



**Masters Dissertation in Marketing (BUS5000W)**

**The effect of Mobile Marketing  
On the Purchase of Staple Products:  
A case of Bottom of the Pyramid consumers  
In Khayelitsha**

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Thesis presented in partial fulfilment of the requirements for the degree of  
**Master of Commerce** at the University of Cape Town

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**SCHOOL OF MANAGEMENT STUDIES**

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## **DECLARATION REGARDING PLAGIARISM**

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## **DEDICATION**

This study is dedicated to my parents, who have continued to push me to overcome my educational barriers. My strength came from the constant reminder of the hard work they endured to secure a great future for me. This study is in their honour.

## **ACKNOWLEDGMENTS**

Firstly, I want to thank God for the constant grace and mental strength to finish this study.

Secondly, to my friends and family who offered constant support through calls to always remind me that as hard it may be, my attaining my masters is to inspire those close to me to reach their dreams and goals.

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Finally, a special thank you to my supervisor, Sipiwe Dlamini, who showed a lot of patience and encouragement towards me during the whole process in completing my study. Thank you for your knowledge and belief in me reaching this far.

## **ABSTRACT**

The growth of mobile penetration in Africa has seen a rise in marketers seeking new ways of using mobile marketing to improve their business and develop sustainable marketing strategies.

An empirical study on BOP consumers living in Khayelitsha, Cape Town, comprising a survey of a sample of 385 respondents, was conducted. The measurement items were assessed through six hypotheses using Structural Equation Modelling with Smart PLS 3 software. The results confirm that there is a significant relationship between social influence and trust, price sensitivity and purchase intention, service quality and trust and lastly, between service quality and satisfaction. The relationship between trust and purchase intention and the relationship between satisfaction and purchase intention are not significant. The relationship between service quality and satisfaction showed the strongest significance amongst the hypotheses, whereas the weakest relationship showing the least significance effect amongst the hypotheses is between satisfaction and purchase intention.

Implications of the study suggest that managers should consider the BOP consumer differently when marketing to them as they have different consumer behaviours to other market segments. For future research, more research should be done on the BOP with regard to their adaptations to mobile marketing as this will help marketers to find better marketing strategies for their businesses to better serve this market segment. Recommendations and limitations on mobile marketing adoption within BOP are discussed.

**Keywords:** Mobile marketing, Bottom of pyramid, Staple products, Khayelitsha, Cape Town

## ACRONYMS

AVE	average variance extracted
BOP	Bottom of the Pyramid
BRICS	Brazil, India, China and South Africa
FMCG	fast-moving consumer goods
NFI	normed-fit index
PLS	partial least squares
SEM	structural equation modelling
SME	small and medium enterprise
SRMR	standardised root mean square residual
US	United States of America

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# **CHAPTER 1: INTRODUCTION**

## **1.1 Introduction**

This study discusses digital and mobile marketing as the central theory underpinning this study. It further presents the research gap by discussing the problem statement, which guides the primary and secondary research questions and objectives. Last of all, the structure of the study is outlined.

## **1.2 Digital Marketing**

The importance of digital marketing is growing, as marketers now need to find different ways of marketing products (Wind & Mahajan, 2002). Consumers around the world are finding it easier to use digital platforms to buy items they need or want, such as staple products like groceries (Akhter, 2003). Furthermore, Royle and Laing (2014) state digital marketing is a dimension of traditional marketing and uses digital channels for the placement of products. Nagarathinam (2017) as the promotion of products and services through different digital channels to reach consumers at the right time using the consumers' preferred channel defines it.

## **1.3 Mobile Marketing**

Mobile marketing is defined by Shankar, Venkatesh, Hofacker and Naik (2010) as a multifaceted form of communication and promotion of products and services between a company and their consumers through the use of a mobile device. Mobile marketing offers convenience to consumers who can receive valid information any time they want and need it; for marketers this means an increase in consumers' loyalty to the usage of mobile services and marketing (Strom et al., 2014). A study conducted by Watson, McCarthy and Rowley (2013) on the attitudes of consumers towards mobile marketing in the era of smartphones, suggested that as consumers move away from earlier generation mobile technologies to smartphones, the frequency of usage of their phones for all functions increases significantly. Although consumers are still reluctant to fully accept mobile marketing communications, marketers are finding better marketing strategies to persuade consumers to rely increasingly on mobile marketing communications (Watson et al., 2013).

The highest penetration of mobile devices in the world is in Western Europe with a 79% penetration, followed by North America with 48%, and Asia with 12% (Iqbal, Choudhury, Wang & Gonzales, 2014). In Africa, 60% of the population has mobile phone coverage and the increase of mobile subscriptions was 49% (Asongu & Nwachukwu, 2016).

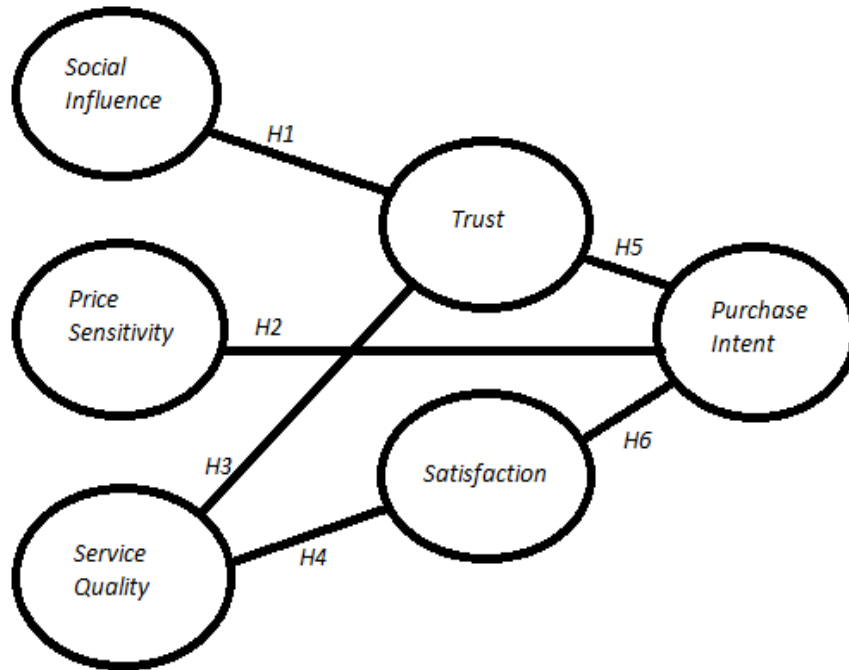
In an African context, bottom of the pyramid (BOP) consumers have access to mobile devices and mobile subscriptions and are now able to access the global world at their fingertips (Krum, 2010). In this study the BOP is regarded as consumers who earns less than R6 000 per month before tax (Subrahmanyam & Gomez-Arias, 2008). Therefore, this study assumes that marketers are now able to develop strategies for the BOP market segment in relation to the purchase of household staple products.

#### **1.4 Bottom of the Pyramid (BOP)**

BOP is a market segment that has been neglected in terms of building knowledge that will increase the understanding of its consumer behaviour, however (Subrahmanyam & Gomez-Arias, 2008).

#### **1.5 The Conceptual Framework**

This study uses fundamental concepts from the study of Gao et al (2015). The study was on understanding consumers' continuance intention towards mobile purchase. This studies framework looked at the purchase intention of staple products within BOP consumers and therefore the use of Gao et al (2015) framework was easily adapted to fit this study. This then used six constructs adapted from different studies to fit the framework. Items of service quality, trust, satisfaction and purchase intention were adapted from Gao et al (2015). Items of social influence was adapted from Lu et al (2005). Items of price sensitivity was adapted from Gonzalez and Martos-Partal (2014). This study is adapted specifically to suit the BOP consumer's socio-economic factors, whereas Gao et al.'s (2015) study used factors that were aimed towards customer satisfaction. This study emphasises that purchase intention is a good indicator as previous studies have established that the intention to purchase is a substitute for a real purchase in an online setting (Hong & Cha, 2013).



