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MARKETING AND PROFITABILITY STRATEGIES: CONTEXTUAL STUDY ON SMALL GROCERY SHOPS IN SOUTH AFRICAN TOWNSHIPS

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ABSTRACT

The current study attempts to highlight the necessary demand for a progressive shift needed in the ongoing grocery shop business sector. This as a result would further in transition from the current strata of the quality of strategic marketing decisions and will enhance the lucrativeness of the grocery shops.. An extensive review of the literature has been conducted so as to cloak the void of strategic marketing model and to eliminate the blockage to avail the profitability ratio of grocery shops; Mdantsane, East London. The owners/managers of the grocery shops were enquired about their status of employment and marketing mix variables and as to how they plan to attain profits out of their businesses. Therefore, to obtain the purpose of the current research 36 grocery shops were taken into account and were closely examined for the above mentioned purpose.

Key words: Marketing strategies, profitability, township, Mdanstane.

Introduction

The insight on marketing strategy details it to be an approach, through which one is 'abled' to reach its destination market. . Thereafter, marketing strategy begins with research of markets which aims at examining the requirements and attitudes, most importantly the product of the competitors are assessed all together. The assessment procedure is followed by advertising, promotional activities and further distribution. Thereafter, on further investigation on the productive marketing

strategies one is of the opinion that the strategies must focus on providing greater values both to the firm as well as to the customers at low cost. Furthermore, one of the complexities faced by the decision makers is to come up with ways through which they can acquire the return from the investment done on marketing of a product which is inclusive of the above mentioned elements (advertising, promotion and distribution). (Anonymous, 2006a).

However, as noted through various studies marketing efficiency is the root to success and on the other hand challenging to keep a track of it in terms of measuring its effectiveness through money. Thereafter, the effectiveness of marketing strategy of a business firm could only be measured by disintegrating the marketing function and to evaluate the dependency factor between each marketing component.

Henceforth, the internal motives that boost up the market value of a business will then be comprehended better by decision makers (Anonymous, 2006b). Furthermore, increased return for firms are noted to be obtained by effective manipulation of the marketing variables such as product differentiation, price promotion, research, price variation, advertising, packaging and location which are variant determinants of the profitability.

However, there is a significant social and economic change witnessed in the trading sector worldwide as well as in South Africa notably. The alteration has also brought a sizeable transition in the consumer behaviour about retailing and shopping such as a change in the needs and desires of the customers except for the general needs, i.e. regarding food and clothing where the alteration is not significant. Another, significant change noticed is in the efforts of consumers to travel for accessing commodities. Therefore, a shift from the small grocery shops for purchases to

supermarkets or bigger retail shops where possibility of availing maximum products is higher as compared to the former preference. (Anonymous, 2006c,d).

According to Cant and Brink (1999) who indicates the process of acculturation which in their views have resulted into the emergence of subcultures in the townships, described with special belief systems, dress codes as well as language patterns

According to Cant and Brink who highlights the factors which influence such as long traveling distances to work, working long hours and returning home late, many homes are without electricity and home comforts and a high crime rate. Lifestyles are centered mainly on social activities such as sport and music. In the light of the above, one would find that word of the mouth and bill-board advertising plays a crucial role in communicating products to the consumers.

Problem statement

The Finance Minister notably insights upon the persisting violent and chaotic state of South Africa over space among shop owners/managers. The state of affair among the small entrepreneurs is dilapidated due to regressive competition. . Furthermore, there is a sudden influx of Asian and Middle Eastern entrepreneurs in South African small

scale/medium scale enterprises. In context to the above mentioned situation, there is an air of rage among the local business men and are evidently seen to raise their voice against the foreigners venturing into the small scale/medium scale business enterprises, which in the views of the local small scale business men must be exclusive to the indigenous population i.e by the South Africans. (South African Government, 1995) The retailers who are pre- established retailers such as Shoprite have also entered the township market which would enhance the competition level for the grocery shops in the town area.

