities for better performance.

### **2.13 CHAPTER SUMMARY**

This chapter has presented the literature review on the concept of marketing research with a small businesses emphasis largely because this study has to do with marketing research in hair salons – part of the small business sector.

Various definitions were presented and discussed leading to the development of an operational definition for marketing research with hair salon in mind. A preview of the history of marketing research was also undertaken, and it revealed that although marketing research is an old concept, renewed interest seems to result from the realisation that we are in an era of the knowledge economy where information is key to business success and that such information can only be obtained from proper marketing research.

The sources and importance of marketing research information were explored. The review revealed that because of ease of entry due to low set up costs, hair salons experience a lot of competition and hence need to conduct marketing research to provide the information needed to compete. However, it emerged that small businesses like hair salons are unable to engage in formal marketing research. Views on reasons for non-application of marketing research information in small businesses were briefly looked at and it emerged that lack of expertise, perceived volume of work required in undertaking proper marketing research, and resource constraints are most probable reasons.

Based on the literature review, it emerged that for hair salons to engage in market research, they need to be market oriented. However, literature suggests that market orientation is an aspect of a broader concept of entrepreneurial orientation. This in effect means that marketing research, market orientation and entrepreneurial-oriented are interconnected. Therefore, the next chapter examines the concepts of market and entrepreneurial orientations and their relation to business performance.

## CHAPTER 3: MARKETING ORIENTATION AND BUSINESS PERFORMANCE THROUGH THE ENTREPRENEURIAL LENS

### 3.1 INTRODUCTION

Marketing research involves exploring the market environment for uncertainties and opportunities as well as information on customer preferences, competitors' marketing activities and market trends, and effective utilization of such information by a business makes the business market and entrepreneurially oriented which constitute success factors for businesses (Elliot & Boshoff, 2008:32).

Hinson and Mahmoud (2011:37) and Javalgi et al. (2006:13) appear to lend support to Elliot and Boshoff (2008:32). Hinson and Mahmoud (2011:37) for example opine that marketing orientation involves market intelligence - gathering information about customer needs, competitor marketing practices and market trends through marketing research. Javalgi et al. (2006:13) on the other hand make the point that marketing research information is the foundation of marketing orientation. From this perspective, one can say that market orientation, entrepreneurial orientation and marketing research are inseparably connected.

The previous chapter reviewed the literature on marketing research from the small business perspective precisely because hair salons are by nature small. This chapter reviews the literature on market orientation through the *entrepreneurial* lens. That is, this chapter seeks to integrate these constructs to account for the role of marketing orientation on small firm performance.

But to comprehend the roles of marketing orientation and entrepreneurial orientation in the context of small business performance, there is the need to first agree on what constitutes a small business as it tends to be defined differently and it differs from one country to another (Dzansi, 2004:33). This requires exploring existing classification of small businesses.

### **3.2 CLASSIFICATION/DEFINITION OF SMALL BUSINESSES**

Several scholars of entrepreneurship have come up with different classification frameworks for small businesses in terms of size, control, turn-over, and total gross asset value etc.

According to Hinson and Mahmoud (2011:38), the Association of Ghana Industries defines businesses in the Ghanaian context as follows. Micro enterprises employ up to 5 employees; Small enterprise employs between 6 and 29, while Medium enterprises employ between 30 and 99 employees.

The same authors (Hinson & Mahmoud, 2011:38) also state that the European Union define small businesses as: Micro business has 0-9 employees; Small business has 10-99 employees; and Medium business has 100-499 employees.

So, in these two foreign countries, the classification/definition of businesses in the small business sector is based on number of employees.

In South Africa, the National Small Business Amendment Act No. 26 of 2003 defines small business as a separate and distinct business entity, including co-operative enterprises

and non-governmental organizations, managed by one owner or more which, including its branches or subsidiaries and can be classified as micro, very small, small or medium enterprise by satisfying certain criteria set in column 2, 3, 4 and 5 of the Act.

Part of the Act provides the following definitions of businesses in terms of size, either managed by one owner or more as follows:

Type of business	Size
Micro	5 employees
Very small	20 employees
Small	50 employees
Medium	200 employees

Non-country specific definitions of small enterprises have also been provided in terms of the number of employees. For instance, Zahedirad and Shivaraj (2011:11) define Small and Medium-sized enterprises as: Tiny establishments – firms with 5-9 workers; Small establishments - firms with 10-49 workers; and Medium establishments – firms with 50-99 workers. The most popular definitions therefore seem to be based on number of employees.

Based on this popular approach, it was decided to operationally classify hair salons also in terms of their number of employees. An added advantage of this approach is that it will be easier to obtain the number of employees from owners as opposed to obtaining information on income.

As a result, this study adopts Zahedirad and Shivaraj's (2011:11) definition. Thus, a hair salon that has a staff of up to nine (9) employees including the owner/manager is regarded

as a micro business; those with 10 to 49 including the owner/manager as a small business; and those with 50 to 99 including the owner/manager as a medium business.

### **3.3 CHARACTERISTICS OF SMALL BUSINESSES**

There are several views expressed on the characteristics of small businesses in the literature (Islam et al., 2011; Hinson & Mahmoud, 2011; Jones & Rowley, 2011).

According to Islam, et al. (2011:293), ownership and management of small firms are typically combined in one or more individuals and future goals of the business are determined as much by personal life style and family factors as by commercial considerations. In addition, the small firms' capital source is dependent upon external finance and as a result, they work long hours to achieve success.

Hinson and Mahmoud (2011:36) state that small firms focus on the customer but the methods adopted are very informal. They also state that a small firm is usually dominated by one person, with the owner/manager taking all major decisions. These authors further claim that the small business entrepreneur possesses limited formal education, and access to and use of new technologies and market information is also limited in the business. They go on to argue that management skills of owners are weak, thus inhibiting the development of strategic plans for growth.

Jones and Rowley (2011:25) aver that there is an absence of marketing orientation and skills in the small businesses which leads to lower performance levels and higher risks of business failure. Additionally, the authors posit that small business marketing characteristics are inherently simple, informal and haphazard; they have business and marketing limitations; the influence of the entrepreneur over shadows the business, and

they lack formal system of communication and sometimes have no system at all. Finally, small firm tends to be reactive to competition and opportunistic instead of proactive in nature.

The characteristics of small firms mentioned above are typical of hair salons due to the nature of how they are established. Informal interviews with hair operators in the Bophirima region shows that in most case, these salons are established by individuals with low education and little or no marketing knowledge. In addition, decision making is done by the owner. Even if hair salons do not have all the characteristics mentioned above for small businesses, most of them have some of these characteristics which seem to impede their performance and profitability.

With Hinson and Mahmoud (2011:36) stating that small firms focus on the customer (even if informally), it is only logical that hair salons engage in marketing research which has earlier been said to imply market and marketing orientation because customers are part of the market.

### **3.4 MARKET AND MARKETING ORIENTATION**

As in the case of market research and marketing research, there seems to be confusion between the terms *market orientation* and *marketing orientation*. To avoid this confusion the two concepts are explored and operationally defined for the purpose of this study.



### 3.4.1 MARKET ORIENTATION DEFINED

There are different definitions of market orientation in the literature. A select few are discussed here to illustrate its essence.

**Market orientation** has been variously defined in the literature as:

- *“A term used to describe the implementation of the marketing concept”* (Elliot & Boshoff, 2008:35).
- *“Organization-wide generation of market intelligence, focusing on the current and future needs of the customer, dissemination of intelligence through the organization and the organization wide responses to this intelligence”* (Van Zyl & Mathur-Helm, 2008:202).
- *“A set of activities developed by organizations to permanently monitor, analyse and respond to market changes such as customer preferences, faster technological growth and growing competitive rivalry”* (Nwokah, 2006:50).
- *“A philosophical approach in marketing which pays attention to not only customers, but also rivals and also many of the factors effective on needs and preferences of customers”* (Maatooft & Tajeddini, 2011:21).
- *“An essential element of business culture that most effectively and efficiently creates the necessary behaviours for creation of superior value for buyers and, thus, continuous superior performance for business”.* (Zhang & Duan, 2010:2)  
They mention three behavioural components: customer orientation, competitor orientation and inter-functional coordination.

- “A group of behaviours and processes or cultures to create superior customer value”. (Suliyanto & Rahab, 2012:134).

There are several key points to take from the definitions. The construct focuses on customer value, target market, competitors, and the organization’s readiness to act on market information and sharing this information across the functional areas of the organization.

### 3.4.2 MARKETING ORIENTATION DEFINED

Similarly to market orientation there are several definitions of *marketing orientation* in the literature of which a few are reviewed for the purpose of this study

Marketing orientation has been defined in various ways as:

- “The functional approach to meeting consumer’s needs” (Elliot and Boshoff 2008:35). They identify four dimensions of marketing orientation that emphasises the primacy of customers as: a focus, value of shared market intelligence, inter-functional activities and implementation of apposite needs.
- “The generation of market intelligence pertaining to current and future customer needs; dissemination of intelligence across departments; and organization-wide response to it” (Okoroafo, 2008:164).
- “Implementation of the marketing concept where companies at all times aspire to meet customer needs, to ensure long-term success, to determine what customer needs are and to develop products and services to meet those needs” (Van Wyk & De Jager, 2009:907).

- “*The marketing approach which has five components, namely: customer philosophy, (primacy of the market place and customer needs), adequate marketing information (kind and quality of information for marketing), strategic orientation (generating of long-term innovative strategies), operational efficiency (cost-effective marketing activities) and integrated marketing organization (carrying out marketing analysis, planning, implementation and control)*” (Wrenn, 2008:16).

From the above definitions, it can be concluded that first, *marketing orientation* is the functional aspect of the marketing concept, facilitating the coordination of marketing activities. Second, it could be labelled as customer-oriented, market-oriented and inter-functional in orientation which bolsters understanding of the preferences and perceptions of the target market.

### 3.4.3 MARKET ORIENTATION AND MARKETING ORIENTATION CONTRASTED

Although the definitions of market orientation and marketing orientation suggest some similarities there are also differences between the two concepts (Anne, 2011:1).

In terms of similarities both concepts are concerned with business performance and the ultimate goals of achieving growth and profitability. For example, both orientations talk about customers focus, shared marketing information, inter-functional activities, market share, return on investment, profit sales volume, business culture and philosophy, beliefs, as well as environmental factors (Elliot & Boshoff, 2008:35; Van Zyl & Mathur-Helm, 2008:202; Nwokah, 2006:50; Okoroafo, 2008:164; Van Wyk & Jager, 2009:907; Suliyanto & Rahab, 2012:134; Wrenn, 2008:16).

The apparent differences in the two concepts are the separate positions they occupy in the business. For, while the basic conceptualization of *market orientation* is that it is a business philosophy for every member of the entity to focus their efforts to satisfy the customers (Van Zyl & Marthur-Helm, 2008:202), *marketing orientation* can be regarded as the functional aspect of the business that provide the tools such as the 4Ps (product, price, place/distribution and promotion) for implementation of the marketing concept to meet customer needs.

Anne (2011:1) explains the difference between market orientation and marketing orientation as follows:

*“The more prominent term is “market orientation” which is a strategic world view whereby a firm focuses on its selected customer base (its ‘market’) in all it does, and moreover, serving that market is the focal goal of all functions in the business, and the market (customers) are the organizing principles for the firm and information of customers is used at all levels across all functions to steer the company in the right direction. “Marketing orientation”, as truly distinct from market orientation, is more tactical in that in a marketing oriented firm, the marketing function has the power and drives the company ethos and pecking order”.*

Analyses of the above views suggest that:

- (i) Even though there are some differences between the terms, these seem insignificant. The two concepts aim at achieving the goals of the business to satisfy the market (customers) and thus complement each other to implement the marketing concept for customer value;
- (ii) Marketing research has a role to play to develop marketing orientation to serve as the functional aspect of the business by providing information for the

implementation of the marketing concept. For, it is claimed that marketing research information is the foundation of marketing orientation and the functional link between marketing management and an organization's ultimate customer base (Javalgi et al., 2006:13); and

- (iii) Marketing research is seen to integrate marketing orientation and entrepreneurial orientation for business performance, as it has been observed that marketing orientation alone cannot positively influence business performance without the ability of organization to use the information from marketing orientation (Hafeez et al., 2011; Suliyanto & Rahab, 2012)

This later view point leads to the need to comprehend *entrepreneurial orientation* in relation to *marketing orientation*, *firm performance*, and *marketing research*.

### **3.5 ENTREPRENEURIAL ORIENTATION**

#### **3.5.1 WHAT IS ENTREPRENEURSHIP?**

Scholars have put forward different definitions of *entrepreneurship* in the literature. In fact, entrepreneurship has been defined in many ways including:

- “A process of organizational renewal and new business creation”. (Morris et al., 2007:14).
- “The development of creative and innovative projects that beat those of competitors and should lead to competitive advantage, profitability and long-term viability having three key components namely; innovativeness, (interest in new ideas, experiences and creative processes that may result in new

*products/services or technological developments); risk taking (a disposition to support projects with a calculated probability of failure); and pro-activeness (pioneering behavior undertaken to face future contingencies and overcome competitors' actions)" (Gonzalez-Benito et al., 2009:1).*

- *"A process of creating something different of value by devoting the necessary time and effort, assuming the accompanying financial, psychological and social risks, and receiving the resulting rewards of monetary and personal satisfaction" (Davis et al., 2010:2).*
- *"An approach that focuses on innovation in the product-market and risky projects which has a tendency to be a pioneer in innovation and seek superiority over rivals". (Maatoofi & Tajeddini, 2011:22).*

The components of entrepreneurship, namely: innovativeness, risk taking and pro-activeness (Gonzalez-Benito et al., 2009:1) run through all the above definitions. Also, it appears that entrepreneurship can be said to occur where all the three components become imperative for an organization to consider for the business to become entrepreneurial and entrepreneurial-oriented (Morris et al., 2007:14).

### 3.5.2 DEFINING ENTREPRENEURIAL ORIENTATION

Like its counterpart entrepreneurship, the concept of entrepreneurial orientation has different definitions in the literature which makes it is impossible for any study to review the entire spectrum. The following definitions are considered sufficient for the purpose of this study.

- *"Having three core dimensions, namely: risk-taking propensity acting proactively and finally, innovativeness (Keh et al., 2007:592)*

- *“Having three underlying components: innovativeness, risk-taking and proactiveness”.* (Morris et al., 2007:14).
- *“Decision making, characterized by its preference for innovativeness, risk taking as organization’s predisposition to accept entrepreneurial process, practices and pro-activeness”.*(Merlo & Auh, 2009:297)
- *“The willingness of firms to display proactive and innovative actions and to take calculated risk in an effort to create and exploit environmental opportunities”.* (Razak, 2011:249),

Interestingly, the definitions of entrepreneurial orientation seem to contain the same three components namely: risk-taking (e.g. engaging in business venture in which the outcome could be uncertain), proactiveness (e.g. introducing new products or services ahead of a competitor) and innovativeness (e.g. engaging in creative processes, experimenting new ideas resulting in instituting new methods of production and new products and services to the current market). And these components are basically what this study is all about. That is, owner/managers of hair salons need to adopt risk-taking, proactiveness and innovativeness to be entrepreneurial-oriented. This would enable hair salons to use their constrained resources to exploit the environmental opportunities, through marketing research, to introduce new products or services to increase performance (profitability and growth). In other words, the marketing activities of hair salons need to be entrepreneurially oriented.

### 3.5.3 ENTREPRENEURIALY ORIENTED MARKETING STRATEGIES

According to Elliot and Boshoff (2008:32), one of the marketing strategies of entrepreneurial oriented businesses is that they constantly endeavour to exploit the

immediate business environment through integrated marketing communication with customers and suppliers. Van Zyl and Mathur-Helm (2007:17) also contend that business owners must ensure that they adopt customer and competitive orientations to build long-term sustainable relationships with customers and clients. These researchers emphasize that it is only when management gathers information from the environment on customers' needs and wants and appropriately responds to preferences will they build such relationships.

A study by Berthon et al. (2008:27) has shown that entrepreneurial-oriented small and medium enterprises' marketing strategies are that they tend to be pragmatic, practical and adapted to suit the unique needs, circumstances and abilities of an individual business. These authors found that when constrained by resources, managers of entrepreneurial-oriented small and medium enterprises tend to pursue those activities they believe will deliver the greatest benefit to the organization and then they utilize the resources that are available in a most effective manner.

Hair salons will do well to emulate these findings. The reason is that as indicated earlier, hair salons are resource constrained. Hair salons will therefore have to look out for the most cost-effective marketing research activities they can engage in to explore the business environment for information on customers' requirements and preferences as well as information on competitor marketing practices. Second, they will have to use the information gathered in making decisions that can help them achieve customer retention for the greatest benefit to the business.

In other words, by being entrepreneurially oriented, hair salons will be able to employ entrepreneurial marketing strategies to improve their economic performance. The following section therefore examines two models that explain first, the impact of



entrepreneurial orientation on business performance, and secondly the impact of entrepreneurial market orientation on business performance.

### 3.6 A MODEL OF ENTREPRENEURIAL ORIENTATION AND FIRM PERFORMANCE

Figure 3.1 (Keh et al., 2007:596) shows the effects of entrepreneurial orientation (EO) on firm's information acquisition and utilization (marketing research) on the firm's performance.