**Figure 1: Conceptual model**

**Source: Own compilation (2018)**

H1: Social Influence positively affects trust amongst BOP consumers in Khayelitsha.

H2: Price sensitivity positively affects the purchase intention of staple products amongst BOP consumers in Khayelitsha.

H3: Service quality positively affects trust amongst BOP consumers in Khayelitsha.

H4: Service quality positively affects satisfaction amongst BOP consumers in Khayelitsha.

H5: Trust positively affects the purchase intent of staple products amongst BOP consumers in Khayelitsha.

H6: Satisfaction positively affects the purchase intent of staple products amongst BOP consumers in Khayelitsha.

## **1.6 Research Method**

This study employs a positivist research paradigm which focuses on verifying prior hypotheses that are in a quantitative proposition that can be converted into mathematical formulae expressing functional relationships (Ponterotto, 2005). This method or model is a proposed description of the scientific position (McGrath & Johnson, 2003).

A cross-sectional research design was used for this study. The data collection instrument was a survey as this was the best way to collect data and to allow for ease in interpreting the data into numerical values – using a quantitative research design. Data were collected at the Khayelitsha taxi rank.

Based on the population of 23 million people who are considered to be living in the BOP in South Africa, a sample size of 385 was identified for the study, using the Raosoft online sample calculator. This study also included a pilot process with 15 participants, undertaken to assess the feasibility of the process proposed for the focal study.. The researcher noted the feedback given by these participants.

Lastly, the data were analysed using the Smart PLS 3 software which allowed the research to use Structural Equation Modelling (SEM).

## **1.7 Purpose of the Study**

Therefore, the purpose of this study is to investigate the effect of mobile marketing on the purchase intention of staple products amongst BOP consumers.

## **1.8 Problem Statement**

Much of the research on mobile marketing is on businesses and how marketers can use these mobile devices' tools, such as social media, to improve their competitive advantage (Yadav, Joshi & Rahman, 2015). For instance, a study by Shankar, Kleijnen, Ramanathan, Rizley, Holland and Morrissey (2016) on mobile shopper marketing looks at key issues and current insights of the consumer, focusing on consumers who used mobile communications regularly. Furthermore, Dey, Pandit, Saren, Bhowmick and Woodreffe-Burton (2016) examined the co-creation of value amongst BOP consumers where they analysed farmers' use of mobile phones for the marketing of their goods to consumers.

As BOP consumers lack digital literacy/education due to circumstances such as poverty and a lack of financial resources and education (Spaull, 2013), the increasing complexities of technology have created a gap; as the world moves towards an easier, faster life of technology, people in the BOP market segment are not accounted for nor are they taught how to use these tools effectively (De Silva, Ratnadiwakara & Zainudeen, 2009). While mobile marketing has been researched, there has been limited exploration of mobile marketing and the BOP consumers' purchase of staple products like maize meal which assists in feeding the household at an affordable price (Oldewage-Theron, Dicks & Napier, 2006).

Prior studies on mobile marketing have looked at variables such as system quality, information quality, privacy and security concerns (Gao, 2015). Another study by Maduku (2014) on the factors of mobile marketing acceptance among South African small and medium enterprises (SMEs), used variables such as anticipated relative advantage, recognised cost, observed competitive pressure and the observed capability of employees. Furthermore, a study conducted by Zulu (2016) on perceived mobile interactivity influence on usability and mobile marketing acceptance in the informal hair-care business, used variables such as anticipated control, assessed receptiveness, non-verbal data, known personalisation, learned mobile device usefulness and the acceptance of mobile marketing.

The conceptual framework of this study focuses on six variables, namely social influence, service quality, price sensitivity, trust, satisfaction and purchase intention.

### **1.9 Contributions of the Study**

Three contributions are made by this study. Firstly, there is a theoretical contribution whereby the variables of the study – namely, social influence, price sensitivity, service quality, trust, satisfaction and purchase intention – will build more knowledge on the consumer behaviour of the BOP consumer with regard to mobile marketing.

Secondly, there is a managerial contribution where marketers will be able to understand the consumer behaviour of the BOP and form better mobile marketing strategies to increase the purchase of staple products from their businesses.

Lastly, there is a social contribution as better forms of marketing strategies will be developed, allowing the BOP consumer to use mobile marketing to find better prices, and the best quality of service while shopping at stores they trust.

### **1.10 Research Question**

The research question is

- What is the effect of mobile marketing on the purchase intention of staple products amongst BOP consumers in Khayelitsha?

### **1.11 Secondary Research Questions**

The secondary research questions are as follows:

- What are the factors that influence the purchase intention of staple products amongst BOP consumers in Khayelitsha?
- What is the effect of social influence on trust amongst BOP consumers in Khayelitsha?
- What is the effect of price sensitivity on the purchase of staple products amongst BOP consumers in Khayelitsha?
- What is the effect of service quality on trust and satisfaction amongst BOP consumers in Khayelitsha?
- What is the effect of satisfaction on the purchase of staple products amongst BOP consumers in Khayelitsha?
- What is the effect of trust on the purchase of staple products amongst BOP consumers in Khayelitsha?

### **1.12 Primary Objective**

The primary research objective is to determine the effect of mobile marketing on the purchase intention of staple products amongst BOP consumers in Khayelitsha.

### **1.13 Secondary Objectives**

The secondary objectives are as follows:

- To examine the effect of social influence on trust amongst BOP consumers in Khayelitsha.
- To investigate the effect of price sensitivity on the purchase of staple products amongst BOP consumers in Khayelitsha.
- To examine the effect of service quality on trust and satisfaction amongst BOP consumers in Khayelitsha.

- To explore the effect of satisfaction on the purchase of staple products amongst BOP consumers in Khayelitsha.
- To investigate the effect of trust on the purchase of staple products amongst BOP consumers in Khayelitsha.

#### **1.14 Conclusion**

This chapter has presented a broad overview of the focus of the study. It has discussed digital marketing and mobile marketing and looked at the BOP. The purpose of the study was discussed alongside the problem statement. The chapter also identified the contributions of this study in the form of three factors namely, theoretical, managerial and social. The research question and the secondary research questions were presented alongside the primary and secondary objectives. The chapter also highlighted the gap in marketing literature on the BOP, identifying six variables that may be relevant to the BOP market segment. This chapter presented an overview of the conceptual framework and the research methods that was used in this study.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter discusses marketing and mobile marketing in relation to the BOP. It discusses the conceptual framework and all the variables namely, social influence, price sensitivity, service quality, trust, satisfaction and purchase intention. It furthermore outlines the hypotheses, with support from the existing literature.

### **2.2 Digital Marketing**

The last quarter of the 20<sup>th</sup> century saw the dawn of a new advertising age, when the arrival of the Internet shaped the advertising landscape, giving early adopters in the business world another tool with which they could reach the masses (Ryan, 2016). The development of digital media has seen a growth in concepts such as digital marketing (Ryan, 2016). As consumers adapt to the use of digital media, businesses are forced to discover their habits, and to refine their marketing tools, through these different digital media (Tiago & Verissimo, 2014). This change in consumer behaviour has required businesses to rethink their marketing strategies as there is internal and external pressure to take on a digital aspect (Tiago & Verissimo, 2014).

Stone and Woodcock (2014) describe this as marketing in a digital world which is accessed through mobile devices. Additionally, Royle and Laing (2014) define digital marketing as the use of digital technologies to create a communication medium which assists businesses to acquire and keep consumers, and to build a stronger bond with them.

Improving digital marketing is to co-create content with the consumers. This is formed through a relationship-based online interaction which creates a digital marketing strategy that is personalised for individual consumers (Tiago & Verissimo, 2014). This creates a competitive advantage for businesses through learning insights of each individual consumer and gathering knowledge of what kind of consumer they are marketing to (Stone & Woodcock, 2014).