Thereafter, it is evident that grocery shopping no longer is confined to low profits and meek competitive business environment. As opposed to the pensive image carried by many people about retail business environment which becomes the basis of their motivation to enter into the trade. Further, in context to above very little or no attention at all is paid on the training and capabilities of an individual to comprehend the functionality of the retailing business and is often overlooked at the time of granting license by the higher authorities as well. (Cant et al., 2004).

Purpose of the Study

The need of empirical support for the relationship between the marketing strategy and financial performance in a business has

been emphasized by numerable studies. The majority of these studies have been based on the Profit Impact of Marketing Strategy and have focused on company performance in the United States of America (Faria and Wellington, 2005; Kyle, 2004). Various studies by Shim et al. (2004), O'Neill et al. (2002) and Patterson and Smith (2001) have elaborated that overall business performance is influenced by the marketing strategy. However, the results of the aforementioned studies are inconclusive. In the South African context, Cant and Brink (1999) studied the marketing perceptions of grocery shop owners whilst Martins (2000) studied grocery retail strategies based on the income and expenditure patterns of consumers. Therefore, neither of the studies has, however, attempted to verify the relationship between the marketing strategies and profit- ability of small businesses in South Africa. It is against this background that the study was undertaken.

Objectives of the Study

- i.) To evaluate the marketing strategies adopted by the grocery shop owners in Mdantsane, east London.
- ii.) To assess the profitability element in the existing marketing strategies of the grocery shop owners.
- iii.) To determine the obstructive variables prominent in the marketing strategy of grocery shops.

iv.) To look into the encumbrances caused due to lack of capital for the grocery shop business sector of Mdantsane, East London.

Research Hypothesis

H₁ : Grocery shop owners in Mdantsane, East London, avoid marketing strategies to maximise their profitability completely and hence, owners wealth.

H₂ : Bad debts and excessive withdrawals are among the variables which hinders the productivity from the marketing strategies of grocery shops Variables that impinge on the marketing strategy and performance of grocery shops in Mdantsane, East London, are amongst others,

H₃ : A lack of sufficient funds implies that grocery shops in Mdantsane, East London, cannot embark on vigorous marketing efforts which erode profitability.

Theoretical Hypothesis

However, to measure effectiveness of the marketing strategies it is believed for a business firm to fragment into various parts, along with a mechanism through which to analyse the interaction between those parts. By doing this, decision-makers will finally be in a position to relate marketing expenses to shareholder value and to understand the marketing initiatives back into the value created for the company. Decision-makers will be able

to comply with the internal purposes that instigate the marketing value of the business (Anonymous, 2006). The manipulation of the following marketing variables, namely price variation and price promotion, research, advertising, product differentiation, quality, packaging and place will yield in-creased returns for the firms. Therefore, each of the variables are discussed in more detail below

Customer Service

The significance of service which must be provided to the customer has been noted to be ignored by firms often. In most cases the focus centers on the pricing and advertising of the products and services which are obliged to the customers are tend to be ignored and hence becomes one of the challenges for the firm for later times to bring goodwill by adopting following measures such as: (Brink and Berndt, 2004)

- i.) Availability of backup services for the customers.
- ii.) Business hours set according to the needs of customers.
- iii.) The fulfillment of promises on time.

The significant aspects necessary at the time of providing customer services are as follows: (Gummeson,1999):

- i.) By creating cordial relations with the customers such as knowing them by their names.

- ii.) Taking into consideration the need of a customer on serious note and prove it in the presence of the owner..
- iii.) By making products available for the customers as far as possible.
- iv.) To listen to the customers complain and to work upon it, this would create an advantage over other competitors in the market.
- v.) By recruiting employees who are patient and people oriented.
- vi.) Employee training must be taken into account so as to be prepared for providing better services.

Price variation and price promotion

Policies which represents price variations are indicatively stated as the firm's priced position, one that can range from stable pricing, featuring consistent, everyday prices and few price discounts, to highly promotional pricing, featuring frequent price discounts. Price variation and price promotion is a set of pricing and promotional decisions designed to communicate a price position to consumers and influence short term sales response and overall market performance (Lal and Rao, 19-97). Price promotion advertising volume is the volume of advertising dedicated to communicating a price position. This dimension is independent of price variation policy in that retailers can elect to advertise everyday prices that promote a stable price

position or sale events that emphasize discounted prices. The pricing policy that is favored by customers will stimulate repeat purchases and eventually profitability. Thereafter, it has been observed that retailers who operating in South Africa where the settlements are informal have been acclaimed for charging heavy prices (Cant and Brink, 1999).