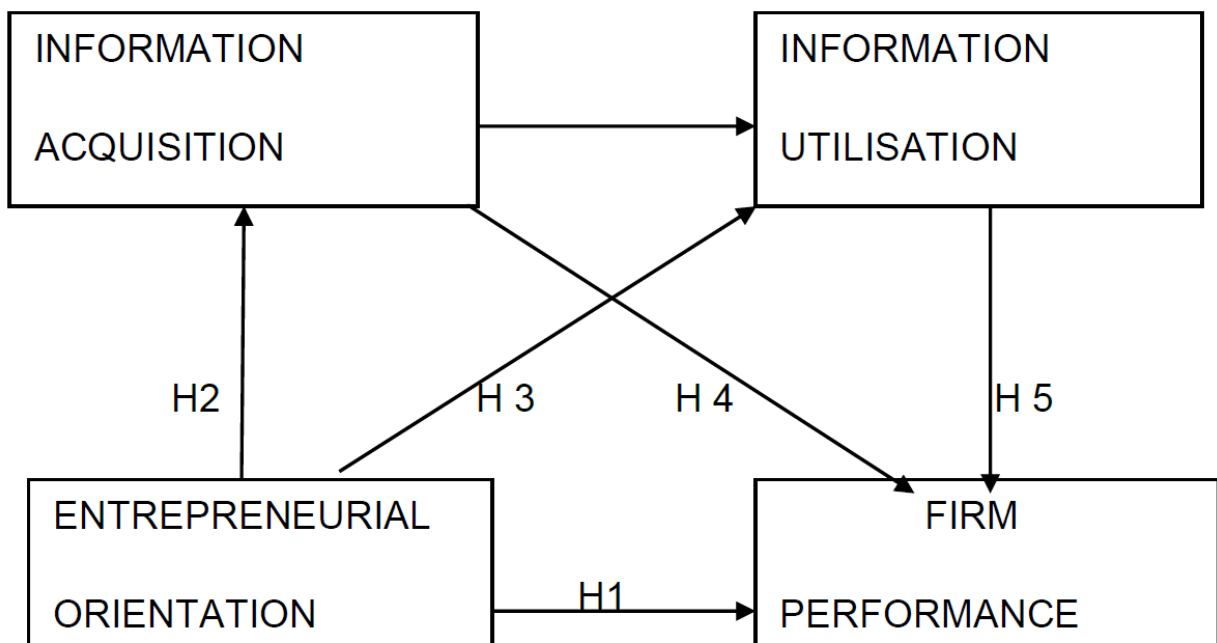


FIGURE 3.1: ENTREPRENEURIAL ORIENTATION, MARKETING RESEARCH ACTIVITY & FIRM PERFORMANCE

(Source: Adapted from Key et al. 2007:592)

From the model, the authors postulate in H<sub>1</sub> that a business with entrepreneurial orientation uses its resources to exploit opportunities and combines them with other marketing competencies to creatively introduce new methods of production, new products and new services to current and new markets to outclass its competitors leading to higher positive performance. In other words, there is a direct positive relationship between entrepreneurial orientation and business performance.

The authors then postulate in H<sub>2</sub> and H<sub>3</sub> that entrepreneurial orientation will lead to both information acquisition and information utilization as captured in in the model which eventually positively impacts business performance (H<sub>4</sub> and H<sub>5</sub>). In other words, there is indirect positive relationship between entrepreneurial orientation and business performance through information acquisition (H<sub>4</sub>) and information utilization (H<sub>5</sub>).

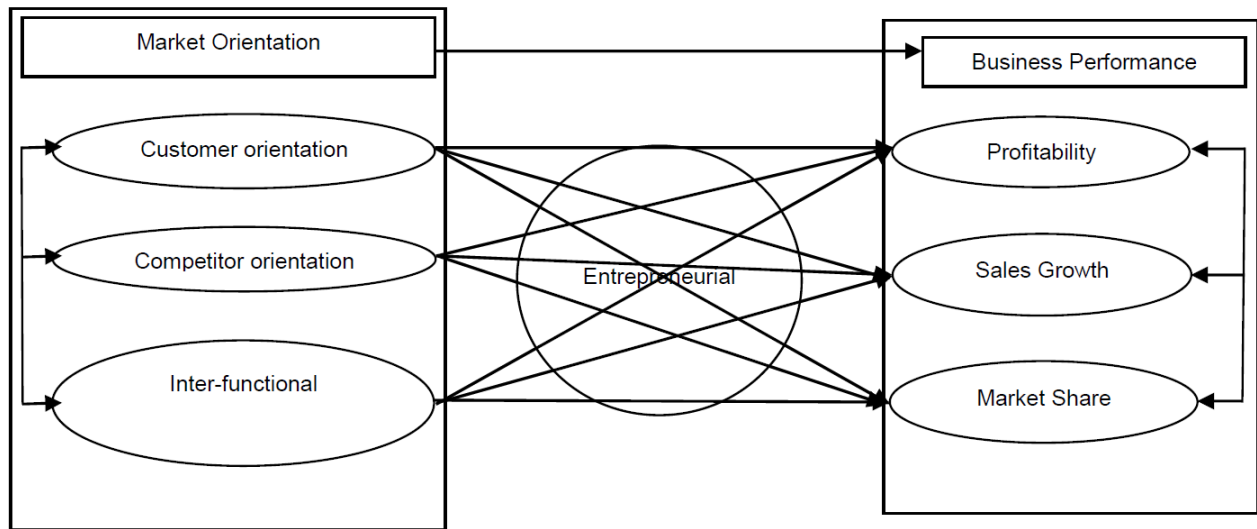
The implication of this framework is that by being entrepreneurially oriented, owner/managers of hair salons will consciously explore the market place for opportunities, and use such information for customer and competitor related decision making that would have positive impact on their business performance.

### **3.7            MARKETING AND ENTREPRENEURIAL ORIENTATION AND SMALL BUSINESS PERFORMANCE RELATIONSHIP**

The literature suggests that there is a positive link between marketing orientation, entrepreneurial orientation and small firm performance (Nwokah, 2006; Morris et al., 2007; Fairoz et al., 2010; Hafeez et al., 2011; Suliyanto & Rahab, 2012).

The positive impact of marketing orientation on a firm's performance via entrepreneurial orientation is illustrated in Figure 3.2. Earlier, during the discussion of the definitions of

marketing orientation, it was stated that marketing orientation has three behavioural components namely; customer orientation, competitor orientation and inter-functional coordination (Zhang & Duan 2010; Carbonell & Escudero, 2010; Suliyanto & Rahab, 2012; Carbonell & Escudero, 2010). These components have been used by Nwokah (2006:54) to explain the marketing orientation and small business performance via entrepreneurial orientation relationship as captured in Figure 3.2.



**FIGURE 3.2: THE MARKETING AND ENTREPRENEURIAL ORIENTATIONS AND BUSINESS PERFORMANCE MODEL**

(Source: Nwokah, 2006:54 with adaptations).

The behavioural components in the model are explained as follows. (i) *Customer orientation* includes customer needs and wants such as customer comments, complaints, an after-sales service emphasis, creating superior products/service value and measuring customer satisfaction level regularly; (ii) *Competitor orientation* consists of regular monitoring of competitors to develop marketing strategies and using sales force to monitor and report competitors activity; and (iii) *Inter-functional coordination* relates to how well marketing information is shared between departments, the involvement of all departments in preparing business plans and strategies, development of customer needs,

interaction of marketing personnel with other departments and regular inter-departmental meetings to discuss market trends (Nwokah, 2006:60).

Nwokahs (2006:50) used this model in a case study to empirically demonstrate that marketing orientation leads to business performance through some moderating elements (entrepreneurial orientation). After critical examination of Nwokah's (2006:50) work, other researchers including Merlo and Auh (2009:309) and Hafeez et al. (2011:4) came to the general conclusion that marketing and entrepreneurial orientations lead to better business performance. More specifically, entrepreneurial orientation serves as a moderating variable for marketing orientation and business performance to enhance market share, sales growth and profitability (Van Zyl & Mathur-Helm, 2008:194).

Careful analysis of the two models above show that both Key et al. (2007) and Nwokah (2006) agree that marketing orientation has positive impact on small business performance. However, Nwokah's (2006) model suggests marketing orientation may need to be complimented with strong entrepreneurial orientation (Berthon et al., 2008:27; Merlo & Auh, 2009:299) for an even more superior performance. For example, Merlo and Auh (2009:299) contend that entrepreneurial orientation lessens the negative impact of environmental uncertainties.

Based on these assertions, one can conclude that marketing research is positively related to firm performance because marketing research is the foundation of marketing orientation (Javalgi et al., 2006:13).

The next section considers some empirical evidence in relation to the normative assertions that there is interaction between marketing orientation, entrepreneurial orientation, and firm performance.

### 3.8 EMPIRICAL EVIDENCE OF THE IMPACT OF MARKETING AND ENTREPRENEURIAL ORIENTATION ON SMALL FIRM PERFORMANCE

Using an exploratory factor analysis on survey data from Singaporean entrepreneurs, Keh et al. (2007, 592) concluded that entrepreneurial orientation influences *the acquisition and utilization of marketing information* (Figure 3.2) and these ultimately impact on firm performance. Specifically, the analysis revealed that acquisition and utilization of information by entrepreneurial orientation regarding marketing mix i.e. products, place, price and promotions, which are marketing orientation activities positively affects a firm's performance.

A central argument in this study is that marketing orientation means that firms are constantly reflecting on ways to meet customers' needs which also means entrepreneurial orientation - scouting the business environment for such needs. One undoubted customer need that has been described as "a pre-requisite weapon for the survival of any business" is *product quality* (Khamalah & Lingaraj, 2007:973).

From a survey research on 550 small businesses from various types of services including restaurants and beauty salons in North-eastern Indiana, Khamalah and Lingaraj (2007:973) found that the quality of products and service are important for small ones for competitiveness. These authors therefore rightly point out that entrepreneurs should focus on quality performance. The implication is that if hair salons could become more market and entrepreneurially oriented, they will be able to improve on the quality of their services, and this could help them capture more customers to ultimately enhance growth and profitability.

Gonzalez-Benito et al. (2009:517) investigated the role of market orientation and entrepreneurship in a firm's success by conducting a survey on 1,025 small firms in Spain. Questionnaires were administered telephonically and through online and postal mails. The result indicated a positive contribution of both orientations to a broad range of performance measurements such as financial, operational, efficacy, and adaptability.

Empirical evidence also links marketing and entrepreneurial orientations to *innovation*, (Cheng & Krumwiede, 2010:168; Suliyanto & Rahab, 2012:139). This study was replicated by Maatoofi and Tajeddini (2011:27) in Iran on small Auto Parts Manufacturers. The authors concluded that both marketing-orientation and entrepreneurial orientation in their separate ways contribute to improved performance through product innovation. These researchers call for a balanced combination of the two orientations since this would help managers make use of a firm's existing abilities to provide innovative opportunities in products and services.

In their study Hafeez et al. (2011:389) used exploratory and confirmatory factor analyses to explore the effect of market and entrepreneurial orientation on small firm performance. They tested hypotheses related to the relationship with data collected from graduates, postgraduates and PhD level students from different Universities in Pakistan. The results showed that market orientation has strong relation with firm performance in terms of profitability and economic performance, while, generally, entrepreneurial orientation also has positive relation with the firm performance.

These empirical findings presented in this section confirm the normative assertions of the previous section that marketing orientation has a critical influence on performance, while entrepreneurial skills and marketing research also play a role. Therefore, hair salons will do well to engage in marketing research – a component of marketing orientation.

### **3.9 CHAPTER SUMMARY**

This chapter discussed the concept of the small firm, the dichotomy of market and marketing orientations, that of entrepreneurship and entrepreneurial orientations. The findings in the chapter also demonstrate that marketing orientation has significant impact on firm performance through the interplay of entrepreneurial orientation and marketing research activities. Lastly the chapter presented the models of Keh et al. (2007) and Nwokah (2006) to illustrate the impacts of marketing and entrepreneurial orientations on firm performance.

## **CHAPTER 4: METHODOLOGY**

### **4.1 INTRODUCTION**

The previous two chapters (Chapters 2 and 3) have dwelt on the literature related to the study. Prior to that, a general overview of the study was presented in Chapter 1. Among others, Chapter 1 mentioned briefly the problem under investigation. As Blumberg, Cooper and Schindler (2005:4) allude to, once a research problem and questions have been identified for a study, the next stage is the identification of methods, instruments and techniques to help conduct a sound research. This chapter continues from Chapter 1, by describing and explaining in much detail, the scientific methods and techniques employed in the empirical investigation. Firstly, the various stages of the research process are described. This is followed by re-statement of the problem as a recap of what was stated in Chapter 1. Thereafter, specific research questions are highlighted. This is followed by the research design, the sampling method and the data collection and analysis techniques used. Credibility issues of validity and reliability of the questionnaire are then discussed. Finally, ethical issues of the research are discussed.

### **4.2 ELEMENTS OF RESEARCH PROCESS**

There are several authors who have prescribed processes to be used in collecting and analysing data. The formal part of this study followed the process suggested by Zikmund and Babib (2007:58) namely: pre-interview stage, informal stage, questionnaire stage and data analysis and reporting stage. It needs to be pointed out that the proposal stage is not included in the formal research process because I only formally registered for the degree after the proposal was accepted.



### ***Pre-interview stage***

At this stage, the literature search and review were done. Here, decisions were also made on research methodology including data collection, data analysis, demarcation of the relevant population, determination of the appropriate sample size, sampling techniques and questionnaire type. All these decisions were guided by insights gained from the literature review. The literature review was therefore the key to unlocking the rest of the research process.

### ***Informal Interview stage***

Having completed the pre-interview activities, the next stage involved holding informal interviews with key role players.

In Chapter 1, it was indicated that some few towns were visited and a few hair salon operators were informally interviewed on face - to - face basis. This exploratory interviews provided a full understanding of the research locale in terms of identification, accessibility and availability of participants and language issues so that questionnaires could be developed bearing in mind respondents' language abilities; and to compile the sample frame since no reliable pre-existing list of hair salons could be obtained.

### ***Questionnaire stage***

This stage involved the development and administration of questionnaire and data collection using the questionnaire. A full discussion of questionnaire development is undertaken in Section 4.6 below.

### ***Data analysis, reporting and recommendations stage***

This stage involved the analysis of data collected, reporting the findings as well as making recommendations (See relevant sections in this chapter as well as Chapters 5 and 6).

## **4.3: RE-STATEMENT OF THE PROBLEM AND RESEARCH QUESTIONS**

### **4.3.1 THE PROBLEM AND ITS SETTING**

#### ***4.3.1.1 Brief problem background***

In Chapter 1, it was stated that proliferation of the hair salon business in the Bophirima Region has led to intense competition for customers and this has impact on hair salon survival and profitability. Meanwhile, in the current information age, it is claimed that business survival is dependent on access to information. In fact, Adonisi (2003:5) rightly points out that business success in today's world economy is based on information acquisition and its appropriate use.

The literature review indicates that information on market trends such as customer preferences in terms of style and hair products; sources of cheap and reliable hair products; and pricing of competitors are key information that hair salons can collect and use to attract and keep customers in order to survive and make reasonable profit. But all of this information can only be obtained through marketing research. In fact, the works of Khamalah and Lingaraj (2007); Gonzalez-Benito et al. (2009:517); and Hafeez et al. (2011:389) just to mention a few, attest to the importance of marketing research to small business performance.

Considering the importance marketing research to small business performance and the fact that hair salons remain the main segment of the small business sector through which previously unemployed South African blacks are able to enter into economic activity due to its low setup cost, it is imperative that hair salon operators understand, engage in and make use of marketing research information. In other words, it is very necessary for hair salons in the Bophirima region to conduct marketing research. Unfortunately, the impression created in most of the towns visited during the informal study is that hair salons may not be aware of this important topic talk less of engaging in it.

#### **4.3.1.1 *The problem***

Based on the above background information, this study seeks to empirically verify the extent to which hair salons in the Bophirima region understand; value; engage in; make use of marketing research information; and the impact thereof on hair salon performance.

#### **4.3.2 SPECIFIC RESEARCH QUESTIONS**

Based on the above problem statement, the primary research question is what is the status and impact of hair salons use of generally accepted (conventional) elements of marketing research on the economic performance of hair salons in Bophirima region?

To answer this main question the following specific research questions need to be answered:

1. To what extent do hair salons in the Bophirima region engage in formal marketing research activities?

2. Do hair salons in the Bophirima region regard marketing research as important to their business success?
3. What type of marketing research information do hair salons in the region collect?
4. To what extent do hair salons integrate marketing research information in decision making?
5. How affordable are certain marketing research activities for hair salons?
6. Do the more successful hair salons use marketing research information more than the less successful ones?
7. What is the relationship between educational background of salon owners and the use of marketing research information in decision making?

The following methodological approach was used to find answers to the specific research questions and thus address the problem.

#### 4.4 RESEARCH DESIGN

As stated in Chapter 1, this study is exploratory and mainly quantitative interspersed with qualitative elements. It is exploratory because to my best knowledge, marketing research activity within hair salons in the South African context has been a virgin territory. It is mainly quantitative because most of the data collected are numerical.

Several scholars have observed some merits and demerits of the quantitative method. Among them are, (Welman et al., 2011; Bryman & Bell, 2011; Blumberg, et al., 2005; Rohilla, 2010). These researchers' observations are surmised as follows.

Some of the prominent merits of quantitative research method are as follows.

- It evaluates objective data produced by the minds of respondents who are outsiders making the research process free from bias;
- It produces stable facts that do not change easily;
- It uses consistent yard stick for making distinctions, thus results are consistent in terms of reliability.

(Welman et al., 2011:8).

- It deals with large sample that are usually representative of the population; and
- The results can be generalized to other situations;

(Zikmund & Babin, 2010:94)

The most common criticisms of quantitative method include the following.