The Internet has created a virtual world which is thought to be easier to access, given how people have incorporated the use of the Internet and other digital media into their lives (Stephen, 2016). Stephen (2016) also suggests that marketing will increasingly be carried out in digital settings, mostly on social media and other mobile media, highlighting the importance of rethinking marketing strategies with regard to digital marketing. Furthermore, Baltes (2015)

notes that content marketing has become an important tool to effective online marketing and is regarded as playing a crucial role in digital marketing. They define content marketing as the process for making relevant and valuable information available to the selected target market.

### **2.2.1 A Global Perspective on Digital Marketing**

A study conducted in Portugal's largest firms during 2011 to 2012 explored the drive behind the adaptation of online communication strategies. It showed that during the last part of 2012, mobile had increased to the highest achievement of 156,3% and that an ordinary Portuguese resident had access to multiple phones (Tiago & Verissimo, 2014). Stephen (2016) reported that 87% of American adults were Internet users – and for different demographic groups, such as college-educated and higher-income adults, the number was closer to 100%. Furthermore, the time they spent online was increasing, fuelled by the growth of social media which was used by 2 billion people worldwide (Stephen, 2016).

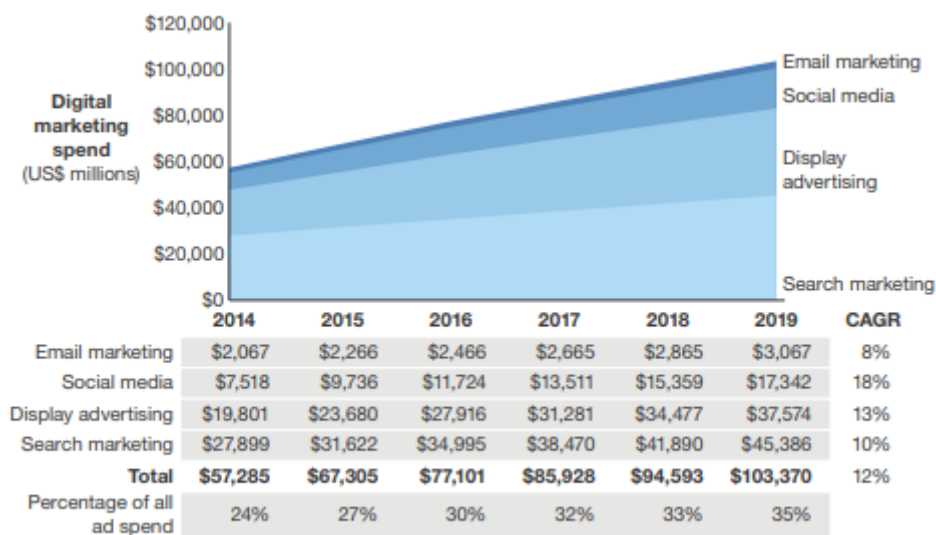
The global market is shifting at a rapid rate from traditional marketing to mobile marketing, and marketers find ways in which to use mobile applications to access the BOP, to ensure profit for businesses (Lal Dey, Binsardi, Prendergast & Saren, 2013). The problem with this adoption, however, is that marketers still find it difficult to be innovative and to price products to suit BOP customers as they have low purchasing power. In addition there are still inadequate government institutions and infrastructures to make it easier to operate and grow certain industries, such as mobile marketing, within this market segment (Chakravarthy & Coughlan, 2012).

Global businesses use digital marketing in a number of ways: for directing traffic to their home page, for email communication, social media sites, paid banner ads, mobile/sms communication and mobile applications (Leeflang, Verhoef, Dahlstrom & Freundt, 2014). It is suggested by Leeflang et al. (2014) that the biggest growth areas for businesses is social media and mobile applications. From a global perspective, Businesses have used digital marketing to achieve a competitive advantage by using big data to analyse target segments and identify what is relevant and meaningful for consumers (Grishikashvili, Dibb & Meadows, 2014).

This study argues that the BOP is an attractive market segment for businesses to grow and become more profitable (Chikweche, 2013). It is further suggested by Chikweche (2013) that there is growth in the mobile phone industry within this market segment and for marketers, this means they need to start capitalising on better mobile marketing strategies.

In a report conducted by VanBoskirk, Elliot and Colbum (2014) of the United States (US) digital marketing forecast, findings suggested that from 2014 to 2019 marketers would spend more than \$103 billion on digital marketing, which is more than they will spend on broadcast and television advertising. This is set to be at a 12% compound annual growth rate which is shown in Figure 1. While digital marketing was projected to surpass television advertising in 2016, the rapid growth was starting to slow down slightly due to pressures from digital investment shown in Figure 2 (VanBoskirk et al., 2014). Although marketers are spending millions of dollars on growing this phenomenon, there is high untapped potential of the BOP and marketers are failing to capitalise on the size of this market segment (Pralhad & Hammond, 2002).

*Figure 1 US Digital Marketing Forecast, 2014 To 2019*



Note: All numbers rounded down

Source: Forrester Research Digital Marketing Forecasts, 2014 To 2019 (US)

*Figure 2: US digital marketing forecast: 2014 to 2019*

*Source: VanBoskrik et al (2014)*

Research and analyses with regard to the digital marketing platform are continuing to break boundaries and businesses in the global chain are finding innovative ways to use it (Kannan, 2017).

Figure 2 Digital Marketing Catches Up To Television Advertising

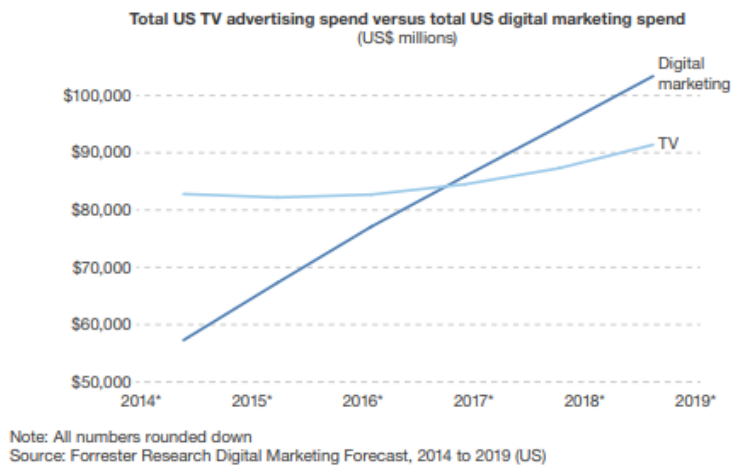


Figure 3: Digital marketing catches up to television advertising.

Source: VanBoskirk et al (2014)

## 2.2.2 A Local Perspective on Digital Marketing

Globalisation and technological advancements are driving change in social developments and the use of electronic publishing and learning throughout the world –increasingly so on the African continent (Limb, 2005). While Limb (2005) notes that Africa is adapting to the shift from traditional marketing to digital marketing, the lag of knowledge on the use and full utilisation of digital media means that Africa is being exploited for financial gain and control of digital resources. Kyem and LeMaire (2006) suggest that implementation of digital media will not only create new jobs and new sources of revenue in different African states, but will aid economic development by broadening markets, improving data flow, decreasing transaction prices and by being an auxiliary for expensive transportation in rural areas.

South Africa is experiencing a growth in talent diversity and in digital migration – and is considered to be the gateway to the rest of Africa (Mokgwatsane, 2014). The diversity brings new challenges and opportunities to businesses, specifically with regard to digital marketing (Mokgwatsane, 2014). Digital migration is considered to be at the top of businesses’ agenda in South Africa. Despite the lag in digital adoption in relation to the rest of the world, digital media is a growing segment in this increasingly affluent and untapped market (Mokgwatsane, 2014). Furthermore, a study conducted by Kreutzer (2009) on the use of online and digital media accessed through mobile phones by low income urban youth in South Africa, established that mobile Internet was far more accessible than accessing the Internet through computers.