Research

The customer voting is evaluated on the basis of an everyday purchases by each one of them. The interest in cost and taste by discerning consumers has led to a larger demand for quality and higher principles towards production standards (Food Marketing Institute, 2005). It is against this background that consumers can and do "drive" research programs that can ultimately improve on a retailer's profitability. The key to accepting how consumers would "drive profit- ability" is to understand issues around research and development. Investment is needed on research into consumer factors disturbing the production, dissemination and adoption of new ideas, new technologies and new products in the grocery shop market as this affects the pro- duct offering by a particular retailer (Food Marketing Institute, 2005).

Advertising

The paid promotion of the goods, services, companies and ideas are advertisements significantly by an identified sponsor. Marketers see advertising as part of an overall promotional strategy. Other components of the promotional mix include publicity, public relations, personal selling and sales promotion (Anonymous, 2006). Furthermore, advertising facilitates companies to foretell benefits of a product to a potential customer. Advertising can be in a newspaper or magazine, on radio or TV, a billboard, internet or a variety of other means. Advertising is generally paid for, as opposed to publicity, which is usually free.

Product Differentiation

Product differentiation is defined as the modification brought into the product by enhancing its physical features so as to increase its salability in the market. The process involves comparison of the product with the competitor's product along with the firm's own mix (Bennet, 2002). The changes are meant to be low cost hence, are usually minor; either the changes are brought into the packaging theme or advertising. The motive is to product differentiation strategy so as to develop a position that potential customers will see as unique. Furthermore, if the target market of a business views the product as different from the competitors', the firm will

have more flexibility in developing its marketing mix. A successful product differentiation strategy will move the product from competing primarily on price to competing on non-price factors such as product characteristics, distribution strategy or promotional variables.

Quality Improvements

Gilmore (1999) and Koskinen (1999) have consistently highlighted that consumers value highly the quality, choice and convenience offered by major super- markets. They also want access to a wide range of goods at competitive prices and a convenient time, regardless of whether they live in a major city or suburban, regional or rural centers. Arnould et al. (2002) defined perceived quality "whether in reference to a product or service" as "the consumer's evaluative judgment about an entity's overall excellence or superiority in providing the desired benefits".

Packaging

For a product packaging is an important element of the "marketing mix" for a product. It is the "least expensive form of advertising" and is of particular importance at the point of sale, as the package is the manufacturer's last chance to convince the customer to purchase the product (Anonymous, 2006). Packaging plays a central role in promoting the appeal of products to first time users. The package serves as a strong

image identifier among residents of townships. Blem (1995) stipulates that customers expect their goods and services to be packaged and presented conveniently. Attractive packaging, before purchase, is an aid to selling. However, after purchasing a product, the packaging becomes an aspect of service. The customer needs packaging that is suitable for transporting and storage and that is easy to remove.

Place (Distribution)

The location is stated as a channel which facilitates distribution of the product and act as an intermediary.. It is the instrument through which goods and/or services are moved from the manufacturer/service provider to the user or consumer (Meggison et al., 1997). Thereafter, grocery retail stores provide services along with selling of the all kind of products. It is noted that most of the retail firms buy products from either the distributors or the wholesalers in the form which would further facilitate selling of the product to the customers. Therefore, the functionality of the retailer is highlighted that is to give utility to the products and to add value to them.by availing them for customers at convenient locations.

Methodology

Population and Sample

A list supplied by the Food Marketing Institute revealed that there are approximately 300 grocery shops owned by black individuals

in the Mdanstane area of East London (Food Marketing Institute, 2004). Spaza shops, hawkers and street vendors were not included in the list. The selection of grocery shops in Mdantsane was done according to two of the following criteria as provided by the Food Marketing Institute, namely (Food Marketing Institute, 2004).