- Limited ability to re-interview participants;
- Limited by opportunity to probe respondents and the original data collection instrument;

- Larger sample sizes lengthen data collection period

(Cooper & Schindler, 2011:163)

- Respondents' answers to questionnaire questions are assumed rather than real;
- Reliance on instruments and procedures hinders the connection between research and everyday life because respondents are not aware of what the question is and its manifestations. That is, sometimes actual behaviour may be at variance with answers

(Bryman, & Bell, 2011:167)

These disadvantages notwithstanding, this study lends to quantitative design because it investigates relationships among variables – the relationship between the application of marketing research and the economic performance of hair salons.

## **4.5 POPULATION AND SAMPLING**

As Zikmund and Babin (2010:301) put it, “a sample is a subset, or some part, of a larger population, from which population characteristics are estimated”. In other words, sampling is defined in terms of the population being studied.

### **4.5.1 THE POPULATION**

The target population of this study was all hair salons in the Bophirima region, both registered and non-registered. Since many of the hair salons are unregistered, a sample frame was not readily available. In the preliminary investigation, 989 hair salons, registered and unregistered were identified in the region. This list constituted the sample frame for this study.

#### 4.5.2 THE SAMPLING METHOD

According to Blumberg, Cooper and Schindler (2005:233), there are varieties of sampling methods; each of them depends on the requirements of the project, its objectives and funds available. Zikmund and Babin (2010:311) aver that sampling techniques may be grouped into two categories namely: *probability sampling and nonprobability sampling*. Probability sampling is such that every element in the population has a known non-zero chance of selection. On the other hand, in non-probability sampling, units of the sample are selected on the basis of personal judgment or convenience. That is the probability of being chosen is unknown and arbitrary.

Advantages and disadvantages have been associated with each sampling category by numerous researchers but Blumberg et al. (2005:249) seem to share sentiments similar to most writers. The two main advantages of probability sampling according to Blumberg et al. (2005:249), are: (i) it reduces sampling bias; (ii) there is objectivity in its application. In terms of shortcomings, Blumberg et al. state that probability random sampling: (i) requires a population list; (ii) fails to use all the information about a population and the design may be wasteful; (iii) is expensive to implement in terms; (iv) uses larger sample size and therefore produces larger errors.

Regarding non-probability sampling method, the same source agrees with others that: (i) it is less expensive because of smaller population size; (ii) it is convenient to use when the population is vague and difficult to define; and (iii) if controlled non-probability sampling gives acceptable results. In terms of disadvantages, non-probability sampling: (i) is subjective; (ii) has a higher degree of sampling bias.

Considering all of the above, probability sampling was chosen for this study for three reasons. Firstly, the study involves a relatively large population (989 hair salons) with

varying sizes and ownership thus requiring random sampling to be representative. Secondly, the results will be generalizable to other hair salons in other parts of the North West province. Thirdly, the study deals with well-defined population (hair salons in the Bophirima region in the North West Province).

#### 4.5.3 THE SAMPLE SIZE

A sample size calculator was used to determine the required sample size. The software is freely available at <http://www.macor.org>. The calculation process required setting confidence levels and intervals and stating the population size. In this case, the confidence level was set at 95% and the confidence interval was set at  $\pm 5\%$ . With population size of 989, a required sample size of 277 was arrived at but this was rounded up to 280.

### 4.6 DATA COLLECTION

According to Welman et al. (2011:149), to collect primary data for the purpose of a study of this nature, one of the measuring instruments to use is questionnaire.

#### 4.6.1 QUESTIONNAIRE DESIGN

Lack of previous study on the subject necessitated the designing of a custom made questionnaire. The questionnaire items are based on the research questions. The questions were made up of classification and target or measurement questions. The classification questions were those on demographic variables as means to group participants' answers for analysis. The measurement or target questions were structured



and provided the participants with a fixed set of choices (Blumberg et al., 2005:504). The questions were formulated in an easy way to facilitate participants' understanding.

From the pre-testing of the questionnaire, it emerged that almost all the owner/managers were literate hence afore thought translation of the questionnaire from English into mother tongues was not necessary.

As indicated earlier a 53 item Likert-type scale was used for collecting the primary data for analysis. According to Cooper and Schindler (2011:299), Likert scales consist of statements that express either a favourable or unfavourable attitude toward the object of interest, and Dzansi (2006:80) also opines that it is easy to complete. The structured questionnaire is made up of six sections (see 4.6 and Appendix A for the final questionnaire).

#### 4.6.2 SECTIONS IN THE QUESTIONNAIRE

**Section A:** This was general information questions on owner/manager and business characteristics.

**Section B:** This section was structured and required respondents to indicate the number of times their salons engaged in certain marketing research activities. A 7 point scale consisting of the items never; once a year; twice a year; once every three months; once a month; once every two weeks; and once a week was used.

**Section C:** Respondents had to indicate how often they used marketing research information in their decision making process on a 4-point scale consisting of the items - never; occasionally; fairly often; and very often.

**Section D:** This section contained questions on perception about the usefulness of marketing research information in decision making. The respondents were required to indicate how useful each marketing research activity has been to their salons in decision making on the 4-point scale - not useful; less useful; useful; very useful.

**Section E:** The main theme of this section was to determine the affordability of certain marketing research activities to hair salons on the 4 point scale - not expensive; moderately expensive; expensive; and very expensive.

#### 4.6.3 PRE-TESTING OF QUESTIONNAIRE

Cooper and Schindler (2011:347) state that pre-testing helps discover errors and is also useful for training researchers. They further explain that pre-testing is an assessment of questions and instruments before the start of the main study. The usefulness of pre-testing of the questionnaire has also been mentioned by Blumberg et al. (2008:74) who indicate the following as positive contributions pre-testing can make to a research study.

- The researcher can use colleagues, respondent surrogates or actual respondents to refine a measuring instrument; and
- Suggestions of the respondents are used to identify and change confusing, awkward or offensive questions and techniques.

Since the questionnaire was self-developed, there was the need to pre-test it. A two stage approach recommended by Cooper and Schindler (2011:358) was followed. The first level involved two research students who are currently engaged in doctoral studies. The second level of the pre-testing was participants pre-testing where the questionnaire was field-tested on 30 randomly sampled hair salon operators. From the participant pre-testing, it emerged that the respondents understood the questions clearly and thus there was no need of translating them from English to other languages.

## **4.7 ENSURING CREDIBILITY OF THE STUDY**

As stated by Bryman and Bell (2011:43), credibility or the “believability” of the findings of a research activity has all to do with validity and reliability of the research instrument. Dzansi (2006:84) explains credibility to depend on practicality, reliability and validity of the measuring instrument. For this study, validity and reliability which appear to be much mentioned in terms of credibility (Blumberg et al., 2005; Cooper & Schindler, 2003) were vigorously pursued.

### **4.7.1 ENSURING MEASUREMENT VALIDITY**

Validity has been explained by Blumberg et al. (2005:403) to mean a measuring instrument accomplishing its claims. Put differently, validity means the degree to which an instrument actually measures what it claims to measure.

Cooper and Schindler (2011:281) mention three types of measuring instrument validity namely: *content validity*, *construct validity* and *criterion-related validity*. According to Dzansi (2004), criterion validity requires comparison of an instrument with at least one other instrument that purports to measure the same phenomenon. However, as stated

earlier, a literature search did not reveal any study parallel to the current one. Therefore, criterion validity was not pursued. Thus efforts were limited to ensuring content validity and construct validity.

#### **4.7.1.1 *Content validity***

Cooper and Schindler (2011:281) state that a measuring instrument meets content validity requirement when the investigative questions adequately cover the full spectrum of the concept or construct under investigation. That is, if the instrument contains a representative and sufficient number of questions related to the universe of the subject matter of interest, then content validity is good. Bryman and Bell (2007:165) contend that content validity can be enhanced by consulting researchers with rich experience and expertise in the area of concern to act as judges to determine whether or not on the face of it, the measure contains sufficient amount of questions on the full spectrum of the concept concerned.

In this study, an initial questionnaire was developed and sent to researchers who are experienced and experts in the broad marketing and related fields. They were asked to make inputs in terms of coverage of the full spectrum of the marketing research construct and firm performance indicators. The final questionnaire took into account all the inputs of these experts.

#### **4.7.1.2 *Construct validity***

According to Cooper and Schindler (2011:281) a measuring instrument has good construct validity when the investigative questions adequately cover the full spectrum of the construct under investigation. Dzansi (2006:86) describes construct validity as the

degree to which a test measures an intended hypothetical construct. That is, all the dimensions of the construct must be covered (Dzansi & Pretorius, 2009) for an instrument to be declared valid. These researchers suggest that an operational definition helps address adequate coverage of the full spectrum of a construct or concept under investigation. This advice was followed. Based on the literature review, the construct *marketing research* was operationally defined. Further, the elements of marketing research were identified through an exhaustive literature review. Thus the sections in the questionnaire on the elements of marketing research fit well with theory.

#### 4.7.2 RELIABILITY

Cooper and Schindler (2011:283) define instrument reliability as estimate of the degree to which a measurement is free from random or unstable error. Dzansi (2006:87) identified the following errors as the major causes of instrument unreliability:

- Subject error
- Subject response bias
- Observer error
- Observer bias
- Information collection bias

##### **4.7.2.1 *Reducing subject error***

Dzansi (2006:87) attributes this error to participants of a research not being representative of the population under investigating. In order to reduce this error, hair salons were randomly selected to comply with the basic statistical requirements of ensuring “representativity”.

#### **4.7.2.2 *Reducing subject response bias***

Cooper and Schindler (2011:413) describe response bias as “don’t know” questions which could emanate from respondent’s reluctance to answer a question, providing dubious answers due to lack of knowledge of that topic or simply treating the question as unimportant.

To reduce the possibility of subject response bias, the questionnaire was pre-tested and problem questions were rephrased and eliminated where necessary.

#### **4.7.2.3 *Reducing observer error***

According to Rohilla (2010:136), observer bias can occur when observers or data collectors only see or hear things in which they are interested in or miss information that is critical to the research. Again, pre-testing ensured that questions were phrased in simple understandable English language to avoid misinterpretation by respondents.

#### **4.7.2.4 *Reducing information collection bias***

Rohilla (2010:136) describes information collection bias as distortion in the data collected to the extent that it does not represent reality. These authors attribute distortions to defective instruments with open-ended questions and questionnaires that do not contain guidelines or vaguely phrased questions.

As earlier stated, the questions were structured, guidelines were provided to interviewers, and pre-testing allowed problem questions to be rephrased or eliminated. In addition, returned questionnaires were edited for errors.

#### **4.8: DATA EDITING, CODING AND CAPTURING**

##### **4.8.1 DATA EDITING**

According to Cooper and Schindler (2011:402) editing detects errors, corrects them and certifies that minimum data quality standards have been achieved. Incidentally all the questions in the returned questionnaires were correctly answered and thus posed no problems in editing.

##### **4.8.2 DATA CODING**

Data coding involves assigning numbers or other symbols to answers so that responses can be grouped into a limited number of classes or categories (Cooper & Schindler, 2011:405). Data coding was not necessary after questionnaires were returned because data were already pre-coded according to the Likert-type scale.

##### **4.8.3 DATA ENTRY**

Data entry involves capturing data into a format that is ready for analysis. The data were initially captured into excel spread sheet.

## **4.9 DATA ANALYSIS**

According to Dzansi (2006:89), data analysis involves reducing data into intelligible and interpretable form so relations between variables can be studied, tested and conclusions drawn. In this study, both descriptive and inferential analysis were performed. Data analysis was done by personnel of the institutional planning unit of the Central University of Technology (CUT).

### **4.9.1 DESCRIPTIVE STATISTICS USED**

Zikmund and Babin (2010:354) state that descriptive analysis refers to the transformation of raw data into a form that summarises sample characteristics to make them easy to understand and interpret. The most common ways of summarizing data are averages, modes, medians, variance, frequency distribution and percentage distribution. In this study, frequency distributions, percentages, means and cross-tabulations were used to summarize and describe the data collected (See Chapter 5 for details).

### **4.9.2 INFERENTIAL STATISTICS USED**

Inferential statistics is used to estimate sampled population values (Cooper & Schindler, 2011:454) and to make inferences about the population based on the sample information (Dzansi, 2004). The Chi-squared test was the inferential statistics used (See Chapter 5 for details).



#### 4.10 ETHICAL ISSUES DEALT WITH

According to Blumberg, et al. (2005:154), “all parties in research should exhibit ethical behaviour”. Ethics in these authors’ view means moral principles, norms or standards of behaviour that guide moral choices about human behaviour and relationships with others and is all about societal value such as privacy, freedom and honesty in business research.

According to Cooper and Schindler (2011:32), research must be designed in such a way that a respondent does not suffer physical harm, discomfort, pain, embarrassment or loss of privacy. To safeguard against these, the authors prescribe the following guidelines, which has been supported by Blumberg, et al. (2005:154).

- The researcher must explain the study benefits;
- The researcher must explain to respondents their rights and protections; and
- The researcher must obtain informed consent from respondent.

As far as this study is concerned, the following ethical issues were relevant hence addressed.

1. The benefit of the study;
2. Informed consent of the respondent;
3. Invasion of privacy; and
4. Confidentiality.

#### ***Benefits of the study***

Even though Blumberg, et al. (2005:156) state that sometimes the actual purpose and benefits of a study may be concealed from respondents to avoid introducing bias, they

warn that carefulness be exercised to neither overstate or understate the benefits if this is done.

The greatest concern for the hair salon operators was the benefits and purpose of the study. To many respondents, it was the first time to be subjected to a research exercise so they had some misgivings. To overcome this apprehension, the purpose of the study and the benefits they stand to derive from participating were thoroughly explained to them.

### ***Respondents' informed consent***

According to Bryman and Bell (2007:137), "prospective research participants should be given as much information as might be needed to make informed decision about whether or not they wish to participate in a study". Salon operators who took part in the study were given all the necessary information about the reasons for the study and areas to be covered in the questionnaire. They were also not forced to answer any questions and were given the option to refuse to take part in the study.

### ***Protecting respondents' right to privacy***

Researchers need to respect the privacy of respondents (Blumberg et al., 2005:160). There are many ways in which participant privacy can be breached. Since some of the salon operators would not like to reveal their business practices to other competitors, permission was sought to administer the questionnaire to them and also to hand-deliver it to them personally on a mutually agreed date and time.

### ***Confidentiality of respondents' information***

It is an ethical norm for respondents to participate in research without their identity revealed or information linked directly to them. According to Cooper and Schindler (2011:37), once the guarantee of confidentiality has been given, protecting that confidentiality is essential. These authors mention the following actions to comply with protecting participant confidentiality.

- Restricting access to respondents' identification;
- Revealing respondents' information only with their written consent; and
- Restricting access to data instrument where the respondent is identifiable.

To comply with these three conditions, letters attached to each questionnaire included guarantee of keeping their information confidential and revealing such information only with participants' consent. Further, only numbers were assigned to each respondent's questionnaire instead of names. This additionally ensured anonymity of respondents.

## **4.11 CHAPTER SUMMARY**

This chapter has detailed the methodology applied in the study. Mainly quantitative methods were used in the data collection and analysis. Detailed discussions of ethical, validity and reliability issues were also done. The findings of the study are presented in the next chapter

## CHAPTER 5: RESULTS AND DISCUSSION

### 5.1 INTRODUCTION

This study was undertaken to mainly comprehend the status and influence of marketing research information on the economic performance of hair salons (the section of the SMME sector most patronized by blacks in their quest for self-employment) in the Bophirima region in the North West Province of South Africa. As mentioned earlier, a mostly quantitative method was used to collect and analyse the data to deal with the research questions.

Firstly, initial informal interviews were held with selected owner/managers of salons for their views about the factors that determine the success or failure in their salon business. These interviews generated qualitative data that partially assisted in the questionnaire construction for the large scale study. Secondly a structured questionnaire was administered on 280 respondents.

This penultimate chapter provides a detailed account of the results that emanated from the analysis of the data collected.

Before then, it needs to be mentioned at this juncture that in spite of several attempts as mentioned in Chapter 4 to solicit responses, only 118 useful questionnaires were collected. This means a response rate of 42.1%. This poor response rate is not unique to this study because numerous SMME researchers including Dzansi (2004) have complained about very low response rate from SMME operators. This notwithstanding, the 118 responses were considered enough by the statistician consulted to do meaningful statistical analysis.

## 5.2 DEMOGRAPHICS

The summary of collected demographic data is presented under two broad categories **personal characteristics** and **business characteristics**.