A study conducted by Chikandiwa, Contogiannis and Jembere (2013) on the acceptance of social media marketing of South African banks, found that South African consumers use both digital and conventional forms of marketing – as the South African market segment is still developing and adapting to the full use of digital marketing (Chikandiwa et al, 2013).

### **2.3 Mobile Marketing**

Strom et al (2014) define mobile marketing as established procedures that permit organisations to participate with their customers in a collaborative manner through a mobile device. Furthermore, Maduku, Mpinganjira & Duh., (2016) state that mobile marketing is an array of marketing methods on mobile devices and networks to create customised communication between the customer and the business. Lastly, Yadav, Joshi and Rahman (2015) define mobile marketing as any marketing action directed through networks where customers are constantly connected on their mobile devices. Also, Yadav et al. (2015) add that three conditions need to be met to be considered as mobile marketing: firstly, there should be a global network connection through the Internet; secondly, there should be constant user access to the mobile network and thirdly, there must be the possession of a mobile device (Yadav et al., 2015).

Customers use their mobile devices for almost anything; and it can be said that people have a strong relationship with their devices in the sense that every mobile device is personalised in a unique way by every user (Fritz, Sohn & Seegebarth, 2017).

The use of mobile devices is offering retailers more than just the opportunity to exploit new forms of reaching customers (Ström, Vendel & Bredican, 2014). Methods of mobile marketing are Short Message Service (SMS), combined online information, mobile online websites, interactive voice response, location-based targeting and paid online advertisements (Maduku, et al., 2016)

### **2.3.1 Benefits and Challenges in Mobile Marketing**

The benefits of mobile marketing continue to grow as marketers find different ways to use it. Mobile marketing is said to improve market research by finding information about what customers do when they are offline, through the use of their check-ins, analysing what they do when they are not online, to find a better understanding of where they go and what they do (Yadav et al., 2015). Mobile marketing and its different forms of interactivity, permits businesses to drive interactions and operational effectiveness which will increase the efficiency of their marketing interventions (Maduku et al., 2016).

As mobile devices have become customers' companions, marketers can be certain that they will be using their mobile devices, which means there are more chances that the customer will see their marketing campaign (Shankar, Venkatesh, Hofacker & Naik, 2010). Mobile marketing can be used to cultivate brand networks, which will result in brand awareness, trust in the brand and an increase in customer loyalty (Maduku et al., 2016). Researchers have also shown that mobile marketing possesses the ability to grow consumers' sense of service quality, worth and contentment (Dolson, 2018).

Furthermore, Strom et al. (2014) state that mobile marketing has empowered customers, as they are able to search a variety of products offered to suit their needs. This has included the professions such as health care; not only are people able to find information about their health, but they can also download mobile apps that will remind them to take their medications while sending information to doctors, thus improving the monitoring of their health (Ventola, 2014). Marketers in the pharmaceutical industry can now better advertise medication through these apps and receive data to personalise their marketing campaigns more efficiently (Ventola, 2014). A study conducted by Munir Dad (2012) on interactive communication channels and their appropriateness for the fast-moving consumer goods (FMCG) business, suggested that interactive channels of marketing such as mobile marketing, are far better than traditional marketing methods for businesses, given the increasing modern marketing methods available through technology advances.

Mobile marketing also has challenges, however, which can create complicated situations for marketers. The ability to generate and leverage deep customer insights is always a question as not all customers are as open online (Leeflang et al., 2014). The evolution of the customer, who is becoming more sophisticated and time poor, is also a challenge, as is their increasing control over what they see and what they want to see (Vernuccio & Ceccotti, 2015). Mobile marketing

also creates a challenge where mobile apps can exploit the conflict between a customer's acceptance of deals and the need for instant satisfaction; marketing techniques can shift the focus from a good deal and saving money to paying more to get an instant purchase and fulfilment (Shankar, Kleijnen, Ramanathan, Rizley, Holland & Morrissey, 2016).

### **2.3.2 Adaption of Mobile Marketing**

There is a different approach to mobile marketing in the local context compared to the global perspective, given that the local lag in terms of development and other factors that influence acceptance of mobile marketing methods (Jinyevu & Yanxia, 2016). An example is seen in a study of Jinyevu and Yanxia (2016) where they found that mobile marketing tools such as SMS marketing had a negative acceptance in Tanzania; factors that had an effect on the negative acceptance of mobile marketing were trust, irritation, permission, control and privacy (Jinyevu & Yanxia, 2016). It further showed that by the end of 2012, mobile penetration was only 11% in Tanzania compared to the global average of 21% (El-Garhi & Ericsson, 2014) – though the numbers increased drastically from 79 million by the end of 2012 to 412 million by 2018 (El-Garhi & Ericsson, 2014).

In Ghana, mobile marketing has already helped to improve the economy. The agricultural sector uses mobile applications to link farmers and buyers through a marketplace and report on agricultural trends (El-Garhi & Ericsson, 2014). In 2005, Ghana had fewer than 5 million mobile subscriptions whereas in 2012 that number had increased to over 25 million subscriptions (Niemi, Minot & Sell, 2016). This increase in mobile subscriptions increases the opportunity for marketers to adopt more marketing strategies within the agricultural sector (Niemi, et al., 2016).

A study conducted by Qiang, Kuek, Dymond and Esselaar (2012) on mobile applications for agriculture and rural development, suggest that farmers who use apps for selling their products such as maize meal, are providing substantial economic and social profits by job creation, increasing value, decreasing product losses and making developing countries more competitive on a global scale. However, a study conducted by Tadesse and Bahiigwa (2015) on Ethiopian marketing decisions on mobile phones and farmers, argues that mobile devices have a feeble influence due to the lack of access to relevant information through mobile phones. Marketers need to use more relevant information in their marketing strategies to increase adoption of mobile marketing (Tadesse & Bahiigwa, 2015).

Another study conducted in Nigeria indicated that organisations are using mobile marketing tools prominently, such as social media ads on Facebook, to increase awareness of their brands, products and services (Olotewo, 2016). Even though the adoption is relatively low, for organisations that use social media, there has been a positive impact to their businesses (Olotewo, 2016).

A study conducted by Asongu and Odhiambo (2018) on how the enhancement of data and communication technology has strained disparities in Africa for continuous advancement, found that mobile technology has had a net effect of reducing inequality within Africa.

South Africa, being a developing country, lags behind in the full knowledge of how mobile marketing can assist in improving businesses (Maduku et al, 2016). A study conducted by Maduku et al (2016) suggested that South African SMEs could benefit from the acceptance of mobile marketing if they developed mobile marketing innovations that would solve their problems. Once these problems can be resolved, the public's receptivity towards mobile marketing would increase (Maduku, 2014). As South African SMEs are considered to be the heartbeat of the country's economy, Marnewick (2014) suggested that education and training are needed to ensure that SMEs use mobile marketing to their fullest capacity so that they evolve from survivalist SMEs to more sustainable organisations.

South African millennials are increasingly receptive to mobile marketing which is important for marketers as this provides an indication of future purchase tendencies (Rodney & Wakeham, 2016). South African customers are also increasingly buying online (Rudansky-Kloppers, 2014). Compared to the other countries in BRICS, however, it lags behind; online retail sales are 0.9% in contrast to 11% in Brazil, 4.2% in Russia and 10.7% in China (Rudansky-Kloppers, 2014).

In South Africa, online buying, or the purchase intention thereof, is influenced by a range of factors identified in a study conducted by Kühn, Spies and Petzer (2015) on dimensions of online services as predictors of trust of airline websites in South Africa. It stated that financial safety on online websites is a great indicator of website trust, ahead of the look and feel of the website. The latter serves to show the reader the extent to which marketers need to go to speed up the acceptance of mobile marketing by South African customers.