- i.) Shop space, on average, should be between 50 - 300 square meters in order to eliminate spas a shops and mini- supermarkets in access of the given area.
- ii.) Turnover of not less than R150 000 annually.
- iii.) Assets less than R500 000.
- iv.) Less than 10 employees, including the owner if he/she is self- employed in the shop.

Although there are more complex formulae, the general rule of thumb is that no less than 50 participants for a correlation or regression are required. The researcher used a sample size of 50 respondents because of the time constraints and availability of respondents most of the respondents due to their aversion of tax were not willing to participate in the survey.

Research Instrument

The empirical research component of the study consisted of a self-administered questionnaire. The questionnaire designed used several questioning techniques. The study employed five point Likert scaled questions, multiple

choice rating questions, dichotomous questions, open ended questions and open ended and single answer questions respectively. Categorical scaled and dichotomous questions provided easiness of understanding and flexibility. The questionnaire was pre-tested amongst five of the respondents identified in the sample to ensure reliability and validity.

Data Gathering

The researcher visited grocery shops owned by black individuals in Mdanstane, East London and administered questionnaires to the shop owners/managers. The researcher covered the area of study in 4 weeks, whilst approximately 30 min were required to complete the questionnaire.

Data Analysis

The researcher was able to use statistical techniques of inference to test the hypotheses. This was primarily based on the software package MINITAB Release 14. MINITAB Statistical Software is a comprehensive statistical tool for managing, analyzing and displaying information. Among the features available are the management and manipulation of data and files, producing graphs, analyzing data, assessing quality design, experiment and generate reports (Anonymous, 2005). Based on the distribution of the descriptive statistics for this study, a

normal distribution was used to perform the inferential analysis such as 'ANOVA (analysis of variance) one way. The statistical analysis that was mostly used in this study is

'ANOVA One Way'. Trochim (2004) explains that 'ANOVA' is used to determine whether there is a significant variation among groups within an experiment. The 'ANOVA' procedure produces a p-value, the probability of which enables the researcher to reject or fail to reject the hypothesis, that is, to conclude whether or not an independent variable has an effect on the dependent variable. The 'ANOVA one way' test was used to test for association between variables. As in the case of this investigation, the researcher intends to assess whether marketing strategy has an effect on profit-ability, which is the dependent variable. The research also intends to investigate whether the retailers combine marketing mix principles into a marketing strategy that ensures profitability and customer satisfaction. Interpretation of a correlation coefficient (A correlation coefficient is a number between -1 and 1 which measures the degree to which two variables are linearly related. If there is a perfect linear relationship with a positive slope between the two variables, it is a correlation coefficient of 1. If there is a positive correlation whenever one variable has a high (low) value, so does the other. If there is a perfect linear relationship

with a negative slope between the two variables, there is a correlation coefficient of -1. If there is a negative correlation, whenever one variable has a high (low) value; the other has a low (high) value. A correlation coefficient of 0 means that there is no linear relationship between the variables (Valerie and McColl, 2005) does not even allow the slightest hint of causality (In statistics it is generally accepted that observational studies (e.g. counting the number of retailers performing badly) can provide hints, but can never establish cause and effect (Anonymous, 2005b). Therefore, most a researcher can say is that the variables share certain characteristics in common; that is, they are related in a specific way. The more two things have certain characteristics in common, the more strongly they are related. There can also be negative relations, but the important quality of correlation coefficients is not their sign, but their absolute value. A correlation of -58 is stronger than a correlation of 43, even though with the former, the relationship is negative.

Results and Discussions Major Findings

Retailers in Mdantsane, regarded price as the most important aspect when applying the marketing strategy mix. This implies that retailers, in Mdantsane, compete primarily based on price, but according to the study findings, the retailers in Mdantsane need to adopt the other 3 Ps of the marketing strategy,

namely product, place and pack-aging in order to be more profitable. A discussion on key findings follows.