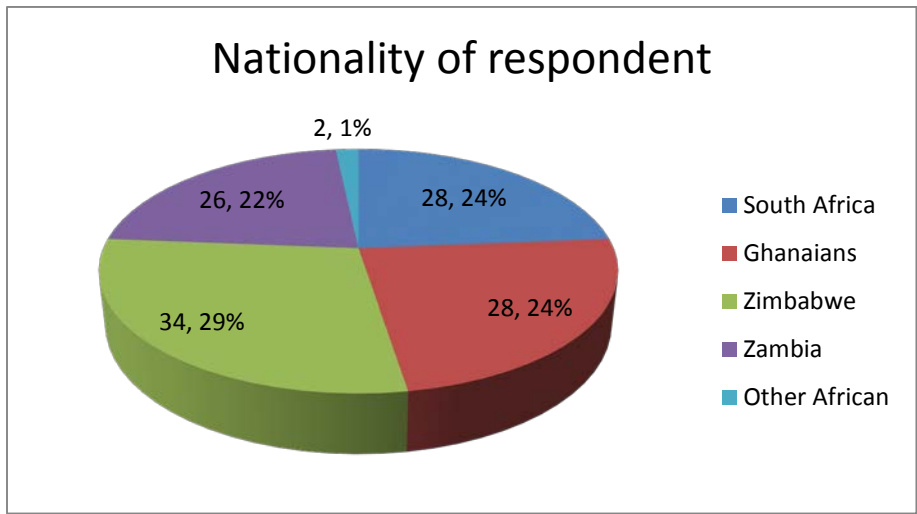
### 5.2.1 PERSONAL CHARACTERISTICS

**Table 5.1: Personal characteristics**

Variable	Value	Frequency	Percentage
Nationality	South Africa	28	23.8%
	Ghanaians	28	23.8%
	Zimbabwe	34	28.8%
	Zambia	26	22%
	Other African	2	1.6%
	TOTAL	118	100%
Gender	Male	57	48.3%
	Female	61	51.7%
	TOTAL	118	100%
Age	16-19	1	0.9%
	20-25	40	33.9%
	26-29	56	47.4%
	30-35	15	12.7%
	36-39	4	3.4%
	40-45	2	1.7%
	TOTAL	118	100%
Educational status	No formal education	1	0.9%
	Primary Level	31	23.7%
	Matric Level	89	75.4%
	TOTAL	118	100%
Appropriate Training	General Business Practice	3	2.5%
	Hair Styling	87	73.7%
	Both	1	0.9%
	None	27	22.9%
	TOTAL	118	100%
Duration of training	Between 1 and 12 months	89	75.4%
	More than 12 months	2	1.7%
	Not Applicable	27	22.9%
	TOTAL	118	100%
Training in marketing	Yes	13	11.0%
	No	105	89.0%
	TOTAL	118	100%

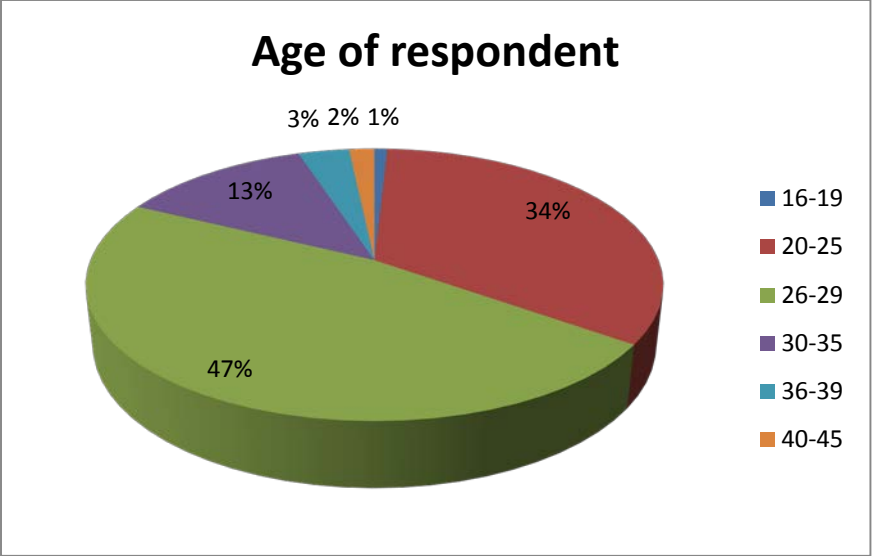
Table 5.1 presents frequency distribution of the owner/manager demographic characteristics. Information from this table is used to construct pie charts to graphically illustrate these characteristics.

According to nationality, Table 5.1 and Figure 5.1 indicate that the largest group of respondents are foreigners constituting 76.1% (Zimbabweans, 28.8%; Ghanaians, 23.7%; Zambians, 22.0%; other Africans 1.6%) and only 23.7% are South Africans. This situation where foreigners overwhelmingly (over 75%) dominate the hair salon business is significant and will be worrying to policy makers. The reason is that if locals are unable to fully participate in a sector that is considered easier to enter due to its low set up costs, the question is where else will South Africans be able to participate in?



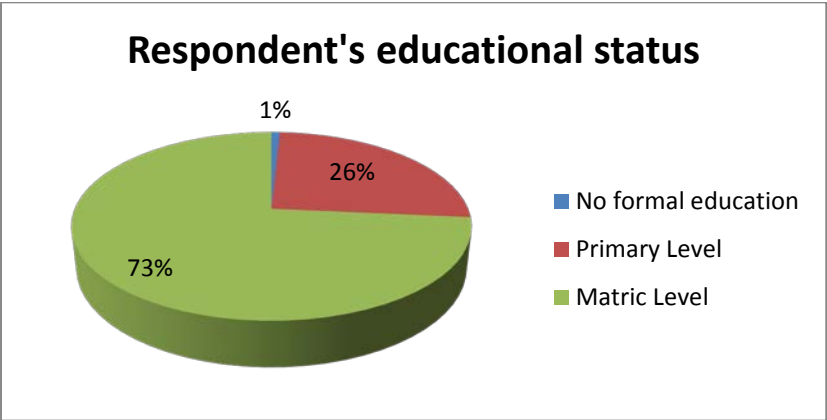
**FIGURE 5.1: NATIONALITY OF RESPONDENT**

Table 5.1 show that gender distribution is fairly even with males accounting for 48.3% while females represent 51.6%. In terms of age, the greater proportion (33.8%) of the sample falls between 26-29 years (see also Figure 5.2).



**FIGURE 5.2: AGE OF RESPONDENT**

Interestingly, the greater proportion (75.4%) of respondents reached Matric level (see Figure 5.3) of education while majority (73.7%) of them received hair styling training. According to Table 5.1, only 11.0% had training in marketing, and majority (75.4%) spent between 1-12 months in training. With this type and level of educational background, one could safely assume that owner/managers have the potentials to learn marketing research techniques.



**FIGURE 5.3: EDUCATIONAL STATUS OF RESPONDENTS**

## 5.2.2 BUSINESS CHARACTERISTICS

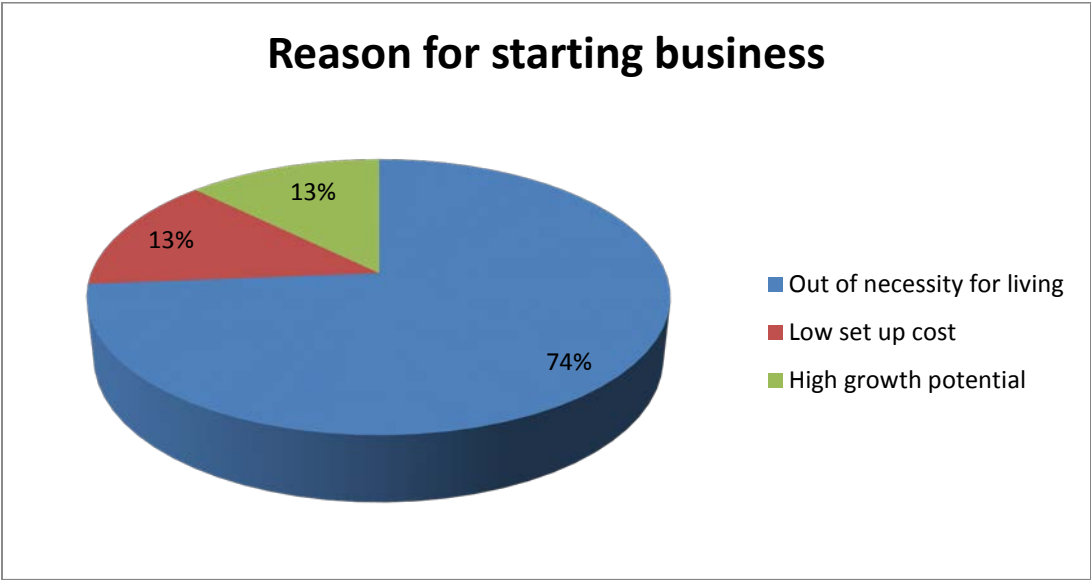
**Table 5.2: Business characteristics**

Variable	Value	Frequency	Percentage
Reasons for starting business	Unemployed/ for living	87	73.7%
	Low set up cost	16	13.6%
	High growth	15	12.7%
	Total	118	100%
Form of business	Close corporation	11	9.3%
	Partnership	1	0.8%
	Sole Proprietorship	106	89.8%
	TOTAL	118	100%
Number of employees	I am the only one	3	2.5%
	1-2 employees	32	27.1%
	3-5 employees	64	54.2%
	More than 5 employees	19	16.2%
	TOTAL	118	100%
How business started	Started new	65	55.1%
	Took over existing business	53	44.9%
	TOTAL	118	100%
Status in business	Manager	2	1.7%
	Owner/manager	116	98.3%
	TOTAL	118	100%
Years business in existence	Up to 1 year	28	23.7%
	2-5 years	81	68.7%
	6-10 years	9	7.6%
	TOTAL	118	100%
Daily Turn Over in Rands	R101-R250	37	31.3%
	R251-R500	52	44.1%
	R501-R750	6	5.1%
	R750-and above	23	19.5%
	TOTAL	118	100%
Average gross profit % for the past 5 years	Making Loss	12	10.2%
	Breaking Even	33	28.0%
	1-5%	46	39.0%
	6-10%	21	17.8%
	11-15%	4	3.4%
	16-20%	1	0.8%
	21%+	1	0.8%
	TOTAL	118	100%
Sources of chemicals	From wholesalers	1	0.8%
	From retailers	114	96.7%
	Direct from factory	2	1.7%
	Other	1	0.8%
	TOTAL	118	100%
Sources of equipment	From retailers	29	24.6%
	Direct from factory	89	75.4%
	TOTAL	118	100%



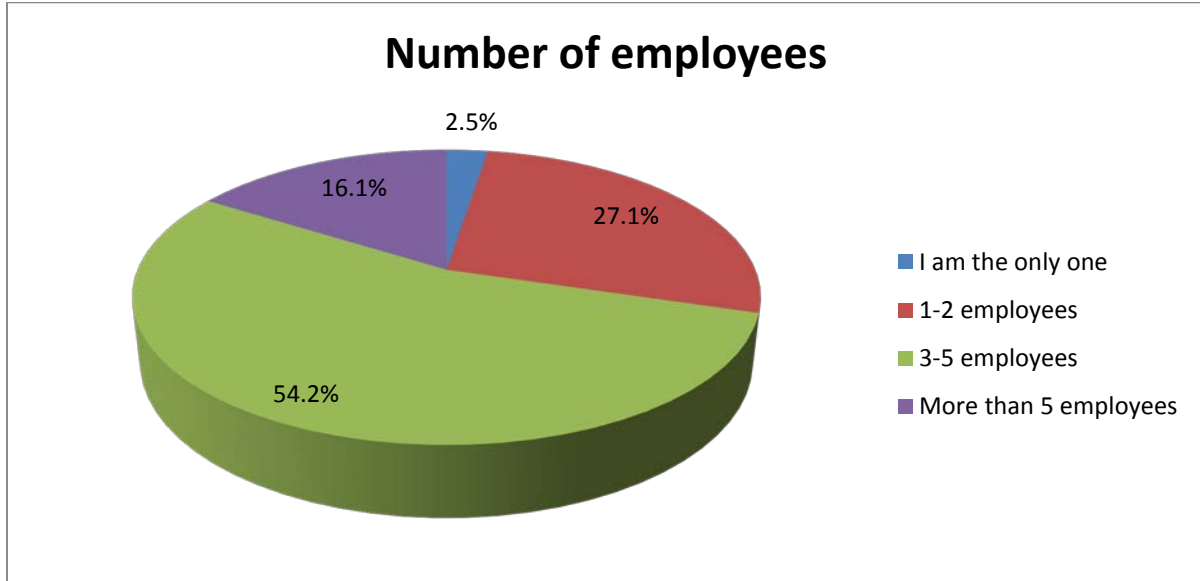
Table 5.2 presents frequency distribution of the business demographic characteristics. Information from this table is used to construct pie charts to graphically illustrate these characteristics.

According to the information in Table 5.2 (see also Figure 5.4), majority (73.7%) of the respondents established the salons for a living – that is, most of the salons were established out of necessity – they are survivalist business. While 55.1% of the salons were new ventures, 44.9% took over existing ones, and the majority (68.6%) of the salons have been in existence for the past 5 years.

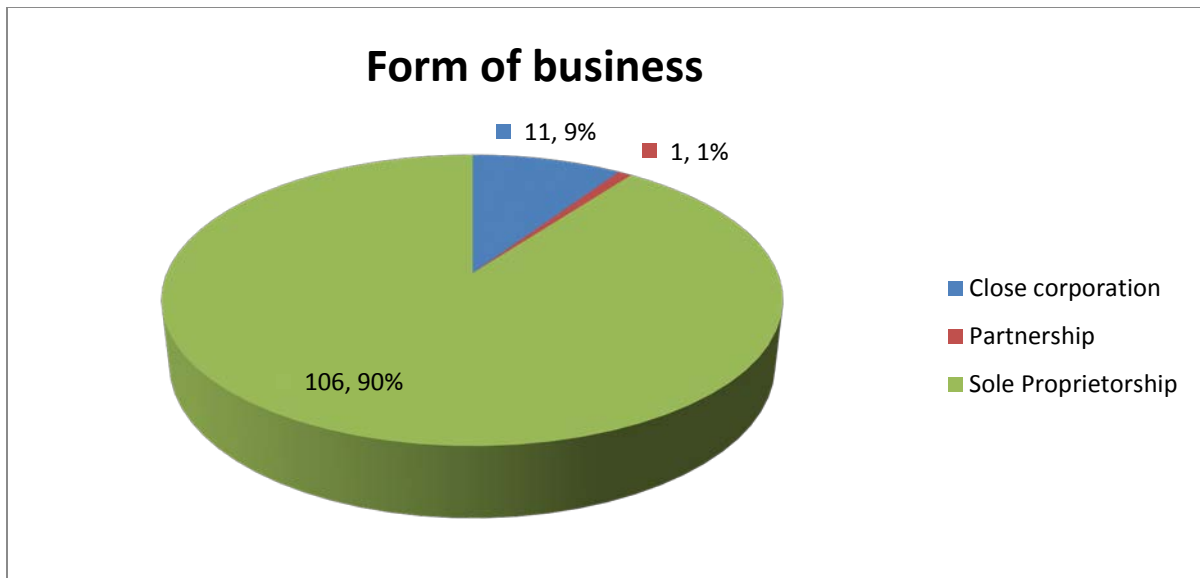


**FIGURE 5.4: REASONS FOR STARTING BUSINESS**

The results as indicated in Table 5.2 and Figure 5.6 show that an overwhelming majority of the businesses (98.3%) are sole proprietors of which 54.2% employed between 3-5 employees (see Figure 5.5), presumably because of the small-sized nature of the salons.

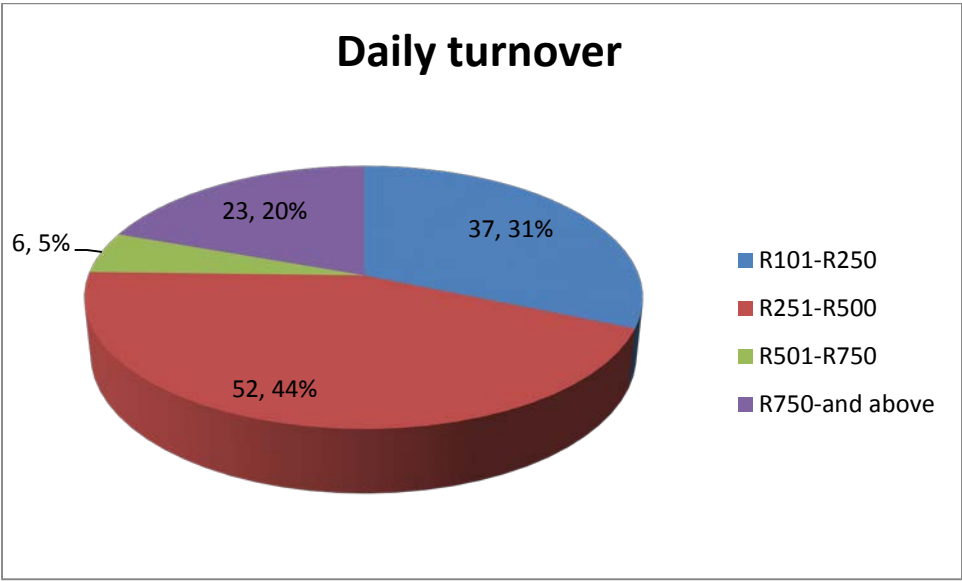


**FIGURE 5.5: NUMBER OF EMPLOYEES**



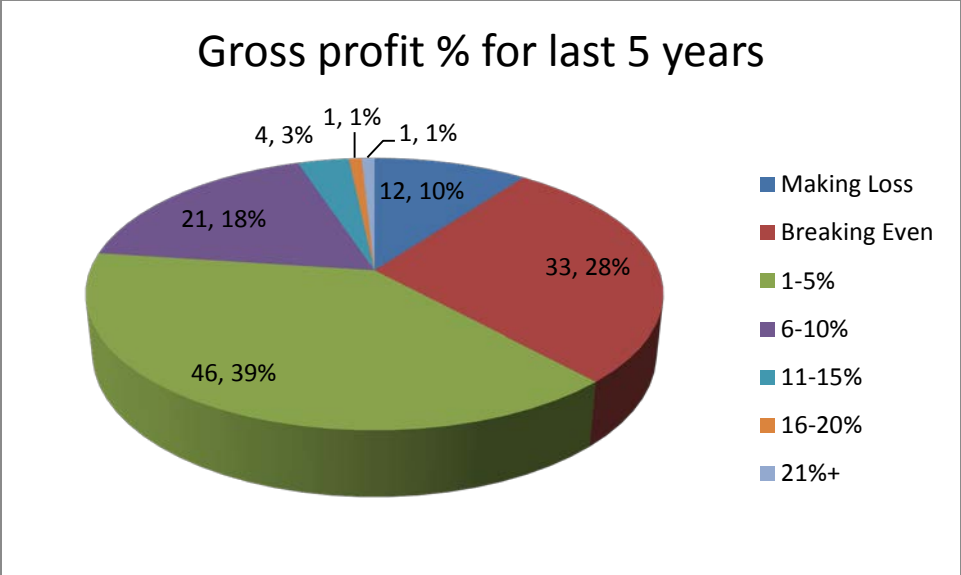
**FIGURE 5.6: FORM OF BUSINESS**

In terms of daily turnover, Table 5.2 and Figure 5.7 the largest proportion (44.1%) of the businesses make between R251-R500. This is followed by 31.4% who R101-R250 while 19.5% make R750 and above and lastly only 5.1% make R501-R750. In other words almost half (44.1%) fall under the lowest turnover range.