Another study by Goneos-Malka, Strasheim and Grobler (2014) showed that the South African mobile subscriptions are similar to the global statistics of 80%. The study suggests that the acceptance of mobile devices among the population, even within the BOP, shows how essential

and useful they are to the South African population (Goneos-Malka et al., 2014). This is another example of the importance of the need to bridge the gap of knowledge of the BOP within the mobile marketing sector for South African marketers.

#### **2.4 Bottom of the Pyramid (BOP)**

The term ‘bottom of the pyramid’ (BOP) was made known by Prahalad in 1998-1999 (Kolk, Rivera-Santos & Rufin, 2014). It has evolved substantially over the years and is now more complex with wide variations of context, initiatives and the impacts of the approach (Kolk et al., 2014). Scholars have shown discontent with peers not associating the term politically, arguing that neoliberal views have affected the term in a negative way: that the BOP proposition is a new message of liberalism and deregulation, which is bad for emerging markets which do not have government regulation (Arora & Romijn, 2012).

This study focuses on the BOP from a marketing context, however, and is defined in various ways. BOP is the market segment of poor people, who represent four billion (60%) of the global population, who earn less than \$8 per day and are underprivileged by any measure; they invariably participate in the informal market ecosystem (Goyal, Sergi & Jaiswal, 2016). BOP is also used to refer to people who earn \$2 per day (Ansari, Munir & Gregg, 2012) – while another definition of BOP is where a person from impoverished regions of the world survives on less than \$3 000 per annum in terms of purchasing power parity (Kistruck, Webb, Sutter & Bailey, 2015). Despite earning a very low income, however, it is suggested that the BOP controls \$9 trillion in resources and \$5 trillion in buying power (Nakata & Antalis, 2015).

Given the various definitions of the BOP, Lappeman’s (2016) table below (Figure 3) summarises the comparative sizes of the BOP population as cited by various authors.

Authors	Stated income definition at the time of publishing (US\$) <sup>2</sup>	Converted to South African Rand (US\$/ZAR) at the time of publishing <sup>3</sup>	Stated collective purchasing power	Stated Size (population)
Prahalad & Hart, 2002	< US\$1,500/year (<US\$ 4,1/day)	< R18 660/year <R51/day (US\$/ZAR: 12.44)	US\$ Multi-trillion	4 billion
Prahalad & Hammond, 2002	< US\$2,000/year (<US\$ 5,5/day)	< R24 880/year <R68,10/day (US\$/ZAR:12.44)	N/A	4 billion
Prahalad, 2004	< US\$2/day (<US\$ 730/year)	<R4774/year <R13/day (US\$/ZAR: 6.54)	US\$13 trillion	4.5 billion
Karnani, 2006	US\$1.25/day (US\$ 456/year)	<R2892,6/year <R7,90/day (US\$/ZAR: 6.34)	US\$ 1.2 trillion (World Bank)	2.7 billion (World Bank)
Subrahmanyam & Gomez- Arias, 2008	< US\$3,000/year (<US\$ 8,2/day)	<R20 520/year <R56,20/day (US\$/ZAR: 6.84)	US\$5 trillion (using WRI, 2007)	4 billion
Guesalaga & Marshall, 2008	< US\$3000/year (<US\$ 8,2/day)	<R20 520/year <R56,20/day (US\$/ZAR: 6.84)	US\$ 5 trillion (using figure from the World Resource Institute, 2007)	4 billion
Williams et al, 2012	< US\$1/day (US\$ 365/year)	<R8,07/day <R2945,55/year (US\$/ZAR: 8.07)	US\$ 2.5 trillion	4 billion
Mohr et al, 2012	< US\$10,000/year (US\$27,4/day)	<R80 700/year <R221,09/day (US\$/ZAR: 8.07)	US\$ 8.2 trillion	3 billion
Prahalad, 2012	< US\$2/day (<US\$ 730/year)	<R5891,10/year <R16,14/day (US\$/ZAR: 8.07)	US\$ 5 trillion (using figure from the World Resource Institute, 2007)	4 billion
Simanis & Duke 2014	< US\$1500 /year (<US\$4,1 /day)	<R15 750/year <R43,1/day (US\$/ZAR: 10.5)	N/A	More than 4 billion
Davies et al, 2015	Wealth < US\$ 10,000	Wealth <R115 400 (US\$/ZAR: 11.54)	3% of global wealth	3.3 billion adults

**Figure 4: Comparison of size of the BOP.**

**Source: Lappeman (2016)**

For the context of this study, the BOP was set at people who earn less than R6 000 per month (Lappeman, 2016). This is said to be 70% of the South African population, which is around 10.5 million households (Simpson & Lappeman, 2017).

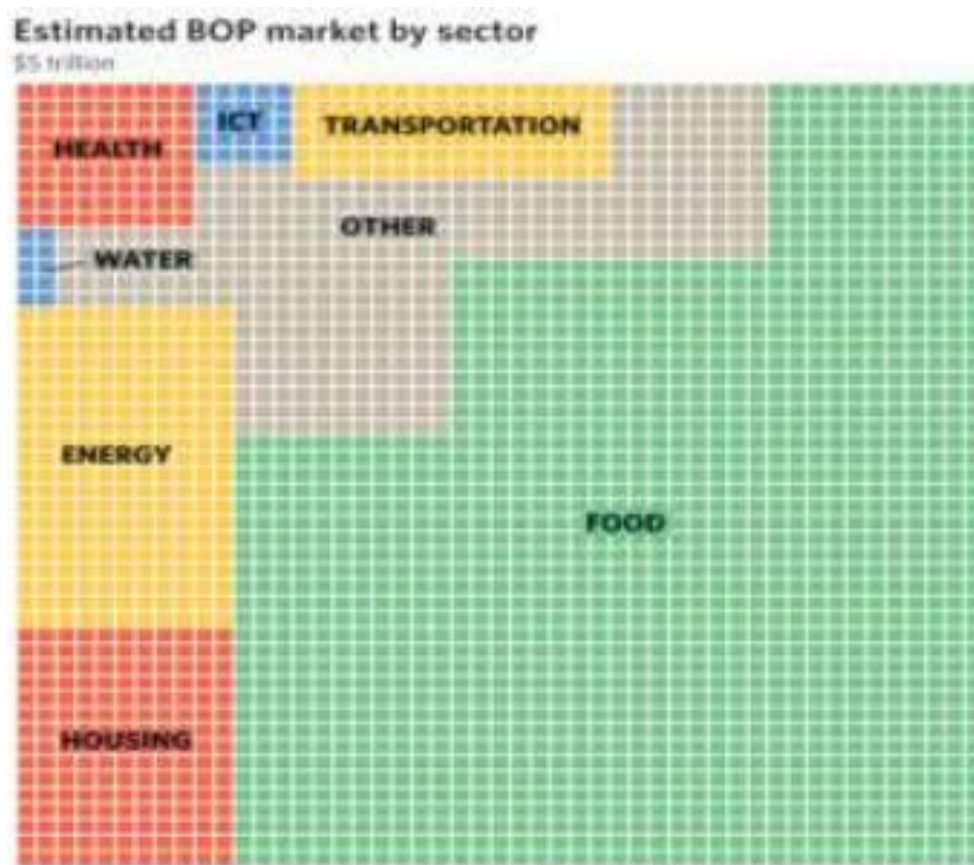
#### **2.4.1 Marketing to the Bottom of pyramid**

Marketing to the world's poor can create substantial growth in profits (Gupta & Pirsch, 2014). There is a large unexploited gap within this market segment, where businesses can create affordable choices for the poor that fulfil their needs (Jaiswal & Gupta, 2015). Jaiswal and Gupta (2015) provide four propositions regarding the BOP consumers: they are part of a high cost micro-economic system; they lack access to quality in products and services; they are often exploited by several entities, such as financiers; and lastly, they do not have access to legal representation. Mulky (2014) states that marketing to the BOP can help new businesses

searching for new markets and opportunities to revitalise profits and increase ethical commitment.