Customer Care

In the study the respondents are of the view that the interest of the customers must be kept prior (61% strongly agree, 33% agree). However, a cause for concern is that when it comes to researching about their customer preferences it becomes clear that grocery shops in Mdantsane do not put into practice what they preach because 61% do not measure their customer satisfaction levels on a regular basis. There are variations between what owners/managers believe is the guiding philosophy in their business and what the grocery shop implement in order to achieve that guiding philosophy since they do not constantly measure the needs and wants of their customers.

Pricing

A total of 69% of the grocery shops, in Mdantsane, do not follow a constant markup policy. This implies that the product prices in the grocery shop can vary on a day to day basis. The fact that grocery shops in Mdantsane do not practice constant pricing policies may imply that two different consumers may buy the same commodity within a few minutes of each other at a different price. This results in customer

defection as customers may feel cheated. A total 67% of the respondents agreed that they offer discounts to their customers on a regular basis. A further 33% indicated that they, at times, offer discounts to loyal customers. A logical approach to pricing is, in effect, a comparison of the impact of a decision e.g. the effect which a 10% discount will have on the profits of the retail firm. It involves the increase or decrease in revenue not just of the product under consideration, but of that of the entire business. If the proposed price change leads to a greater increase in total receipts than in total costs, it will, therefore, lead to increased profits.

Research

According to the research almost over 1 of 8% of the respondents consult customers at least once per year. A further 17% meet customers' 2 to 3 times per week. Furthermore, 22% indicated that they consult their customers every month. A further 11% meet their customers every 2 to 3 months. In addition, 17% of the respondents also indicated that they consult their customers at least once a year. However, a cause for concern is the 25% of the retailers that do not consult their customers. Product preferences change within a short space of time, and such grocery shops will not be able to match up with the changes in customer preferences. This implies that 25% of the respondents are not offering pro-

ducts on the basis of market driven demand. This negatively affects the financial performance of the small retail firm because 25% of the grocery shops in Mdantsane who do not meet the needs and wants of their customers, may find themselves with stock that is outdated because customers do not buy those products.

Advertising

In the study personal interaction or face to face communication is noted to be the most effective form of product advertisement by 93% of the respondents. The findings of the study imply that grocery shops in Mdantsane rely much on physical contact methods such as personal interaction and sellers to communicate about their product offering to their customers rather than other methods such as community radio where there is no direct contact with the customer. This implies that retailers in Mdantsane they wait for customers to approach instead of the retailers stimulating demand from their customers.

Product differentiation

With regard to the variety of products offered, it is important to consider the black consumer's shopping habits. Monthly shopping is done in the major supermarkets in the towns and cities, where the consumer is offered a multiple-choice-selection of brands at very competitive prices (Morris, 1992). This is important to the consumer who does not have a high cash flow

owing to low disposable income. For this reason, the consumer is perceived as being brand insensitive. This could explain why grocery shops in the townships are not completely dissatisfied with the variety of products which they stock. Only 20% of the respondents are unhappy with the level of variety of products which they offer. This finding is comparable to what the Triple Trust Organization (2004) established, namely that 90% of the shops in Cape Town keep a limited range of products.

Quality

The grocery shop owners/managers in all of Mdantsane agree that value must be put in to quality work. However, there is a distinct difference in what they believe in and what they practice in Mdantsane. These small retailing firms in Mdantsane do not measure the expectations of customers on a regular basis which makes it difficult for them to deliver according to customer expectations.

Packaging

A total of 89% of the respondents agreed that most of the grocery shops in Mdantsane divide some of the items that they buy in bulk into smaller sizes. The majority of respondents also (78%) agreed that they do not have the right packaging. This aspect should be given consideration taking into awareness that some grocery shops were using recycled bottles of

cooking oil to sell paraffin. This exposes the commodities being sold to adulteration. Manufacturers of products can also come in with small packing that is usually sold in townships. Only 8% of respondents agreed that they check the expiry dates of their products before dividing. This is a serious cause for concern when a majority of the respondents had agreed that they divide the items that they buy into smaller quantities.