**FIGURE 5.7: DAILY TURNOVER**

Regarding gross profit/loss, Table 5.2 and Figure 5.8 show that salons that made losses accounted for 10.2% and those breaking even represent 28.0% of the businesses. This means a sizeable proportion (38.2%) of the businesses are not profitable. The greatest proportion (39.0%) of businesses earned 1-5% (the lowest profit). Those hair salons lying between 6-10% profit range make up 17.8% of the businesses reported on. Those in the 11-15% profit range represent 3.4% of the businesses. Only 0.8% made 21% or more profit. These figures paint a bleak picture of the hair salon business as far as profitability is concerned.



**FIGURE 5.8: GROSS PROFIT PER ANNUM OVER 5 YEARS**

Finally, in terms of sources of hair chemicals, majority (96.6%) of the respondents bought them from retailers while 75.4% of respondents procured their equipment direct from the manufacturer.

**5.3 FINDINGS RELATED TO THE SPECIFIC RESEARCH QUESTIONS**

As stated earlier, the empirical investigation focused on hair salon’s engagement in formal marketing research and impact thereof on its economic performance. Specifically, the study investigated (1) extent to which hair salons engaged in marketing research; (ii) perceived importance of marketing research to business success; (iii) the types of marketing research information collected; (iv) the use of marketing research information in decision making; (v) affordability of engaging in marketing research; (vi) the relationship between owner’s educational background and engagement in marketing research activities; and (vii) the relationship between marketing research activity and firm performance. Percentages, cross tabulations, and frequency tables were used to summarize and describe the results.

### 5.3.1 EXTENT OF MARKETING RESEARCH IN HAIR SALONS

This relates to the first research question one which seeks to know the extent to which hair salons in the region engage in marketing research activities. The extent of marketing research activity was measured based on the frequency with which hair salons engage in various marketing research activities. Frequency counts and percentage were used to analyse the data and the findings are presented in Table 5.3.

**Table 5.3: Hair salons' marketing research activity**

\*

QUESTION NO	Marketing research on	Never		Once a year		Twice a year		Once every three months		Once a month		Once every two weeks		Once a week	
		f	%	f	%	f	%	f	%	f	%	f	%	f	%
18	Salon's prices	60	50.8	1	.8	0	.0	0	.0	0	.0	20	16.9	37	31.4
19	Salon's hair styles	62	52.5	0	.0	0	.0	0	.0	3	2.5	23	19.5	30	25.4
20	Salon's hair chemicals	86	72.9	0	.0	0	.0	0	.0	3	2.5	14	11.9	15	12.7
21	Work of stylists	62	52.5	0	.0	0	.0	0	.0	4	3.4	22	18.6	30	25.4
22	Customers complaints	59	50.0	0	.0	0	.0	1	.8	8	6.8	20	16.9	30	25.4
23	Salon's environment	89	75.4	0	.0	0	.0	1	.8	9	7.6	3	2.5	16	13.6
24	Competitors chemicals	90	76.3	0	.0	0	.0	0	.0	19	16.1	4	3.4	5	4.2
25	Competitors hair styles	85	72.0	0	.0	0	.0	0	.0	22	18.6	8	6.8	3	2.5
26	Competitors promotions	90	76.3	0	.0	0	.0	2	1.7	22	18.6	4	3.4	0	.0
27	Competitors prices	83	70.3	0	.0	0	.0	2	1.7	21	17.8	8	6.8	4	3.4
28	Effectiveness of competitor promotions	90	76.3	0	.0	0	.0	3	2.5	19	16.1	3	2.5	3	2.5
29	Modern hair equipment	84	71.2	0	.0	1	.8	15	12.7	17	14.4	1	.8	0	.0
30	Current hair chemicals	83	70.3	0	.0	1	.8	11	9.3	22	18.6	1	.8	0	.0
31	Current hair styles	79	66.9	0	.0	3	2.5	13	11.0	18	15.3	4	3.4	1	.8
Average percentage		66.6%		0.8%		0.3%		2.6%		11.2%		8.1%		10.5%	

\*f represents frequency

According to Table 5.3, on the average, majority (66.7%) of the hair salons do not engage in marketing research meaning only a third (33%) conduct what can be termed marketing research. This finding confirms earlier research by Samien and Walters (1990); Hart and Diamantopoulos (1993); Hart, Web, and Jones (1994); and Liu (1995) who found that compared to larger organisations, marketing research is less popular with smaller businesses. The reported low marketing research activity may be a sign of complacency or lack of knowledge about the value of marketing research to a business. The good news however is that those 33% that engage in marketing research do it regularly. The figures in Table 5.3 also show that hair salons that engage in marketing research collect data mostly on a weekly basis whilst the others collect it fortnightly. Thus it can be said that although marketing research does not appear to be a popular activity for hair salons, those who engage in it do so on a regular basis.

### 5.3.2 PERCEIVED USEFULNESS OF MARKETING RESEARCH

In the questionnaire, respondents were asked to state their views about the usefulness of selected marketing research activities to the success of their business. Table 5.4 presents the results of the data analysis in this regard.

Table 5.4 shows that majority (72%) of respondents say their businesses consider marketing research to be useful for business success (responses 'useful' and 'very useful' have been combined). This finding supports Snepenger's (2007:2) argument that generally, small businesses regard marketing research beneficial to business. According to Snepenger's (2007:2), a survey of small business managers in Texas US revealed that 84 percent of those who conducted formal marketing research projects felt that the information obtained was worth the money spent. The finding however conflicts with the rather low (33%) marketing research activity reported in Table 5.3. The only plausible explanation for this anomaly may be that although hair salon operators are aware of the value of marketing research they might be lacking the means to engage in it.

**Table 5.4: Usefulness of marketing research to business success**

Question	Marketing activities	Not useful		Little useful		Useful		Very useful	
		<i>f</i>	%	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
32	Customer's impressions on salon's prices	8	6.8	23	19.5	40	33.9	47	39.8
33	Customer's impression on salon's hair styles	8	6.8	22	18.6	43	36.4	45	38.1
34	Customer's impression on salon's hair chemicals	11	9.3	29	24.6	49	41.5	29	24.6
35	Customer's impression on salon's hair stylists	8	6.8	24	20.3	46	39.0	40	33.9
36	Customer's complaints on salon's services	7	5.9	22	18.6	50	42.4	39	33.1
37	Customer's impressions on salon's environment	7	5.9	28	23.7	51	43.2	32	27.1
38	Competitors' hair chemicals	5	4.2	30	25.4	68	57.6	15	12.7
39	Competitors' hair styles	5	4.2	30	25.4	68	57.6	15	12.7
40	Competitors' promotion activities	3	2.5	31	26.3	67	56.8	17	14.4
41	Competitors' price.	3	2.5	31	26.3	67	56.8	20	16.9
42	Modern hair equipment	5	4.2	26	22.0	78	66.1	9	7.6
43	Current hair chemicals	5	4.2	27	22.9	75	63.6	11	9.3
44	Current hair styles	5	4.2	27	22.9	74	62.7	12	10.2
Average percentage		5.1%		22.7%		50.6%		21.6%	

\**f* represents frequency

### 5.3.3 TYPES OF MARKET RESEARCH INFORMATION COLLECTED

Table 5.3 indicates the types of the information owners of the salons collect. According to Table 5.3, hair salons collected data on: own prices of hair styles, own hair styles, chemicals used in styling by competitors, work of their own stylists, customer complaints and the general salon business environment. The interesting finding is that although it is the minority that collect this information, they do so regularly (weekly or fortnightly).

Another interesting finding is that this information relate to their own business meaning the hair salons are rather concerned with customer satisfaction with their services and not so much about what their competitors are doing. In fact, the data in Table 5.3 shows that very little to nothing is collected on competitors.

### 5.3.4 USE OF MARKETING RESEARCH INFORMATION IN DECISION MAKING

This section of the study relates to research question four which enquires about hair salons' use of marketing research information in decision making. Table 5.5 provides data relevant to this subject matter.

**Table 5.5: Use of marketing research information in decision making**

QUESTION	Marketing research activities	Never		Occasionally		Fairly often		Very often	
		<i>f</i>	%	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
45	Customer's impressions on salon's prices	58	50.0	4	3.4	21	18.1	33	28.4
46	Customer's impression on salon's hair styles	57	49.1	4	3.4	25	21.6	30	25.9
47	Customer's impression on salon's hair chemicals	85	73.3	2	1.7	14	12.1	15	12.9
48	Customer's impression on salon's hair stylists	62	53.4	6	5.2	26	22.4	22	19.0
49	Customer's complaints on salon's services	58	50.0	5	4.3	25	21.6	28	24.1
50	Customer's impressions on salon's environment	87	75.0	8	6.9	11	9.5	10	8.6
51	Competitors' hair chemicals	86	74.1	17	14.7	12	10.3	1	0.9
52	Competitors' hair. styles	83	71.6	16	13.8	15	12.9	2	1.7
53	Competitors' promotion activities	88	75.9	16	13.8	11	9.5	1	0.9
54	Competitors' prices	85	73.3	9	7.8	18	15.5	4	3.4
55	Modern hair equipment	83	71.6	24	20.7	8	6.9	1	0.9
56	Current hair chemicals	81	69.8	24	20.7	9	7.8	2	1.7
57	Current hair styles	80	69.0	21	18.1	12	10.3	3	2.6
Average%		65.9%		10.3%		13.8%		10.0%	

**\**f* represents frequency**

In interpreting the data in Table 5.5, responses have to be combined into two categories. The columns *occasionally*, *fairly often* and *very often* have to be combined into "use" whilst the column "never" remains the same. Using this format, it can be seen from Table 5.5 that majority (65.9%) of respondents say their salons never *used marketing research information in decision making* whilst only a small minority (34.0%) say they *used marketing research information in decision*. This finding contradicts Snepenger (2007:2)



who says that a survey of small business managers in Texas US revealed that overall, small businesses were able to incorporate the research findings into their decision making process. However, this finding is consistent with the results in Table 5.3, which shows that on the average, majority (66.7%) of the respondents say their salons do not engage in marketing research. This consistency is good for credibility of the results as it goes a long way to mean that respondents answered the questions truthfully.

### 5.3.5 AFFORDABILITY OF MARKETING RESEARCH

Respondents were required to state how expensive they considered certain marketing research activities for their hair salons to engage in. This was meant to assess how affordable these marketing research activities are for hair salons. The results in Table 5.6 provide insight into this issue.

The results in Table 5.6 provide some interesting findings. It shows that all the customer related activities were considered not expensive. In fact, all the customer related marketing research activities scored 80% or above for the response category “not expensive’. On the other hand, all competitor and market trend marketing research activities were regarded as expensive. This would suggest that overall, marketing research activities that focus on collecting customer related data would be affordable for hair salons whilst data on competitors or the market may not be so affordable to them.

**Table 5.6: Affordability of marketing research activities**

QUESTION	Marketing research activities	Not expensive		Moderately expensive		Expensive		Very expensive	
		<i>f</i>	%	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
58	Customer's impressions on salon's prices	99	83.9	18	15.3	1	.8	0.	.0
59	Customer's impression on salon's hair styles	98	83.1	19	16.1	1	.8	0	.0
60	Customer's impression on salon's hair chemicals	95	80.5	21	17.8	2	1.7	0	.0
61	Customer's impression on salon's hair stylists	100	84.7	18	15.3	0	.0	0	.0
62	Customer's complaints on salon's services	97	82.2	20	16.9	1	.8	0	.0
63	Customer's impressions on salon's environment	95	80.5	23	19.5	0	.0	0	.0
64	Competitors' hair chemicals	5	4.2	25	21.2	53	44.9	35	29.7
65	Competitors' hair styles	4	3.4	21	17.8	58	49.2	35	29.7
66	Competitors' promotion activities	5	4.2	17	14.4	63	53.4	33	28.0
67	Competitors' prices	5	4.2	18	15.3	62	52.5	33	28.0
68	Modern hair equipment	5	4.2	6	5.1	30	25.4	77	65.3
69	Current hair chemicals	5	4.2	6	5.1	29	24.6	78	66.1
70	Current hair styles	5	4.2	6	5.1	29	24.6	78	66.1
Average		40.3%		14.3%		21.4%		24.0%	

**\**f* represents frequency**

### 5.3.6 EDUCATION AND MARKETING RESEARCH ACTIVITIES

This section relates to research question seven (7). It seeks to establish if there is relationship between owner's educational background and engagement in marketing research. The Chi-square test was used to determine relationship and cross-tabulation were used to ascertain the nature of relationship (if any).

Table 5.7 shows that only five items varied significantly based on educational level of owner/manager at the .05 level of significance. Specifically, there are significant differences (at the .05 level of significance) in responses to three customer related items (chemicals used, customer complaints, and salon environment) and one item each for

competitor (hair style) and market trend (current hair style) activities based on owner/managers' educational background. Cross tabulation was used to investigate further the differences these differences.

**Table 5.7: Chi-square test for independence of level of respondent's education and marketing research activities**

QUESTION	information on customers	Chi-square	Df	P. Value
18	on salon's prices	11.490	6	.074
19	on type of hair styles	10.305	6	.112
20	on hair chemicals used	4.541	6	.000*
21	on the work of hair stylists	12.554	6	.051
22	on customers complaints	21.588	8	.006*
23	on salon environments	20.640	8	.008*
<b>Information on competitors</b>				
24	Information on competitors' hair chemicals	9.347	6	.155
25	Information on competitors' hair styles	17.299	6	.008*
26	Information on competitors' promotion activities	10.344	6	.111
27	Information on competitors' prices	8.006	8	.433
28	Information on effectiveness of competitors' promotion activities	11.721	8	.164
<b>Information on market trends</b>				
29	Information on modern equipment	13.192	8	.105
30	Information on current hair chemicals	11.320	8	.184
31	Information on current hair styles	35.145	8	.000*

### **5.3.6.1 EDUCATION AND MARKETING RESEARCH ON CUSTOMERS**

The following issues must be noted when interpreting the cross-tabulations in this section. Firstly, to avoid the invalidity of the responses for "No formal education" i.e.100.0% (1) and making it difficult to interpret, "No formal education and Primary school level" rows were combined to become "Below Matric" (Refer to section 5.3.8, and Table 5.1 for

demographic analysis on respondents' educational status). Secondly, all the positive responses are combined under one response category “engaging in marketing research” in all the tables for the interpretation.

**Table 5.8: Education versus collection of data on chemicals**

Level of Education		Q20. Frequency of marketing research on hair chemicals			
		Never	Once a month	Once a fortnight	Once a week
Below Matric	Number	25	1	2	1
	Percentage	86.2%	3.4%	6.9%	3.4%
Matric	Number	61	2	12	14
	Percentage	68.5%	2.2%	13.5%	15.7%

**Table 5.9: Education versus collecting data on customer complaints**

Level of Education		Q22. Frequency of marketing research on customer complaints			
		Never	Once in three months	Once a month	Once a fortnight
Below Matric	Number	18	1	3	2
	Percentage	62.0%	3.4%	10.3%	6.9%
Matric	Number	41	-	5	18
	Percentage	46.1%		5.6%	20.2%

**Table 5.10: Education and collecting data on salon’s environment**

Level of Education		Q23. Frequency of marketing research on business environment				
		Never	Once in three months	Once a month	Once a fortnight	Once a week
Below Matric	Number	25	1	1	-	2
	Percentage	86.2%	3.4%	3.4%		6.9%
Matric	Number	64	-	8	3	14
	Percentage	71.9%		9.0%	3.4%	15.7%

Looking at the data in Tables 5.8, 5.9, and 5.10, it is clear that higher percentages respondents who are below Matric level of education reported never, for the three customer related marketing research activities when compared to the percentages of Matric holders who said their businesses conducted marketing research on customers. On the other hand when one looks at those who did some research, the situation is reversed which indicates that **the higher the education level, the more likely it is for a salon operator to engage in market research on the customers.**

### **5.3.6.2 EDUCATION AND MARKETING RESEARCH ON COMPETITORS**

**Table 5.11: Education and collecting data on competitor hair styles**

Level of Education		Q25. Frequency of marketing research on competitor hair styles			
		Never	Once a month	Once a fortnight	Once a week
Below Matric	Number	24	3	2	-
	Percentage	82.8%	10.3%	6.8%	-
Matric	Number	61	19	6	3
	Percentage	68.5%	21.3%	6.7%	3.4%

The scenario described in the previous section applies here too. Looking at Table 5.11, it is quite clear that a higher percentage (82.8%) of respondents who are below Matric level of education reported never, for the competitor related marketing research activity on hair style when compared to the percentage (68.5%) of Matric holders who said their businesses conducted marketing research on competitor hair style. On the other hand when one looks at those who did some research, the situation is reversed which indicates that **the higher the education level, the more likely it is for a salon operator to engage in market research on the competitor hair style.**

**5.3.6.3 EDUCATION AND RESEARCH ON MARKET TRENDS**

**Table 5.12: Education and collecting data on current hair styles in the market**

Level of Education		Q31. Frequency of marketing research on own hair styles					
		Never	Twice a year	Once in three months	Once a month	Once a fortnight	Once a week
Below Matric	Number	23	1	0	3	2	0
	Percentage	79.3%	3.4%	.0%	10.3%	6.9%	.0%
Matric	Number	56	2	13	15	2	1
	Percentage	62.9%	2.2%	14.6%	16.9%	2.2%	1.1%

Again, the scenario described in the previous sections applies when one looks at the data in Table 5.12. It is also quite clear that a higher percentage (79.3%) of respondents who are below Matric level of education reported never, for the market trend related marketing research activity on hair style when compared to the relatively lower percentage (62.9%) of Matric holders who said their businesses conducted marketing research on market trend in hair style. Again, on the other hand when one looks at those who did some research, the situation is reversed which indicates that **the higher the education level, the more likely it is for a salon operator to engage in market research on the current hair style in the market.**

This information shows that even though majority of the hair salons did not engage in marketing research, those that collected information on market trends may have been influenced by their educational background. From this premise, it can safely be postulated that **the higher the educational level of owner/manager, the more likely it is that a hair salon conduct research on market trends.**

### 5.3.7 MARKETING RESEARCH AND HAIR SALON PERFORMANCE

This section relates to the sixth (6<sup>th</sup>) research question, which seeks to enquire about possible link between marketing research activity and performance of hair salons. The respondents' estimated average gross profit percent for the past 5 years was used to determine the economic performance of hair salons.