To market successfully to the BOP, proper market research needs to be done. Many issues arise when marketing to the BOP. Firstly, there is a challenge in understanding the needs, wants and current behaviour of the BOP consumer (Mulky, 2014). Secondly, there is an ethical evaluation by some scholars showing that marketing to the BOP can be seen as exploitation, rather than lending a helping hand (Gupta & Pirsch, 2014); and lastly, Jaiswal and Gupta (2015) state that marketing to the BOP harms the poor as the concept does not regard safety systems that need to be implemented by the government to safeguard them.

Moreover, Sharma and Nasreen (2017) state that the BOP spends most of their income - 58% - on food. Other categories are energy (9%), housing (7%), transportation (4%), health (3%), ICT (1%) and water (1) (see Figure 4) (Sharma & Nasreen, 2017).



*Figure 5: Estimated BOP market by sector*

*Source: Sharma & Nasreen (2017)*

#### **2.4.2 Mobile Marketing within the Bottom of Pyramid**

Mobile devices within the BOP are highly valued. They are used as tools to strengthen social ties and personal security and are beginning to enhance business and employment opportunities (Mariscal, 2015). Kandachar and Halme (2017) suggest that in Africa mobile phones are being used to alert people about jobs opportunities, health information and much more. They add that mobile phone subscriptions are cheaper than landline phones, which is a benefit for people in the BOP market segment in particular (Kandachar & Halme, 2017). For marketers, this phenomenon is a catalyst to find ways whereby they can use mobile phones to better market to the BOP (Kandachar & Halme, 2017).

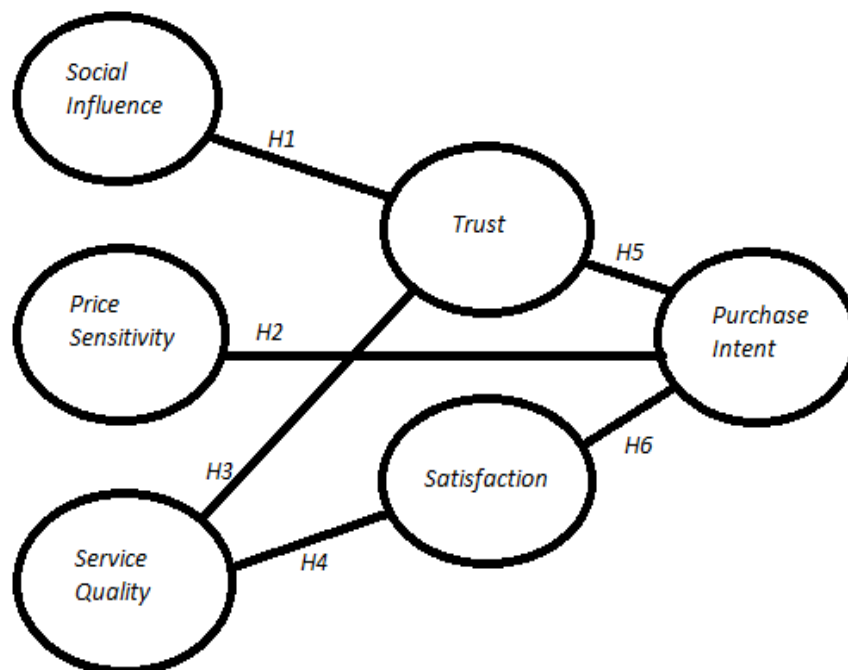
A study conducted by Afutu-Kotey, Gough and Owusu (2017) on the use of mobile phones by young entrepreneurs in Ghana, showed that Ghanaian youth living in impoverished circumstances did not only want to use mobile phones to better their lives but also as a tool for business opportunities and acquiring talent. Other sectors have found ways to use mobile devices to improve the lives of people in the BOP. For example, a study conducted by Oerther, Manjrekar and Oerther (2014) on utilising mobile health technology at the BOP showed the efficacy of an IT-based intervention for mothers. This allowed women to register on site or on application, after which they received reminders about health as well as simple information, to name a few. This could improve the health outcomes during and after pregnancy for women who are considered to be BOP. Marketers could use these examples to create better marketing strategies for pharmaceutical products to people considered to be BOP (Oerther, Manjrekar & Oerther, 2014).

In the South African context, mobile marketing can enhance or change word-of-mouth marketing, as mobile devices are enabling an active social network amongst users (Londhe, Radhakrishnan & Divekar, 2014). This is an example of the advances that can be made to enhance the use of mobile devices and speed up the adoption rate, enticing a broader spectrum of thinking for marketers within the South African market.

## 2.5 Conceptual Framework and Hypotheses Development

Building on the framework of Gao, Waechter and Bai (2015), the current study proposes that social influence, price sensitivity, and service quality affect trust and satisfaction which, in turn, affect the purchase intention of staple products (Gao et al., 2015). In the study conducted by Gao et al. (2015), the predictors were system quality, information quality, privacy and security and service quality.

The only predictor that was used by this study from Gao et al.'s model (2015) was service quality, as it is relevant to a BOP study. While the mediators in Gao et al.'s (2015) study were trust, flow and satisfaction, this study uses only two of these, namely trust and satisfaction, choosing not to use flow. This study is adapted specifically to suit the BOP consumer's socio-economic factors, whereas Gao et al.'s (2015) study used factors that were aimed towards customer satisfaction. This study emphasises that purchase intention is a good indicator as previous studies have established that the intention to purchase is a substitute for a real purchase in an online setting (Hong & Cha, 2013).



*Figure 6: Conceptual model*

*Source: Own compilation (2018)*

### **2.5.1 Social Influence**

Social influence plays a vital role in consumers' adoption rate of businesses services and products (Risselada, Verhoef & Bijmolt, 2014). This is due to the fact that adoption of new products or services by a consumer requires extensive research gathered from various sources (Risselada et al., 2014). Social influence can also be beneficial to businesses who want to forecast penetration into a market (Toubia, Goldenberg & Garcia, 2014). Once a business can accumulate surveys or find ways to measure customers' social influence on their products, they can show how their products or services are affecting people and also to what extent people are talking about their products and services (Toubia et al., 2014). It is suggested by Kim and Srivastava (2007) that online shoppers have a tendency to wait for early adopters before committing to a purchase decision, to decrease the risk of purchasing a new product. However, research also shows that social influence decreases from the product introduction phase onwards (Risselada et al., 2014).

Peng, Yang, Cao, Yu and Xie (2017) define social influence as when individuals change their behaviour under the influence of others, with the strength of this influence being determined by the relation, network distance, timing and characteristics of the network. Furthermore, it is suggested to be the impact of consumers' discursive power formed through discourses via social channels (Lu, 2014). With regard to technology adoption, social influence is defined as the amount a person attributes to the importance others believe that they should use the new technology product (Beldad & Kusumadewi, 2015).

Social influence has changed in the age of technology, giving consumers and users greater access to a wider range of influence namely what people are saying and what they think about products and services they have accessed online (Lin & Lu, 2015). Social influence is now a convenience for consumers, given the availability of the Internet (Hew, Lee, Ooi & Lin, 2016). Gan and Wang (2017) regard this phenomenon as social commerce, which they define as the assisting of buying of products and services using media technologies to support online administration. Social influence can affect trust through aspects such as word-of-mouth from people who have used similar mobile vendors (Shareef et al., 2018). The BOP market segment relies mostly on what people in their community are saying, as they do not have enough disposable income to try out different mobile vendors, rather relying heavily on trusting what family or friends tell them (Shareef et al., 2018).