Distribution

A defining feature of the grocery shops in Mdantsane was that they are not able to influence their operating environment in the same way as larger retailers. Afuah (1998) points out that one of the major advantages that small retail firms have over their larger rivals is the ability to respond more rapidly to changing signals from the market place. However, this is no sharp contrast to the findings of this study. A total of 22% of the respondents disagreed with the statement that they know their competitors very well. A total of 36% neither agreed nor disagreed with the statement. Only 42% of the respondents in Mdantsane indicated that they know their competitors very well. This implies that their marketing mix is not based on competition and this renders them more vulnerable as they are likely to keep obsolete stock.

The acceptance or rejection of the hypothesis: Hypothesis 1

Grocery shop owners do not use marketing strategies to maximise their profitability and hence owners wealth. AN- OVA (Analysis of variance) as well as a regression analysis were employed to test statistically, the significance of this assertion. When tested at a 5% level of significance, it was discovered that marketing strategies, in general, do play a significant role in determining profitability. This can be seen from the p - value of 0.01 in Table 1 (significance is indicated by p - values less than 0.05). Table 1 further indicates that variables (marketing strategies) such as the promotion of products ($p = 0.035$), price (0.037), customer service (0.036), customer interest (0.046) and customer requests (0.038) play a significant role in the profitability of the grocery shops in Mdantsane. Hence, this implies that the non-adoption of the above mentioned factors results in poor profitability. The hypothesis which states that grocery shop owners in Mdantsane, East London do not use marketing strategies to maximize their profitability and hence owner's wealth is therefore accepted.

Hypothesis 2

Variables that impinge on the marketing strategy and performance of grocery shops are amongst others, bad debts and excessive

withdrawals. ANOVA, as well as a regression analysis, was employed to test statistically, the significance of this assertion. When tested at a 5% level of significance, it was discovered that financial management on the overall plays a significant role in determining profitability. This can be seen from the p - value of 0.00 illustrated by Table 2 above. In Table 2 the following factors, namely the keeping of separate bank accounts (0.008), application of loaned funds (0.032) and the management of a budget (0.017) were found to have a significant effect on net profit as an indicator of business performance. The study results indicate that prudence in the management of cash resources, the keeping of separate bank accounts and which retailers of any size can, accurately, forecast cash flows and track performance. The overall deterioration model shows a significant relationship between net profit and the and the three variables mentioned above are: budget management, creating separate bank accounts, namely the keeping of separate bank accounts, the application of loaned funds and the management of a budget. This implies that the hypothesis which states that variables which impinge on the marketing strategy of the grocery shops in Mdantsane, East London such as bad debts and excessive debts are statistically significant and is accepted.

Table 1. ANOVA results for the relationship between marketing strategy and business performance.

ANOVA^b

Model	Sum of squares	df	Mean square	F	Sig.
1 Regression	3.92E+11	21	1.869E+10		5.468
Residual	4.79E+10	14	3418431648		

a. Predictors: (Constant), Divide, Request, Shifts, Discount, Cinter, Variety Exper, Differ, Promo, Meet, Price, Quality, Qual, Totprod, Errfree, Prodpref, Markup, Compet, Custfoc, Customs, Custinfo.

b. Dependent Variable: NETP

Model: Unstandardized Standardized Coefficients Sig.

	B	Std. error	Beta		
1 Constant	-1244662	458464.1		-2.715	0.017
PROMO	110734	47355.376	1.423	2.338	0.035
QUALITY	-90617.4	52541.057	-0.895	-1.725	0.107
PRICE	-158573	68769.654	-1.129	-2.306	0.037
EXPER	220822.1	129000.9	1.344	1.712	0.109
CUSTOMS	376455.5	162055.9	1.882	2.323	0.036
VARIETY	-50138.9	44261.932	-0.405	-1.133	0.276
CUSTINFO	-162562	109230.5	-1.449	-1.488	0.159
COMPET	-234032	118662.8	-1.771	-1.972	0.069
CUSTFOC	-115486	84322.063	-0.81	-1.37	0.192
DIFFER	-3576.957	15206.903	-0.34	-0.235	0.817
CINTER	372958.2	169911.7	3.448	2.195	0.046
TOTPROD	-53792.4	84015.398	-0.269	-0.69	0.532
ERRFREE	-25776.2	32461.707	-0.183	-0.794	0.44
QUAL	942.361	50113.621	0.004	0.019	0.985
REQUEST	244476.5	106583	1.657	2.294	0.038
MEET	9597.795	45405.675	0.063	0.211	0.836
PRODPREF	-21213.5	11311.938	-0.421	-1.875	0.082
SHIFTS	78378.984	51090.726	0.561	1.534	0.147
MARKUP	-101837	82532.743	-0.632	-1.234	0.238
DISCOUNT	-127842	87856.892	-0.363	-1.455	0.168
<u>DIVIDE</u>	<u>-122590</u>	<u>73941.313</u>	<u>-0.461</u>	<u>-1.658</u>	<u>0.12</u>