#### 5.3.7.1 *Relationship between marketing research activity and profitability*

**Table 5.13: Pearson chi-square test for differences in profitability based on marketing research activity**

QUESTION	information on customers	Chi-square	Df	P. Value
18	on salon's prices	76.329	18	.000*
19	on type of hair styles	53.207	18	.000*
20	on hair chemicals used	100.650	18	.000*
21	on the work of hair stylists	66.710	18	.000*
22	on customers complaints	54.006	24	.000*
23	on salon environments	117.155	24	.000*
<b>Information on competitors</b>				
24	Information on competitors' hair chemicals	98.419	18	.000*
25	Information on competitors' hair styles	74.959	18	.000*
26	Information on competitors' promotion activities	106.194	18	.000*
27	Information on competitors' prices	81.308	24	.000*
28	Information on effectiveness of competitors' promotion activities	112.640	24	.000*
<b>Information on market trends</b>				
29	Information on modern equipment	83.503	24	.000*
30	Information on current hair chemicals	79.942	24	.000*
31	Information on current hair styles	123.937	30	.000*

At significance level of 0.05, and using P-values from Table 5.13, it is concluded that different levels of marketing results in different levels of profitability. Cross tabulation was used to further investigate the observed differences and the results are found in Tables 5.14 to 5.27.

At this point, two things need to be mentioned in order to comprehend the interpretation. Firstly, it was problematic to interpret the responses for 16-20.0 %( 1) and 21.0%+ (1) gross profit brackets separately because there were only one responses for each category. Therefore, the two categories were combined to be 16-21.0%+ gross profit bracket. Secondly, all the positive responses are grouped to be one response as “*Practice marketing research*” for the purpose of interpretation.

- **Gross profit versus customer information**

This section further examines differences in gross profit based on marketing research on customer related activities reported in Table 5.13.

Table 5.14 indicates that all the 12 respondents who made losses did not collect market research information. Secondly, none of those who conducted marketing research on customer price satisfaction made a loss. Based on these two findings, it is fair to say that **all things being equal, profitability is positively related to marketing research on customer satisfaction with a salon’s prices.**

Another striking finding is that the results in Tables 5.14 indicate that salons that reported higher profits also reported higher frequency in terms of research on customer satisfaction with salon prices. This indicates that the more frequently a salon conducts research on



customer satisfaction with salon prices, the more likely it is for the salon to make higher profit.

**Table 5.14: Gross profit versus client’s price satisfaction data**

Average gross profit		Q18. Frequency of marketing research on prices			
		Never	Once a year	Once a fortnight	Once a week
Making Loss	Number	12	-	-	-
	Percentage	100.0%	-	-	-
Breaking even	Number	24	-	2	7
	Percentage	72.7%	-	6.1%	21.2%
1-5%	Number	22	-	12	12
	Percentage	47.8%	-	26.1%	26.1%
6-10%	Number	1	-	6	14
	Percentage	4.8%	-	28.6%	66.7%
11-15%	Number	-	1	-	3
	Percentage	-	25.0%	-	75.0%
16-21%+	Number	1	-	-	1
	Percentage	50.%	-	-	50.0%

The results in Table 5.15 are similar in some respects to those in Table 5.14. The figures in Table 5.15 indicate that an overwhelming majority (92%) of businesses who made losses did not conduct market research. In other words only a few (8%) of salons that conducted research on customer satisfaction with salon styling made losses. It is therefore reasonable to say that all things being equal, profitability is related to marketing research on customer satisfaction with a salon’s styling.

Similar to the finding on research on prices, a second striking finding is that the results in Tables 5.15 indicate that salons that reported higher profits also reported higher frequency in terms of research on customer satisfaction with hair styling. This indicates

that the more frequently a salon conducts research on customer satisfaction with salon styling, the more likely it is for the salon to make higher profit.

**Table 5.15: Gross profit versus customer style satisfaction data**

Average gross profit		Q19. Frequency of marketing research on own hair styles			
		Never	Once a year	Once fortnightly	Once a week
Making Loss	Number	11	-	-	1
	Percentage	91.7%	-	-	8.3%
Breaking even	Number	26	-	4	3
	Percentage	78.8%	-	12.1%	9.1%
1-5%	Number	24	2	11	9
	Percentage	52.2%	4.3%	23.9%	19.6%
6-10%	Number	-	1	7	13
	Percentage	-	4.8%	33.3%	61.9%
11-15%	Number	-	-	1	3
	Percentage	-	-	25.0%	75.0%
16-21%+	Number	1	-	-	1
	Percentage	50.0%	-	-	100.0%

In fact, the results in Tables 5.16, 5.17, 5.18, and 5.19 are very similar to those in Tables 5.14 and table 5.15. The figures in Tables 5.16, 5.17, 5.18, and 5.19 indicate that an overwhelming majority (see Tables 5.16, 5.17, 5.18 and 5.19 for details) of salons that made losses did not conduct research on customers' preferred hair chemicals, satisfaction with stylist work, customer complaints, and customer impression about salon environment respectively. In other words only a few (see details in Tables 5.16, 5.17, 5.18) of the salons that conducted relevant research on customers' preferred hair chemicals, satisfaction with stylist work, customer complaints, and customer impression about salon environment made losses. This indicates that when a salon conducts

research on customers' preferred hair chemicals, stylist work, complaints handling, and salon environment, the more likely it is for the salon to make higher profit.

A second striking finding is that the results in Tables 5.16, 5.17, 5.18, and 5.19 indicate that salons that reported higher profits also reported higher frequency in terms of research on customer satisfaction with hair styling. This indicates that the more frequently a salon conducts research on customer satisfaction with customers' preferred hair chemicals, stylist work, complaints handling, and impression about salon environment, the more likely it is for the salon to make higher profit.

It is therefore reasonable to say that all things being equal, profitability is related to marketing research on (i) customers' preferred hair chemicals, (ii) satisfaction with stylist work, (iii) customer complaints, and (iv) customer impression about salon environment.

**Table 5.16: Gross profit versus data on customer satisfaction with hair chemicals used**

Average gross profit%		Q21. Frequency of marketing research on stylists work			
		Never	Once a year	Once a fortnight	Once a week
Making Loss	Number	12	-	-	-
	Percentage	100.0%	-	-	-
Breaking even	Number	32	-	1	-
	Percentage	97.0%	-	3.0%	-
1-5%	Number	40	-	3	3
	Percentage	87.0%	-	6.5%	6.5%
6-10%	Number	1	2	10	8
	Percentage	4.8	9.5%	47.6%	38.1%
11-15%	Number	-	1	-	3
	Percentage	-	25.0%	-	75.0%
16-21%+	Number	1	-	-	1
	Percentage	50.0%	-	-	50.0%

**Table 5.17: Gross profit versus data on customer satisfaction with salon’s stylists**

Average gross profit%		Q21. Frequency of marketing research on stylists work			
		Never	Once a year	Once a fortnight	Once a week
Making Loss	Number	12	-	-	-
	Percentage	100.0%	-	-	-
Breaking even	Number	23	1	8	1
	Percentage	69.7%	3.0%	24.2%	3.0%
1-5%	Number	26	2	8	10
	Percentage	56.5%	4.3%	17.4%	21.7%
6-10%	Number	-	-	6	15
	Percentage	-	-	28.6%	71.4%
11-15%	Number	-	1	-	3
	Percentage	-	25.0%	-	75.0%
16-21%+	Number	1	-	-	1
	Percentage	50.0%	-	-	50.0%

**Table 5.18: Gross profit versus data on customer complaints**

Average gross profit		Q22. Frequency of marketing research on customer complaints				
		Never	Once in three months	Once a month	Once a fortnight	Once a week
Making Loss	Number	11	-	-	-	1
	Percentage	91.7%	-	-	-	8.3%
Breaking even	Number	24	-	3	3	3
	Percentage	72.7%	-	9.1%	9.1%	9.1%
1-.5%	Number	22	1	4	10	9
	Percentage	47.8%	2.2%	8.7%	21.7%	19.6%
6-10%	Number	-	-	1	7	13
	Percentage	-	-	4.8%	33.3%	61.9%
11-15%	Number	1	-	-	-	3
	Percentage	25.0%	-	-	-	75.0%
16-21%	Number	1	-	-	-	1
	Percentage	50.0%	-	-	-	50.0%

**Table 5.19: Gross profit versus data on salon environment**

Average gross profit%		Q23. Frequency of marketing research on salon's environment				
		Never	Once in three months	Once a month	Once a fortnight	Once a week
Making loss	Number	12	-	-	-	-
	Percentage	100.0%	-	-	-	-
Breaking even	Number	32	-	1	-	-
	Percentage	97.0%	-	3.0%	-	-
1-5%	Number	43	1	-	1	1
	Percentage	93.5%	2.2%	-	2.2%	2.2%
6-10%	Number	1	-	8	2	10
	Percentage	4.8%	-	38.1%	9.5%	47.6%
11-15%	Number	-	-	-	-	4
	Percentage	-	-	-	-	100%
16-21%	Number	1	-	-	-	1
	Percentage	50.0%	-	-	-	50.0%

- **Gross profit versus competitor information**

This section further examines differences in gross profit based on marketing research on competitor related activities reported in Table 5.13. Tables 5.20 up to Table 5.24 are cross-tabs used to investigate these differences.

The data in Tables 5.20, 5.21, 5.22, 5.23, and 5.24 suggest that essentially, the results are mirror images of and consistent with earlier results in the previous section which indicate that when a salon conducts research on customers, the more likely it is for the salon to make higher profit.

**Table 5.20: Gross profit and data on competitors' hair chemicals**

Average gross profit%		Q24. frequency of marketing research on competitor hair chemicals			
		Never	Once a month	Once a fortnight	Once a week
Making Loss	Number	12	-	-	-
	Percentage	100.0%	-	-	-
Breaking even	Number	32	-	1	-
	Percentage	97.0%	-	3.0%	-
1-5%	Number	43	3	-	-
	Percentage	93.5%	6.5%	-	-
6-10%	Number	1	13	2	5
	Percentage	4.8%	61.9%	9.5%	23.8%
11-15%	Number	1	2	1	-
	Percentage	25.0%	50.0%	25.0%	-
16-21%+	Number	1	1	-	-
	Percentage	50.0%	50.0%	-	-

**Table 5.21: Gross profit and competitor hair style data**

Average gross profit		Q25. Frequency of marketing research on competitors' hair styles			
		Never	Once a month	Once a fortnight	Once a week
Making Loss	Number	12	-	-	-
	Percentage	100.0%	-	-	-
Breaking even	Number	30	1	2	-
	Percentage	90.9%	3.0%	6.1%	-
1-5%	Number	40	5	-	1
	Percentage	87.0%	10.9%	-	2.2%
6-10%	Number	1	13	5	2
	Percentage	4.8%	61.9%	23.8%	9.5%
11-15%	Number	1	2	1	-
	Percentage	25.0%	50.0%	25.0%	-
16-21%+	Number	1	1	-	-
	Percentage	50.0%	50.0%	-	-

**Table 5.22: Gross profit and data on competitor promotion activities**

Average gross profit%		Q26. Frequency of marketing research on own promotion activities			
		Never	Once in three months	Once a month	Once a fortnight
Making Loss	Number	12	-	-	-
	Percentage	100.0	-	-	-
Breaking even	Number	32	-	1	-
	Percentage	97.0%	-	3.0%	-
1-5%	Number	44	-	2	-
	Percentage	95.7%	-	4.2%	-
6-10%	Number	1	2	14	4
	Percentage	4.8%	9.5%	66.7%	19.0%
11-15%	Number	-	-	4	-
	Percentage	-	-	3.4%	-
16-21%+	Number	1	-	-	1
	Percentage	50.0%	-	-	50.0%

**Table 5.23: Gross profit and data on competitors' prices**

Average gross profit%		Q27. Frequency of marketing research on competitors' prices				
		Never	Once in three months	Once a month	Once a fortnight	Once a week
Making Loss	Number	12	-	-	-	-
	Percentage	100.0%	-	-	-	-
Breaking even	Number	28	-	4	1	-
	Percentage	84.4%	-	12.1%	3.1%	-
1-5%	Number	41	-	2	2	1
	Percentage	89.1%	-	4.3%	4.3%	2.2%
6-10%	Number	1	2	11	4	3
	Percentage	4.8%	9.5%	52.4%	19.0%	14.3%
11-15	Number	-	-	3	1	-
	Percentage	-	-	75.0%	25.0%	-
16-21%+	Number	1	-	1	-	-
	Percentage	50.0%	-	50.0%	-	-

**Table 5.24: Gross profit and data on competitor promotion activities**

Average gross profit%		Q28. Frequency of marketing research on competitor promotion activities				
		Never	Once in three months	Once a month	Once a fortnight	Once a week
Making Loss	Number	12	-	-	-	-
	Percentage	100.0%	-	-	-	-
Breaking even	Number	32	1	-	-	-
	Percentage	97.0%	3.0%	-	-	-
1-5%	Number	44	-	1	1	-
	Percentage	95.7%	-	2.2%	2.2%	-
6-10%	Number	1	2	15	1	2
	Percentage	4.8%	9.5%	71.4%	4.8%	9.2%
11-15	Number	-	-	2	1	1
	Percentage	-	-	50.0%	25.0%	25.0%
16-21%+	Number	1	-	1	-	-
	Percentage	50.0%	-	50.0%	-	-

The figures in Tables 5.20, 5.21, 5.22, 5.23, and 5.24 indicate that an overwhelming majority (see Tables 5.20, 5.21, 5.22, 5.23, and 5.24 for details) of salons that made losses did not conduct research on competitors' hair chemicals, stylist work, promotion activities, and prices. In other words only a few (see details in Tables 5.20, 5.21, 5.22, 5.23, and 5.24) of the salons that conducted relevant research on competitors made losses. This gives the indication that when a salon conducts research on competitors; the more likely it is for the salon to make higher profit.

Secondly, similar to the finding on research on customers, a second striking finding is that the results in Tables 5.20, 5.21, 5.22, 5.23, and 5.24 indicate that salons that reported higher profits also reported higher frequency in terms of research on competitors' hair chemicals, stylist work, promotion activities, and prices. This indicates that the more



frequently a salon conducts research on competitors, the more likely it is for the salon to make higher profit.

It is therefore reasonable to say that all things being equal, profitability is related to marketing research on competitors' (i) hair chemicals, (ii) stylist work, (iii) promotion activities, and (iv) prices.

- **Gross profit and information on market trends**

This section further examines differences in gross profit based on marketing research on market trends reported in Table 5.13. Tables 5.25, 5.26, and 5.27 are cross-tabs used to investigate these differences. The data in Tables 5.25, 5.26, and 5.27 suggest that essentially, the results are mirror images of and consistent with earlier results in the previous sections.