Thus, the proposed hypothesis is:

*H1: Social Influence positively affects trust products amongst BOP consumers in Khayelitsha.*

### **2.5.2 Price Sensitivity**

Price sensitivity is considered to be an important element in marketing, and it is defined as the amount of awareness and response showed by consumers when facing fluctuations in the price of products or services (Low, Lee & Cheng, 2013). It is suggested by Edmans, Jayaraman and Schneemeir (2017) that purchase decisions do not depend only on the total price, but also on the source from which the information came. The study argues that price sensitivity decreases with the use of m-commerce (transactions on a mobile phone) by low-income earners due to the element of trust associated with mobile transactions (Wang, Malthouse & Krishnamurthi, 2015). Furthermore, it is suggested by Fernie (2014) that price sensitivity is much greater with staple products purchases. This is due to the strategy described as range reduction which is when there is a greater variety range of products for consumers to pick from, whereby they usually opt for the cheapest product. This is implemented because of the variety and range of staple products available to consumers (Fernie, 2014).

With regard to mobile technologies, it is found that the effect between price sensitivity and mobile phone ownership within low-income households is notable. It is suggested that individuals with numerous sim cards are expected to increase usage but when the price decreases those who do not change services providers are not likely to increase their usage (Ramachander, 2016). Ramachander (2016) further finds that consumption grows among those with a more varied use of mobile services, which the study describes as comprising involvement in competitions; and accessing government services. However, in their study on youth unemployment in South Africa, Twinomurinzi and Magundini (2018) found that ICT strategies to address youth unemployment may be more effective among those in urban areas than in rural areas. This sheds a negative light on the adoption of mobile technologies in the BOP market segment, especially as some of the literature suggests that it can help alleviate their poverty – which is particularly prevalent in the rural areas.

Price is an important aspect to consider when it comes to the BOP market segment due to their restricted disposable income (Pansera & Owen, 2015). A study conducted by Grace, Brown and McNally (2014) investigating the association between the price of food and food instability, found that underprivileged families can spend a quarter of their income on maize

meal. Increases in the price of maize meal can lead to factors of malnutrition if a household does not enough disposable income or does not grow their own maize for survival (Grace, Husak & Bogle, 2014).

Additionally, in their study on discerning the link between mobile shopping apps and price sensitivity, Natarajan, Balasubramanian and Kasilingam (2017) found that highly innovative users with greater intentions to employ mobile shopping apps are not as price averse. However, if a price does not fall in the bracket which they can afford, this directly affects the intent to purchase in a negative way (Karnani, 2007). Therefore, the proposed hypothesis is:

*H2: Price sensitivity positively affects the purchase intention of staple products amongst BOP consumers in Khayelitsha.*

### **2.5.3 Service Quality**

Service quality is a sign of reliability, responsiveness and assurance to the customer (Gao, 2015). When mobile vendors provide quality service, it signals the notion of ability and benevolence to the customer and gives a sense that the customer can trust the vendor in meeting their needs (Suki, 2011). In contrast, if the mobile vendor is not transparent with the customer and provides an unreliable customer service, slow responses to complaints or queries, then the customer cannot build trust in them (Elliot et al., 2013). Prior studies have also revealed that if it is not taken seriously, service quality can affect customer trust (Lee & Chang, 2009).

Service quality is a key element that affects customer retention and long-term profitability (Moreira & Silva, 2015). Moreira and Silva (2015) also suggest that customer retention is achieved through the customer exercising trust due to the service quality given to them. Foster (2014) found that in the short term, uncertain service quality is often acceptable to low-income consumers due to factors such as low disposable income that prohibit them to act accordingly to what they experience. However, it does in the long term become detrimental to trust amongst consumers.

Service quality may also affect customer experience before purchase due to the perceived value of a product in an advertisement (Kuo, Wu & Deng, 2009). For example, if a customer cannot enquire about issues relating to a product or service offered in advertisement perceptions of service quality will decrease (Roy & Ganguli, 2008). Furthermore, it is suggested that consumers' awareness of service quality is not only formed during the purchasing process but also during the product delivery process (Huang, Lin & Fan, (2015). Regarding mobile

marketing, Huang et al. (2015) suggest that an independent scale to measure mobile service quality must be developed due to the differences in characteristics and other forms of service.

Furthermore, it is argued by Moreira and Silva (2015) that service quality proved to be a multidimensional construct and relevant to build customer satisfaction. A study conducted by Hsu, Chen and Kumar (2018) showed within their results that perceived system and service quality are imperative to the notion of customer satisfaction. Service quality is influenced by expected service; therefore if services are rated as expected then the quality of service is satisfactory while if they are rated as not expected, then service will be unsatisfactory (Jahanshani, Hajizadeh, Mirdhamadi, Nawaser & Khaksar, 2014). Based on the arguments above, the following hypotheses were proposed:

*H3: Service quality positively affects trust amongst BOP consumers in Khayelitsha.*

*H4: Service quality positively affects satisfaction amongst BOP consumers in Khayelitsha.*

#### **2.5.4 Trust**

Trust is the inclination to be susceptible, based on the optimistic anticipation towards another person's behaviour in the future (Mayer et al., 1995). Furthermore, it is argued that trust often comprises three principles: ability, integrity and benevolence (Mcknight et al., 2002). Ability is the capability of users to have the essential information and skills to fulfil their everyday jobs; integrity is that mobile vendors do not deceive their customers and stay loyal to their word ; and benevolence is that mobile retailers keep their customers' interests in mind and are not just interested in self benefits (Gao et al., 2015). Trust plays a role in the BOP market segment as consumers seek trusted information to purchase products (Dubowits, Ncube, Leuschner & Gilliam, 2015). Once they have found it, they will make a decision based on that opinion given to them (Dubowits et al., 2015).

A study conducted by Basheer and Ibrahim (2010) on examining the impact of trust on mobile marketing, found that trust in mobile marketing is determined by an existence of three factors, namely perceived usefulness, perceived entertainment and intent to purchase. It is suggested that the willingness of consumers to join in mobile marketing is affected by how well they trust the business (Jayawardhena, Kuckertz, Karjaluoto & Kautonen, 2009). The suggested hypothesis is:

*H5: Trust positively affects the purchase intent of staple products amongst BOP consumers in Khayelitsha.*

### **2.5.5 Satisfaction**

Satisfaction is measured by the customers' rating of the service quality they received. This means that if the customer was satisfied with the service quality, purchase intention will increase and if the customer was not satisfied with the service quality the intention to purchase will not be considered or will decrease (Alavi, Rezaei, Valaei & Wan Ismail, 2016).

Morgeson, Sharma and Hult (2015) state that customer satisfaction is important not only in its own right, but as a dominant factor in understanding future customer behaviours. It is also justified as it is believed to drive future purchase choices (Morgeson et al., 2015). Furthermore, Diaz (2017) conducted research on the effect of satisfaction on consumer retention in the mobile phone business, and found that satisfaction can be identified as a powerful cause of customer retention. The increase of mobile devices and the number of customers obtaining more subscriptions to online services has led business to improving and keeping high levels of customer satisfaction by monitoring and paying attention to customers and their issues (Kang & Park, 2014). Even in this growing concern, consumers rely on reviews and comments to identify if businesses reach satisfaction levels (Hsiao, Chang & Tang, 2016).

A growing body of literature focusing on customer satisfaction has tried to identify factors that lead to customer satisfaction. According to Khan, Liang and Shahzad (2015), one factor is comparative advantage where a customer looks at the price, convenience and return policy. However, Chinomona and Dubihlela (2014) suggest that customer satisfaction is rather an abstract concept and that satisfaction differs across individuals and products, depending on the dynamics of the customer. With regard to the BOP, Spers and Wright (2015) suggest that there are three different kinds of profiles for the BOP and that this is also a factor leading to customer satisfaction. These three profiles are, the planner consumer who is more cautious; the consumerist who is more adventurous, outgoing and vain; and the reserved who only focuses on price and buys only if it is necessary.