a. Dependent variable: NETP

Table 2. ANOVA results showing the relationship between marketing strategy and financial management.

ANOVA^b

Model	Sum of squares	df	Mean square	F	Sig.
1 Regression	3.06E+11	7	4.374E+10	9.126	0.000 ^a
Residual	1.34E+11	28	4792658360		
Total	4.40E+11	35			

a. Predictors: (Constant), Budget, Finifo, Bills, Finfop, Esyac, Applic, Bank Acc

b. Dependent Variable: NETP

Model: Unstandardised Standardised Coefficients Sig.

1 Constant	402459	129313.3		3.112	0.004
FINIFO	-9666.839	5873.283	-0.184	-1.646	0.111
FINFOP	-16938.1	10598.104	-0.188	-1.598	0.121
BANKACC	30616.294	10711.737	0.428	2.858	0.008
BILLS	52471.258	27389.135	0.231	1.916	0.066
APPLIC	-47979.5	21289.179	-0.315	-2.253	0.032
EASYAC	4686.667	8763.319	0.066	0.535	0.597
BUDGET	-63405.2	25039.956	-0.335	-2.532	0.017

Hypothesis 3

Insufficiency of funds suggests that grocery shops cannot board potential marketing efforts, and this obstructs profitability. ANOVA as well as a regression analysis were employed to test statistically, the significance of this assertion. From the variables that comprise the regression model (Table. 3) none of the variables computed has a p value of less than 0.050. Therefore, the outcome implies that there are more cost effective mechanisms such as excellent customer service, till slip promotions which can be used to carry out marketing strategies that do not need massive capital

investments. The hypothesis which states that a lack of sufficient funds implies that grocery shops cannot make embark on dynamic marketing efforts and that it, therefore, erodes profitability is rejected.

Managerial Implications

The current study highlights the existing marketing practices and other related significant attributes of marketing strategies. The study also reveals the drawbacks of the limitations which are due to inappropriate marketing knowledge and inefficient practices of owners/managers of black

grocery shop existing in Mdansane, East London. The recommended practices to attain sustainable profit levels are given below.

- The importance of the marketing strategy must be conveyed to the black retailers with the sole purpose to educate them.
- Needs of the customers must be prioritized and accordingly proper training must be provided to the employees especially in the field of customer service.
- Novel and innovative business ideas must be pooled in by the black retailers.
- Time management and training related to proper usage of technology must be taken by the employees from expertise.
- To work in partnership with the Higher Education Institute (HEI) and the benefits of doing so must be taken into taken into consideration.
- The significance of researching on the customers and their individual needs must be taken seriously for far reaching profitability.
- To facilitate research on the customer’s perceptions of price and quality. Advancement of market segmentation and target market selection process so as to develop and focus their particular niche in the township through the market selection process.
- Developing loyal relationships with the customer and employees must be facilitated with the help of the management and to enlighten the employees about the importance of the customers and the necessary repo.

Marketing efforts with the resultant erosion of profitability.