**Table 5.25: Gross profit and data on equipments available in the market**

Average gross profit%		Q29. Frequency of marketing research on equipment				
		Never	Twice a year	Once in three months	Once a month	Once a fortnight
Making Loss	Number	12	-	-	-	-
	Percentage	100.0%				
Breaking even	Number	30	1	-	2	-
	Percentage	90.0%	3.0%		6.1%	
1-5%	Number	39	-	2	4	1
	Percentage	84.8%		4.2%	8.7%	2.2%
6-10%	Number	1	-	10	10	-
	Percentage	4.8%		47.6%	47.6%	
11-15	Number	1	-	2	1	-
	Percentage	25.0%		50.0%	25.0%	
16-21%+	Number	1	-	1	-	-
	Percentage	50.0%	-	50.0%	-	-

**Table 5.26: Gross profit and data on hair chemicals available in the market**

Average gross profit%		Q30. Frequency of marketing research on hair chemicals				
		Never	Twice a year	Once in three months	Once a month	Once a fortnight
Making Loss	Number	12	-	-	-	-
	Percentage	100.0%	-	-	-	-
Breaking even	Number	29	1	1	2	-
	Percentage	87.9%	3.0%	3.0%	6.1%	-
1-5%	Number	39	-	2	4	1
	Percentage	84.8%	-	4.3%	8.7%	2.2%
6-10%	Number	1	-	6	14	-
	Percentage	4.8%	-	28.6%	66.7%	-
11-15	Number	1	-	2	1	-
	Percentage	25.0%	-	50.0%	25.0%	-
16-21%+	Number	1	-	-	1	-
	Percentage	50.0%	-	-	50.0%	-

**Table 5.27: Gross profit and data on current hair styles in the market**

Average gross profit%		Q31. Frequency of marketing research on current hair styles					
		Never	Twice a year	Once in three months	Once a month	Once a fortnight	Once a week
Making Loss	Number	12	-	-	-	-	-
	Percentage	100.0%	-	-	-	-	-
Breaking even	Number	27	3	1	2	-	-
	Percentage	81.8%	9.1%	3.0%	6.1%	-	-
1-5%	Number	38	-	2	4	2	-
	Percentage	82.6%	-	4.3%	8.7%	4.3%	-
6-10%	Number	1	-	6	12	2	-
	Percentage	4.8%	-	28.6%	57.1%	9.5%	-
11-15	Number	-	-	3	-	-	1
	Percentage	-	-	75.0%	-	-	25.0%
16-21%+	Number	1	-	1	-	-	-
	Percentage	50.0%	-	50.0%	-	-	-

The figures in Tables 5.25, 5.26, and 5.27 indicate that an overwhelming majority (see Tables 5.25, 5.26, and 5.27) of salons that made losses did not conduct market trend research on current equipments, chemicals, and styles. In other words only a few (see details in Tables 5.25, 5.26, and 5.27) of the salons that conducted relevant research on market trends made losses. This gives the indication that when a salon conducts research on market trends; the more likely it is for the salon to make higher profit.

Secondly, similar to the finding on research on customers, a second striking finding is that the results in Tables 5.25, 5.26, and 5.27 indicate that salons that reported higher profits also reported higher frequency in terms of research on market trends in relation to current equipments, chemicals, and styles. This indicates that the more frequently a salon conducts research on market trends, the more likely it is for the salon to make higher profit.

It is therefore reasonable to say that all things being equal, profitability is related to marketing research on trends in the market in terms of (i) equipment, (ii) hair chemicals, and (iii) hair styles.

In conclusion, there is a trend in the data to suggest that those hair salons making losses are the ones who do not collect any information on almost all the marketing activities, while those who collect and use marketing research information are those who earn profit and break even. Therefore one can conclude that hair salons engaging in marketing research stand a better chance of profitability.

#### **5.4 CHAPTER SUMMARY**

In this chapter the findings related to specific research questions were presented. The data obtained from respondents were described with the use of frequency tables and percentages. The results of the inferential analysis using the Chi-square test were presented and discussed. The next chapter provides conclusions and recommendations based on the findings.

## CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

### 6.1 INTRODUCTION

The findings of this study were presented and fully discussed in the previous chapter. In this chapter, firstly, conclusions are made based on the findings. Thereafter, recommendations are made for **practice** (affordable marketing research activities that hair salons can engage in), **policy** (what government and other agencies can do to help hair salons engage in marketing research) and **further research**.

### 6.2 CONCLUSIONS BASED ON THE LITERATURE

The literature review in Chapters 2 & 3 revealed both normative and empirical evidence to indicate that the practice of marketing research activities which are largely associated with larger organisation, could as well be used by small businesses to achieve better economic performance. However, what did not come out is evidence of research on marketing research activity specifically among hair salons in South Africa and how marketing research activity impacts on hair salon economic performance. This was the research/knowledge gap that this research sought to fill.

Firstly, a literature review identified marketing research activities normally practised by larger organisations to achieve success. It was concluded that some of these activities could also be applied to small businesses such as hair salons. These activities were placed under three main categories namely, (i) **competitor** focused activities, (ii) **customer** related activities, and (iii) **market trend** related activities. The specific activities under each category can be found in ANNEXURE A (the questionnaire).

### 6.3 CONCLUSIONS ON THE RESEARCH QUESTIONS

Frequency and percentage tables as well as Chi-square test and cross tabulations were used to analyse data in order to arrive at conclusions about the research questions posed. The following are a summary of conclusions based on the findings. These conclusions are arranged according to research questions.

**The first research question was:** To what extent do hair salons in the Bophirima region engage in formal marketing research activities? This question relates to how often hair salons in the region collect information on certain marketing research activities. Frequency counts and percentage were used to analyse the data and the findings are presented in Table 5.3. According to Table 5.3, majority of the respondents (66.7%) do not practice marketing research meaning only a third engage in what can be termed marketing research. Thus **it is concluded that marketing research is not a popular activity for hair salons.** In other words, marketing research is not practiced by hair salons to any appreciable extent. However, the few salons that engage in it do it on a regular basis.

**The second research question was:** “Do hair salons in the region regard marketing research as important to their business success?” This question relates to the perceived usefulness of marketing research information to salon profitability. Frequency and percentage analyses were used to address this question. The results in Table 5.4 show that a vast majority (72.0%) of the respondents said they find marketing research useful. On the basis of this finding, **it is concluded that hair salons in the region regard marketing research as important to their business success.**

**The third research question was:** What type of marketing research information do hair salons in the region collect? Frequency and percentage analyses were used to address

this question. Table 5.3 indicates the types of the information owners of the salons collect. Based on the percentages reflected in Table 5.3, **it is concluded that hair salons only collect data on their own customers. More specifically, they collect data on: (i) own prices of hair styles, (ii) own hair styles, (iii) chemicals they use, (iv) work of their own stylists, (v) customer complaints, and (vi) customer impression of salon environment.** In other words, from a strategic management point of view, hair salons focus on internal analysis at the neglect of external factors.

**The fourth research question** was: To what extent do hair salons integrate marketing research information in decision making? This question required respondents to state how often their hair salons make use of marketing research information in decision making. Frequency and percentage analyses were used to address this question. The results are displayed in Table 5.5. According to Table 5.5 the vast majority of respondents (65.9%) *never used marketing research information in decision making* whilst only a small minority (34.0%) say they *used marketing research information in decision*. On the basis of this result, **it is concluded that to a large extent, hair salons in the Bophirima region do not make use of marketing research information in decision making.**

**The fifth research question** was: How affordable is marketing research to hair salons? Respondents were required to state how expensive they considered certain marketing research activities for hair salons to engage in. This was meant to assess how affordable these marketing research activities are for hair salons. The results in Table 5.6 provide insight into dealing with this issue. Frequency and percentage analyses were used to address this question. The results are displayed in Table 5.6. Data in Table 5.6 shows that generally, majority (59.6%) of the respondents say that it is expensive to collect marketing research information on all competitor and market trend marketing research activities. On the other hand, all the customer related marketing research activities scored 80% or above for the response category “not expensive”. On the basis of this evidence, it is concluded that overall, marketing research is expensive hence may not be affordable for hair salons. However, it is also concluded that when disaggregated, customer related

marketing research could be affordable for hair salons whilst market research on competitors and market trend may not be so affordable.

**The sixth research question** was: What is the relationship between marketing research and hair salon performance? This question seeks to establish possible link between marketing research activity and performance of hair salons. Respondents were asked to estimate average gross profit percent for the past 5 years (see Table 5.2) which was used as measure of economic performance of hair salons. Pearson Chi-square test was used to test for significant differences (hence relationship) at the .05 level (see Table 5.13). In cases of significant differences, the nature of these differences was further investigated using cross-tabs (see Tables 5.14 up to 5.27). Results in Table 5.13 show significant differences in profitability based on marketing research in all the activities tested at the 0.05 level of significance. **It is therefore concluded that marketing research activity influences economic performance of hair salons.** Furthermore on the bases of the results in Tables 5.14 up to 5.27 it is concluded that generally, when a salon conducts market research, it is more likely to make higher profit. In other words, **there is a positive link between hair salon's economic performance and marketing research activity.**

**The seventh research question** was: What is the relationship between educational background of salon owners and the use of marketing research information in decision making? Thus the question sought to determine the impact of owner's educational background on salon's engagement in marketing research. Pearson Chi-square test was used to test for significant differences (hence relationship) at the .05 level (see Table 5.7). In cases of significant differences, the nature of these differences was further investigated using cross-tabs (see Tables 5.8 up to 5.12). Results in Table 5.7 show significant differences in profitability based on marketing research in five out of thirteen questions on marketing research activities namely: collection of information on customers' impressions on salon's hair chemicals, customers' complaints, salon's environment, and competitors' hair styles at the 0.05 level of significance. **It is therefore concluded that marketing**



**research activity of hair salon is to some degree influenced by the educational status of owner/manager.**

Furthermore on the bases of the results in Tables 5.8 up to 5.12, **it is concluded that generally, the higher the educational status of owner manager the more likely it is that a hair salon will engage in marketing research.**

## **6.4 RECOMMENDATIONS**

### **6.4.1 RECOMMENDATIONS FOR POLICY AND PRACTICE**

Firstly, if hair salons are to do well, then owner/managers that operate these businesses should be encouraged and given support to engage in marketing research especially on the four activities price, promotion, product and place. In other words, owner/managers should be encouraged and given support so that they can gather information on their competitors' hair styles, products, prices and promotional activities to help them fashion their marketing practices competitively.

Second, hair salon owner/managers should be encouraged to integrate marketing research information in decision making. But for them to take this up, it is important for them to comprehend the concept and its usefulness. This requires workshops. They should also be made to seek expert advice from local institutions on how to conduct affordable marketing research.

Third, because current marketing research approaches can be quite expensive and time consuming and therefore may not be affordable for small businesses like hair salons, local economic developing agencies can consider the establishment of shared service centres in order to make it affordable for hair salons to obtain market research information.

Fourth, from the data analysis, what seems to matter most is the clients' perception of a salon. Accordingly owner/managers of salons are advised to collect information from their clients on regular basis on how they feel about the salons in terms of price, hair styles, after service attention to their complaints and new hair products. This will assist the operators to make informed decisions about their clients' requirements.

Five, since the results suggest that owner/managers educational background is linked to marketing research of hair salons, it is imperative that regular training should be directed at improving the cognitive competences of owner/managers of hair salons.

Sixth, since hair salons appear to be a key means of economic participation by marginalised people, it is important that more attention is paid to this segment of the SMME sector. More specifically, it is recommended that local Municipalities and private collaborate to set up development and training programmes for owner/managers of these salons to enhance their productivity, growth, survival and job creation ability.

Seven, one may ask "how large should a hair salon's marketing research budget be?" According to Snepenger (2007:1), many companies have marketing research budgets that range anywhere from .02 to 1 percent of company sales and it is not unusual to spend 50 percent or more of the marketing research budget buying research from consulting firms. Hair salons can also consider this advice.

#### 6.4.2 RECOMMENDATIONS FOR FURTHER RESEARCH

The results of the empirical research necessitate further research on the following pertinent issues.

- First and foremost, there is need to verify whether the findings of this study is applicable to other parts of South Africa by replicating this research on a larger scale preferably nation-wide;
- There is need to understand why only few South African nationals are involved in the hair salon business;
- There is need to understand why marketing research is not practiced by hair salons to any appreciable extent in the Bophirima region;
- There is need to empirically validate the findings of this study that suggest that:
  - I. marketing research activity influences economic performance of hair salons;*
  - II. Marketing research is influenced by the educational status of owner/manager.*

## **6.5 CHAPTER SUMMARY**

Based on the findings from the empirical research and literature review, conclusions have been made in this chapter on the status and influence of marketing research activities on economic performance of hair salons in the Bophirima region. The findings were that marketing research is not practiced much among the hair salons studied; marketing research is regarded as expensive hence may not be affordable for hair salons; and though expensive to conduct, marketing research appears to influence economic performance of hair salons in the region.

## **BIBLIOGRAPHY**

Adonisi, M.P. (2003). The relationship between Corporate Entrepreneurship, Market orientation, Organisation, Organisational Flexibility and Job Satisfaction. University of Pretoria. (Dissertation, PhD).

American Marketing Association (AMA) (2004). An approved definition of marketing research. Available at: <http://www.marketingpower.com/AboutAMA/Pages/DefinitionofMarketing.aspx>.

Accessed: 2012/07/05.

Anne, B. (2011). What is the difference between market orientation and marketing orientation? Available at: <http://www.linkedin.com/answers/marketing-sales/articles/importance-of-marketing-research.html>. Accessed 2011/03/11

Berthon, P. Erwing, M.T. & Napoli, J. (2008). Brand Management in Small to Medium-sized Enterprises. *Journal of Small Business Management*, 46 (1): 27-45.

Blumberg, B. Cooper, D.R. & Schindler, P.S. (2005). *Business Research Methods*. 2<sup>nd</sup> European Ed. London: McGraw Hill.

Blurtit.com. (2011). What is the difference between market and marketing research? Available at: <http://www.blurtit.com/q898745.html>. Accessed 2011/02/12

Brumbaugh, S. (2010). Role of Marketing and Market Research in Forecasting. *Journal of Business Forecasting*, 29(2):25-30.

Bryman, A. & Bell, E. (2011). *Business Research Methods*. 3<sup>rd</sup> Ed. New York: Oxford University Press.

Burns, A.C. & Bush, R.F. (2010). *Marketing Research: Global* 6<sup>th</sup> Ed. New Jersey: Prentice Hall.

Cant, M. Gerber-Nel, C. Nel, D. & Kotze, T. (2008). *Marketing Research*. Pretoria: Van Schaik.

Carbonell, P. & Escudero, A.I.R. (2010). The effect of market orientation on innovation speed and new product performance. *Journal of Business & Industrial Marketing*, 25(7): 501-513.

Chandler, G. J. (2002). *Marketing Tactics of Selected Micro Small Businesses in East London CBD Area*. University of Pretoria (Master's Dissertation).

Cheng, C.C. & Krumwied, D. (2010). The effects of market orientation and service innovation on service industry performance: An empirical study. *Operations Management Research*, 3(3/4):161-171.

Churchill, Jr. G.A. & Brown, T.J. (2007). *Basic Marketing Research*. 6<sup>th</sup> international Student Edition. Australia: Thomson Learning.

Cooper, D.R & Schindler, P.S. (2011). *Business Research Methods*. 11<sup>th</sup> Ed. International Ed. London: McGraw Hill.

Crane, F.G. (2010). *Marketing for entrepreneurs: Concepts and applications for new ventures*, London: Sage.

Davis, J.L. Bell, R.G. Payne, G.T, & Kreiser, P.M. (2010). Entrepreneurial Orientation and Firm Performance: The Moderating Role of Managerial Power. *American Journal of Business*, 25(2):27-41.

Dawn, I. & Churchill Jr., G. (2010). *Marketing Research: Methodological Foundations*. 10<sup>th</sup> Ed. Australia: Cengage Learning.

Dzansi, D.Y. (2004). Social responsibility of SMMEs in rural communities. (Thesis, PhD).

Dzansi, D.Y. (2006). An analysis of the Adjustment Problem of International Students in a South African University. University of Free State, Bloemfontein. (Master's Degree Dissertation).

Elliot, R. & Boshoff, C. (2008). The influence of business orientation in small tourism businesses on the success of integrated marketing communication. *Management Dynamics*, 17(4):32-46.

Fairoz, F.M. Hirobumi, T. & Tanaka, Y. (2010). Entrepreneurial Orientation and Business Performance of Small and Medium Scale Enterprises of Hambantota District, Sri Lanka. *Asian Social Science*, 6(3):21-34.

Gonzalez-Benito, O. Gonzales-Benito, J. & Munoz-Gallego, P.A. (2009). Role of entrepreneurship and market orientation in firms' success. *European Journal of Marketing*, 43(3/4):500-522.

Groopman, J. (2011). What is the difference between market research and marketing research? Available at: <http://www.focus.com/questions/what-is-the-difference-between-market-research-and-marketing/>. Accessed: 2012/06/07.

Hafeez, S. Chaudhry, R.M. Siddiqui, Z.U. & Rheman.K.U. (2011). The effect of Market and Entrepreneurial Orientation on Firm Performance. *Information Management and Business Review*, 3(6):389-395.

Hair, J.F. Wolfinbarger, M. Ortinau, D.J. & Bush, R.P. (2008). *Essentials of Marketing Research*. New York: McGraw-Hill Inc.

Hart, S.j. & A. Diamantopoulos, (1993). Marketing Research Activity and Company Performance: Evidence from Manufacturing Industry. *European Journal of Marketing*, 27(5):54-72.

Hart, S.J. J.R. Webb & Jones, V. (1994). Export Marketing Research and Effect of Experience in industrial SMEs, *International Marketing Review*, 11(6):4-22.

Hinson, R.E. & Mahmoud, M.A. (2011). Qualitative Insight into Market Orientation in Small Ghanaian Businesses. *International Journal of Marketing Studies*, 3(1):35-42.

Hough, J. Thomson, A.R. Strickland III, & Gamble, J.E. (2011). *Crafting and executing strategy. Creating sustainable performance in South Africa: text, readings and cases*. 2<sup>nd</sup>. Ed. Berkshire: McGraw-Hill.

Islam, M.A. Khan, M.A. Obadullah, A.Z.M. & Alam, M.S. (2011). Effect of Entrepreneur and Firm Characteristics on the Business Success of Small and Medium Enterprises in Bangladesh. *International Journal of Business and Management*, 6(3):289-299.

Javalgi, R.G. Martin, C.L. & Young, R.B. (2006). Marketing research, market orientation and customer relationship management: a framework and implications for service providers. *Journal of Services Marketing*. 20(1):12-23.