ANOVA^b

Model	Sum of squares	df	Mean square	F	Sig.
1 Regression	5.33E+11	22	2.425E+10	2.742	0.032 ^a
Residual	1.15E+11	13	8843238456		
Total	4.40E+11	35			

a. Predictors: (Constant), Divide, Budget, Qual, Easyac, Compet, Differ, Variety, Errfree, Discount, Quality, Price, Totprod, Prodpref, Meet, Shifts, Request, Exper, Custinfo, Customs, Custfoc, Cinter, Servecus

b. Dependent Variable: OWNCAP

Model: Unstandardised Standardised Coefficients Sig.

	B	Std.Error	Beta		
1 (Constant)	-987079	746510.9		-1.322	0.209
EASYAC	-180355	116953.6	-2.092	-1.542	0.147
BUDGET	154055.4	135607.2	0.671	1.136	0.276
QUALITY	296559.4	196728.6	2.415	1.507	0.156
PRICE	-35010.3	76769.685	-0.205	-0.456	0.656
EXPER	-147573	90520.666	-0.74	-1.682	0.127
CUSTOMS	395082.2	234837.7	1.627	1.682	0.116
VARIETY	-44856.7	81515.914	-0.299	-0.55	0.591
CUSTOMERINFO	409361.2	266609.3	3.006	1.535	0.149
COMPET	-184745	134488	-1.152	-1.374	0.193
CUSTFOC	267734.4	291803.2	1.547	0.918	0.376
DIFFER	-17295.5	24861.85	-0.136	-0.696	0.499
CINTER	15787.494	126321.6	0.12	0.125	0.902
TOTPROD	399850	219166.3	1.647	1.824	0.91
SERVECUS	-477889	325401.9	-3.88	-1.469	0.166
ERRFREE	-54179.6	48273.707	-0.318	-1.122	0.282
QUAL	29811.107	81219.303	0.105	0.367	0.719
REQUEST	-83670.4	185761.4	-0.467	-0.45	0.66
MEET	-100548	89907.541	-0.544	-1.118	0.284
PRODPREF	4002.009	21003.742	0.065	0.191	0.852
SHIFTS	-83643.8	146099.7	-0.493	-0.573	0.577
DISCOUNT	-98084.3	108037.5	-0.23	-0.908	0.38
<u>DIVIDE</u>	<u>-384880</u>	<u>217327.</u>	<u>-1.192</u>	<u>-1.771</u>	<u>0.1</u>

Therefore, in contrast to the contextual that 2 of the 3 formulated hypotheses were validated, the following conclusions have been drawn. Marketing strategies adopted by the owners of grocery shops in Mdstanewere indicative of poor efficiency and are less effective. The hypothesis indicates the existence of the opportunities for the grocery shop owners/managers i.e. to educate on how to

adopt marketing strategies that enhance profitability. Furthermore, grocery shop owners/managers also considers price as the most important aspect especially in times when mix marketing strategy is adopted. . This implies that grocery shops in Mdantsane compete primarily based on price. According to the study findings, these grocery shops also need to adopt the other 3 Ps of the marketing

strategy, namely product, place and packaging in order to be more profitable. The owners/managers of grocery shops did, however, indicate that they lack the necessary funds to embark on extensive marketing practices.

Grocery shops in Mdantsane also did not frequently measure the satisfaction levels of their customers regarding Chiliya et al. their service or product range. In the same vein, the majority of the respondents did not indicate increases in new customer acquisition and did not recognize that it is their duty to stimulate the need in customers to purchase from their respective shops. The majority of the respondents also replied negatively to actions which would indicate the adoption of promotion as a marketing tool. Their responses indicated that the majority of grocery shops in Mdantsane do not allocate part of their budget to promotion. The owners/managers of grocery shops further indicated that they do not attempt to differentiate themselves from other businesses offering similar products. This implies that grocery shops in Mdantsane do not compete primarily on product differentiation and henceforth, they offer a limited variety of products.

Conclusively, it can be argued that grocery shops in Mdanstane do not display behaviour

that could reflect on a high degree of marketing orientation. The fact that they offer discounts to loyal customers was a desperate aim of getting turnover rather than a long term orientation focus on the needs and wants of customers. Furthermore, grocery also does not apply the principles of marketing strategy to enhance profitability to a significant degree.

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