Jocumsen, G. (2004). How do Small Businesses Managers make strategic marketing decisions? Model O - *European Journal of marketing*, 38(5/6):659-674.

Jones, R. & Rowley J. (2011). Entrepreneurial marketing in small businesses: A conceptual exploration, *International Small Business Journal*, 29(1):25-36.

K2M Consortium (2004). Local Economic Development and Tourism: Strategy and Capacity Building. Prepared for Bophirima District Municipality.



Keh, H.T. Nguyen, T.T.M. & Ng, H.P. (2007). The effects of Entrepreneurial orientation and Marketing information on the performance of SMEs. *The journal of Business Venture*, 22:592-611.

Khamalah, J.N. & Lingaraj, B. (2007). Total Quality Management and Business Excellence. *Total quality management and business excellence journal*, 18(9):973-982.

Laccobucci, D. & Churchill, G.A. (2010). *Marketing Research Methodological Foundations*. 10<sup>th</sup>. Ed. International Edition. Perth: Cengage Learning.

Liu, H. (1995). Market orientation and firm size: an empirical examination in UK firms, *European Journal of Marketing*, 29(1):57-71.

Maatooft, A.Z. & Tajeddini, K. (2011). Effect of Market Orientation and Entrepreneurial Orientation on Innovation: Evidence from Auto Parts Manufacturing in Iran. *Journal of Management Research*, 11(1):20-30.

McDaniel, Jr. & Gates. (2010:7). *Marketing research with SPSS*. 8<sup>th</sup> Ed. International Student Version. Singapore: John Wiley.

Merlo, O. & Auh, S. (2009). The effects of entrepreneurial orientation, market orientation and marketing subunit influence on firm performance. *Market Letters*. 20:295-311.

Morris, M.H. Coombes, S. Schindehutte, M. & Allen, J. (2007). Antecedents and Outcomes of Entrepreneurial and Market Orientations in a Non-profit Context: Theoretical and Empirical Insights. *Journal of Leadership & Organisational Studies*. 13 (4):12-27.

Naik, A. (2012). Why is Market Research Important? Available at <http://www.buzzle.com/articles/why-is-market-research-important>. Accessed 2012/02/03

Nwokah, G. (2006). Synthesized model of Market Orientation-Business Performance Relationship. *Acta Commercii*, 6:50-60

Okorafo, S.C. (2008). Marketing Orientation, Practices, and Performance of Sub-Sahara Africa Firms. *Journal of African Business*, 5(2):163-172.

Porter, M.E. (1980). How competitive forces shape strategy. *The McKinsey quarterly*. Available at: <http://www.banachcourse.com/wp-content/uploads/2012/10/How-competitive-forces-shape-strategy.pdf>. Accessed, 23/11/2012.

Razak, R.A. (2011.) Entrepreneurial orientation as a Universal Remedy for the Receding productivity in Malaysian Small and Medium Enterprises: A Theoretical Perspective. *International Journal of Business and Social Science*, 2(19):249-258.

Republic of South Africa (RSA) (2003). *South Africa National Small Business Amendment Act 26*. Pretoria: Government Printers.

Republic of South Africa (RSA). (1996). *South Africa National Small Business Act 102*. Pretoria: Government Printers.

Rix, P. (2011). *Marketing: a practical approach*. 7<sup>th</sup> Edition. Perth: McGraw Hill.

Rohilla, P. (2010). *Research Methodology*. New Delhi: A.P.H. Publishers.

Samiee, S. & Walters, P.G.P. (1990). Influence of Firm Size on Export Planning and Performance. *Journal of Business Research*, 20(3):235-248.

Sharma, A. & Sumita, D. (2011). Entrepreneurial Orientation: Performance Level. *SCMS Journal of Indian Management*, 3(4):33-43.

Snepenger, D.J. (2007). Marketing Research for Entrepreneurs and Small Business Managers. Available at: <http://www.msucommunitydevelopment.org/pubs/mt9013.pdf>. Accessed, 23/11/2011.

Solanki, P. (2010). Importance of Marketing Research. Available at <http://www.buzzle.com/>. Accessed 2011/03/09.

Suliyanto, S. & Rahab, R. (2012). The Role of Market Orientation and Learning Orientation in Improving Innovativeness and Performance of Small and Medium Enterprises. *Asian Social Science*, 8(1):123-134.

Synodinos, N.E. & Kobayashi, K. (2008). Marketing research in Japan: From its emergence to the present. *International Journal of Market Research*, 50(1):121-145.

Tustin, D.H. Ligthelm, A.A. Martins, J.H. & Van Wyk, H de J. (2010). *Marketing Research in practice*. 2<sup>nd</sup> Impression. Pretoria: Unisa Press.

Van Wyk, G.J. & De Jager, J. (2009). Marketing orientation of franchisors. *African Journal of Business Management*, 3 (12): 907-914.

Van Zyl, H.T.C. & Mather-Helen, B. (2008). Exploring a conceptual Measurement Instrument to Assess Performance Predictors of Small Tourism Business in South Africa. *.Acta Commercii*. 8:194-205.

Van Zyl, H.T.C. & Mathur-Helm, B. (2007). Exploring a conceptual model, based on the combined effects of entrepreneurial leadership, market orientation and relationship marketing orientation on South Africa's small tourism business performance. *South African Journal of Business Management*, 38(2):17-24.

Vasquez, J. (2011). The History of Marketing Research. Available at: <http://www.marketresearchworld.net/index2.php?option=com-content&task=view&id=375>. Accessed on: 01/02/2013.

Warren, B. (2008). Marketing Orientation in Hospitals: Findings from a Multi-Phased Research Study. *Health Marketing Quarterly*, 24(1-2):15-22.

Welman, C., Kruger, F. & Mitchell, B. (2011). *Research Methodology*. 3<sup>rd</sup> Ed. Cape Town: Oxford University Press.

Wiid, J.& Giggines, C. (2011). *Marketing Research*. Cape Town: Juta.

Wikipedia. (2012). Dr. Ruth Segomotsi Mompati District. Available at: [http://en.wikipedia.org/wiki/Dr\\_Ruth\\_Segomotsi\\_Mompati\\_District\\_Municipality](http://en.wikipedia.org/wiki/Dr_Ruth_Segomotsi_Mompati_District_Municipality).

Young, R.B. & Javalgi, R.G. (2007). International Marketing Research: A global project; Management Perspective. *Business Horizon*, 50(2):113-122.

Zahedirad, R. & Shivaraj, B. (2011). Supply Chain: Barriers and Benefits Indian SMEs. *SCMS Journal of Indian Management*, VIII(VI):11-22.

Zhang, J. Duan, Y. (2010). The impact of different types of market orientation on product innovation performance: Evidence from Chinese manufacturers. *Management Decision*, 48(6):849-86.

## ANNEXURE A

### MARKETING RESEARCH ACTIVITY OF HAIR SALON QUESTIONNAIRE

Dear Sir/Madam,

My name is Edmund Owusu Amoakoh. I am studying for the Master's Degree in Business Administration (MTech. Business Administration) at the Central University of Technology (CUT) in Bloemfontein under the supervision of Professor DY Dzansi who can be contacted on 051 507 3955 or ddzansi@cut.ac.za.

I am investigating the **Influence of marketing research activity on the economic performance of hair salons in the Bophirima region**. I am now collecting data will be very grateful if you could spare about 30 minutes of your time to complete the attached questionnaire.

I shall faithfully treat all information confidentially and will under no circumstance disclose information on your business without your permission.

Please kindly answer all parts of the questionnaire as truthfully as possible.

Yours faithfully

Edmund Owusu Amoakoh

## HAIR SALONS' MARKETING RESEARCH ACTIVITY QUESTIONNAIRE

RESPONDENT NUMBER.....

Section A: Demographic Information										
Question	Please which of the following information applies to you (Mark with an 'X')								Office use only	
1	Nationality	1 South African	2 Zambian	3 Ghanaian	4 Nigerian	5 Zimbabwean	6 Other African (specify)		1	
2	Gender	1 Male			2 Female				2	
3	Age in years	1 (16-19 years)	2 (20-25 years)	3 (26-29 years)	4 (30-35 years)	5 (36-39 years)	6 (40-45 years)	7 (46+ years)	3	
4	Educational status	1 No formal education		2 Primary Level	3 Matric Level	4 College/ University			4	
5	Indicate the most appropriate training you have received from the following	1 General business practices		2 Hair styling	3 Both	4 None			5	
6	Duration of training in Question 5	1 ( Between 1 and 12 months)		2 (More than 12 months)		3 Not Applicable			6	
7	Have you had any training in marketing?	1 Yes			2 No				7	
8	State the most important reason for starting this business.	1 Unemployed / means of Living		2 Low set up cost		3 High Growth			8	
9	Form of business	1 Close corporation		2 Partnership	3 Sole proprietor		4 Pty Ltd		9	
10	How many employees do you have?	1 I am the only one		2 (1-2)	3 (3-5)		4 (More than 5)		10	
11	How did you start the business?	1 Started new			2 Took over existing business				11	
12	Your status in the business	1 Owner		2 Manager			3 Owner/Manager			12
13	Number of years business has been in existence	1 (Up to 1 year)	2 (2 to 5 years)	3 (6 to 10 years)	4 (11 to 15 years)		5 (Above 15 years)		13	
14	Your daily turn-over in Rands	1 (Up to R100)	2 (R101 to R250)	3 (R251 to R500)	4 (R501 to R750)	5 (R750 and above)			14	
15	Estimate your average gross profit % over the past 5 years	1 Making Loss	2 Break even	3 (1-5%)	4 (6-10%)	5 (11-15%)	6 (16-20%)	7 (21+ %)	15	
16	Where do you buy your hair chemicals?	1 From wholesalers		2 From retailers	3 Direct from factory	4 Other (specify)			16	
17	Where do you buy your equipments (stove, clippers, thongs, etc)?	1 From wholesalers		2 From retailers	3 Direct from factory	4 Other (specify)			17	

Section B: Marketing research activities										
Indicate the number of times you engage in the under-mentioned marketing research activities										
Question	Information on customers	Never	Once a year	Twice a year	Once every three months	Once a month	Once every two weeks	Once a week	Office use only	
18	Information is gathered from customers on how they feel about the prices of the company as compared with competitors.	1	2	3	4	5	6	7	18	
19	The company interviews customers on their impressions of the type of hair styles the salon provides as compared to other salons	1	2	3	4	5	6	7	19	
20	Customers are interviewed on the hair chemicals (hair creams, relaxers, shampoos, colouring chemicals, etc) they prefer for their hair.	1	2	3	4	5	6	7	20	
21	Customers are interviewed on their impressions of the work of the stylists of the salon	1	2	3	4	5	6	7	21	
22	Information is collected from customers regarding their complaints about the salons' services.	1	2	3	4	5	6	7	22	
23	The company gathers information from customers about their impressions of the environment ( eg, cleanliness, lighting, safety, layout, place of convenience, etc) of the salon	1	2	3	4	5	6	7	23	



Information on competitors									
Question	Information on customers	Never	Once a year	Twice a year	Once every three months	Once a month	Once every two weeks	Once a week	Office use only
24	The company collects information on competitors' hair chemicals (eg. Hair creams, relaxers, shampoos, colouring chemicals, etc.)	1	2	3	4	5	6	7	24
25	Information is collected on competitors hairstyles offered to customers.	1	2	3	4	5	6	7	25
26	The company gathers information about competitors promotion activities	1	2	3	4	5	6	7	26
27	Information is gathered on competitors' prices for same services this company offers.	1	2	3	4	5	6	7	27
28	The company collects information regarding the effectiveness of competitors' promotions.								28
Information on market trends									
29	The company collects information on modern equipment such as (driers, thongs, stoves, clippers, etc.) for hair salons.	1	2	3	4	5	6	7	29
30	Information is collected on current hair chemicals (hair creams, relaxers, shampoos, etc) from dealers.	1	2	3	4	5	6	7	30
31	The company gathers information about current hair styles in the business environment.	1	2	3	4	5	6	7	31

<b>Section C: Integration of marketing research information in decision making</b>							
<b>Please indicate the extent to which you use the following marketing research information in decision making in your business. (Mark with 'X')</b>							
<b>Question</b>	<b>Integration of customer information into decision-making</b>	<b>1 Never</b>	<b>2 Occasionally</b>	<b>3 Fairly often</b>	<b>4 Very often</b>	<b>Office use only</b>	
32	Information from customers on how they feel about the prices of the company as compared with competitors is used in determining prices we charge our customers	1	2	3	4	32	
33	Information from customers on their impressions of the type of hair styles the salon provides as compared to other salons informs the need to offer current hair styles to customers.	1	2	3	4	33	
34	Information from customers on hair chemicals (hair creams, relaxers, shampoos, colouring chemicals, etc) they prefer for their hair influences in determining the type of chemicals to use on customers	1	2	3	4	34	
35	Information from customers on their impressions of the work of the stylists of the salon informs the company in introducing performance ratings for the stylists.	1	2	3	4	35	
36	Information from complaints about the salons' services is used in improving the quality of service we render to customers.	1	2	3	4	36	
37	Information about customers impressions of the salon's environment influences the company's actions in terms of safety measures, layout, ventilation, toilet facilities, etc.	1	2	3	4	37	
<b>Information on competitors</b>							
38	Information that the company collects on competitors' hair chemicals (eg. Hair creams, relaxers, shampoos, colouring chemicals, etc.) determines which hair chemicals we use	1	2	3	4	38	
39	Information collected on competitors hairstyles offered to customers influences which styles we suggest to our customers	1	2	3	4	39	
40	Information gathered by the company about competitors promotion activities influences the choice of our own promotional activities	1	2	3	4	40	
41	Information gathered on competitors' prices for same services is used in determining prices we charge our customers	1	2	3	4	41	
<b>Information on market trends</b>							
42	Careful analysis of information on modern equipment such as (driers, thongs, stoves, clippers, etc.) that are available in the market determines which equipment the company buys	1	2	3	4	42	
43	Information collected on current hair chemicals (hair creams, relaxers, shampoos, etc) from various sources is used to determine where the company buys its goods from.	1	2	3	4	43	
44	Information gathered about current hair styles in the business environment is used in determining which styles to suggest to our customers.	1	2	3	4	44	

Please indicate how useful the information on each of the following marketing research activity is to the company. ( Mark with 'X')							
Question	customer information	Not Useful	Less Useful	Useful	Very Useful	Office use only	
45	Information from customers on how they feel about the prices of the company as compared with competitors	1	2	3	4	45	
46	Information from customers on their impressions of the type of hair styles the salon provides as compared to other salons	1	2	3	4	46	
47	Information from customers on hair chemicals (hair creams, relaxers, shampoos, colouring chemicals, etc) they prefer for their hair.	1	2	3	4	47	
48	Information from customers on their impressions of the work of the stylists of the salon	1	2	3	4	48	
49	Information customers regarding their complaints about the salons' services.	1	2	3	4	49	
50	Information from customers about their impressions of the environment ( eg, cleanliness, lighting, decorations, etc) of the salon	1	2	3	4	50	
<b>Information on competitors</b>							
51	Information that the company collects on competitors' hair chemicals (eg. Hair creams, relaxers, shampoos, colouring chemicals, etc.)	1	2	3	4	51	
52	Information collected on competitors hairstyles offered to customers	1	2	3	4	52	
53	Information gathered by the company about competitors promotion activities	1	2	3	4	53	
54	Information gathered on competitors' prices for same services	1	2	3	4	54	
<b>Information on market trends</b>							
55	Careful analysis of information on modern equipment such as (driers, thongs, stoves, clippers, etc.) that are available in the market	1	2	3	4	55	
56	Information collected on current hair chemicals (hair creams, relaxers, shampoos, etc) from various sources	1	2	3	4	56	
57	Information gathered about current hair styles in the business environment	1	2	3	4	57	

<b>Section E: Affordability of conducting marketing research</b>							
<b>Kindly indicate how expensive you consider conducting the following marketing research activities.</b>							
<b>Question</b>	<b>customer information</b>	<b>Not Expensive</b>	<b>Moderately Expensive</b>	<b>Expensive</b>	<b>Very Expensive</b>	<b>Office use only</b>	
58	Collecting information from customers on how they feel about the prices of the company as compared with competitors	1	2	3	4	58	
59	Collecting information from customers on their impressions of the type of hair styles the salon provides as compared to other salons	1	2	3	4	59	
60	Collecting information from customers on hair chemicals (hair creams, relaxers, shampoos, colouring chemicals, etc) they prefer for their hair.	1	2	3	4	60	
61	Collecting information from customers on their impressions of the work of the stylists of the salon	1	2	3	4	61	
62	Collecting information customers regarding their complaints about the salons' services.	1	2	3	4	62	
63	Collecting information from customers about their impressions of the environment ( eg, cleanliness, lighting, decorations, etc) of the salon	1	2	3	4	63	
<b>Information on competitors</b>							
64	Collecting information that the company collects on competitors' hair chemicals (eg. Hair creams, relaxers, shampoos, colouring chemicals, etc.)	1	2	3	4	64	
65	Collecting information collected on competitors hairstyles offered to customers	1	2	3	4	65	
66	Collecting information gathered by the company about competitors promotion activities	1	2	3	4	66	
67	Collecting information gathered on competitors' prices for same services	1	2	3	4	67	
<b>Information on market trends</b>							
68	Collecting information on modern equipment such as (driers, thongs, stoves, clippers, etc.) that are available in the market	1	2	3	4	68	
69	Collecting information collected on current hair chemicals (hair creams, relaxers, shampoos, etc) from various sources	1	2	3	4	69	
70	Collecting information gathered about current hair styles in the business environment	1	2	3	4	70	

**THANK YOU**