Satisfaction is considered to be a reflection of cumulative feelings that develop from several interchanges with a mobile retailer (Martin & Catalan, 2013). Customer satisfaction is achieved through mobile marketing by addressing key features of the target population by knowing key issues and current insights about the target market (Shankar et al., 2010). Prior research has

implied that satisfaction is a prominent factor of prolonged behaviour (Deng et al., 2010). Therefore, this paper has proposed the following hypothesis:

*H6: Satisfaction positively affects the purchase intent of staple products amongst BOP consumers in Khayelitsha.*

### **2.5.6 Purchase Intention**

Purchase intention is explained as the intention of a consumer to want to purchase goods (Wee, Ariff, Zakuan, Tajudin, Ismail & Ishak, 2014). It is also defined as the consumers' inclination to contemplate buying or intending to purchase in the future (Balakrishnan, Dahnil & Yi, 2014). Lastly, Dehghani and Turner (2015) state that purchase intention is a likelihood that is determined by the customers who intend to purchase a specific product.

Purchase intention manifests in behaviour through the alignment of factors such as customer satisfaction, brand loyalty, trust and price (Gao et al., 2015). Furthermore, Gao (2015) notes that mobile purchases allow the customer to shop online whenever they please, wherever they are. With regard to this study and the BOP consumer, this suggests that it will aid purchase intention due to the lack of transportation costs associated with travelling to the shops (Shankar et al., 2010).

Chikweche, Stanton and Fletcher (2012) conducted a study on family purchase decision making at the BOP and found that buying models are constantly changing amongst BOP market families, depending on the constraints produced by their having little disposable income.

## **2.6 Conclusion**

This chapter has discussed digital marketing and how it has continued to improve throughout the years. It has also showed how digital marketing has become a medium that marketers are learning about and realising the importance of, in relation to growing the marketing industry. Mobile marketing was discussed in this study as a form of digital marketing that has a great potential to alleviate poverty amongst the BOP market segment and in return, to create wealth for businesses that act upon this.

The importance of this study lies in showing the advantages of mobile marketing in the form of mobile advertising, by understanding the different factors stated in the conceptual framework. It will show that this area of marketing can grow and be used to improve BOP consumers' knowledge about products and can create a tool for them to make their lives easier.



## **CHAPTER 3: RESEARCH METHODOLOGY**

The chapter discusses how this study was conducted. It starts by discussing what kind of research paradigm, research design and research strategy was used, citing prior studies to verify why these mechanisms were chosen and to show the reliability and validity of the research tools. It then discusses the population and sample size of the study, which explains how the study is generalised to the population of the BOP market segment.

This chapter also discusses the measurement instruments and how data were analysed to reach conclusions on the hypotheses. It ends by stating the ethical considerations to be noted and describes the limitations to the study.

### **3.1 Research Paradigm**

A research paradigm is a view that informs the approach of how things are completed or rather, forms a set of practices (McGregor & Murnane, 2010). The research paradigm guides the whole notion of the study as there could be different kinds of interpretations to research (Hammersley, 2002). Noting that research paradigms set the context for a researcher's study, Ponterotto (2005) identifies various kinds of research paradigms that researchers use to conceptualise and to classify their research – such as positivism, post-positivism, critical theory and constructivism (Ponterotto, 2005).

This study employs the positivist research paradigm which focuses on verifying prior hypotheses that are in a quantitative proposition that can be converted into mathematical formulae expressing functional relationships (Ponterotto, 2005). This method or model is a proposed description of the scientific position (McGrath & Johnson, 2003).

This study measured the effect of social influence, price and service quality on factors that drive purchase, namely trust and satisfaction, within people living in the BOP market segment in Cape Town. The paradigm, which was selected for the study, aims to understand this market segment to assist marketers in growing the understanding of their consumer behaviour by testing six hypotheses.

### **3.2 Research Design**

A research design is the strategy that is selected to use different elements of the study in a coherent and logical way, verifying that the research problem is addressed efficiently (Myers, Well & Lorch, 2010). A research design serves as a function to enable researchers to answer the initial question unambiguously, ensuring validity; it is different from a research method as it does not serve to collect data but rather serves as a logical structure for the study (De Vaus & de Vaus, 2001).

There are five types of quantitative research design: descriptive, correlational, causal-comparative/quasi-experimental, experimental and cross-sectional research designs (Edmonds & Kennedy, 2016). A cross-sectional research design was used for this study which, as defined by Levin (2006), is a simple research design that seeks to find prevalence of an issue or problem by researching a cross-section of the population. Given the time sensitivity of this study, a cross-sectional design allowed the researcher to conveniently find participants to participate in the study without prior screening (Olsen & George, 2004).

Additionally, cross-sectional designs are studies used to infer causation (Mann, 2003). This would therefore be the best design to use for this study as the hypotheses stated are inevitably trying to find what causes purchase intention. The study sought to find the cause and effect relationship between the predictors and mediators that lead to purchase (dependant variable).

### **3.3 Research Strategy**

A research strategy is a coherent plan that guides the study's conception and enables researchers to conduct research systematically in order to produce the best quality results (Kratochwill, 2013). Research strategies are the fundamentals of the rationale of a study to achieve the desired goals (Schneiberg and Clemens, 2006). There are three research strategies commonly used by researchers, specifically quantitative, qualitative and mixed method.

This study has used a quantitative research strategy, which is defined as a paradigm that is based on positivism, which uses scientific explanation and whose aim is to test hypotheses and predict causation (Poggenpoel, Myburgh & Van der Linde, 2001). By choosing this strategy, the study had the ability to numerically analyse the data collected through questionnaires and surveys that were given to the target population of the study. A similar study by Duvenage, Schonfeldt and Kruger (2010) – which looked at the food product features which were directing the buying preferences of maize meal by South African BOP consumers – used a quantitative

approach in order to measure causal factors influencing purchase intention. A quantitative research approach was also used in a study by Human, Evans, Souter and Xabanisa (2011) as they measured the effect of advertising on BOP consumers.

Quantitative research allows a study to determine a relationship between one thing and the other and with regard to the variables presented in the study. As such, this research strategy was best suited for the best possible outcomes (Muijs, 2010).

The disadvantages of quantitative research strategy are that it is limited in a sense that it takes a snapshot of a phenomenon and not in-depth observation (Rahman, 2016). Another disadvantage is that there is an inability to control the environment and survey responses often depend on the conditions occurring during that particular period (Muijs, 2010). Lastly, quantitative research can be costly and time consuming, especially when the population of the study is large.

### **3.4 Population and Sampling**

#### **3.4.1 Population**

As stated by Bell (2014), a population is a well-defined group of people or objects that have comparable features. It is described by Prahalad (2012) as the 4 billion people in the world living on less than \$4 a day, which he considers the bottom of the pyramid. In the South African context of, it is suggested that there are about 23 million people who are considered to be living at the BOP (Masinge, 2011).

#### **3.4.2 Sample Size**

Sample size is defined as the number of examinations or replications to incorporate in a statistical case (Malterud, Siersma & Guassora, 2016). The goal of the sample size is to make inferences about the population (Malterud et al., 2016).

The sample size for this study was calculated using the Raosoft (2017) online sample size calculator; a sample size of 385 was set for the study. A study conducted by Akter, Ray and D'Ambra (2013) on the continuance of m-health services at the BOP used a sample size of 365. Wentzel, Diatha and Yadavalli (2013) used a sample size of 341 in their study on understanding technology-enabled financial service adoption in South Africa, focusing on BOP.

Four hundred questionnaires were administered in this study, of which 385 were completed.

### **3.4.3 Sampling Technique**

Two types of sampling techniques can be used. In the probability sampling technique, subjects have an equal opportunity to get selected to participate in the particular study (Field, Pruchno, Bewley, Lamay & Levinski, 2006). In non-probability sampling, however, it is not known which individuals from a population will be chosen (Field et al, 2006).

This study used non-probability sampling to sample its participants. This allowed the study to find participants easily, which took account of the nature of this study and the limited time available, and the problems in accessing certain areas due to language barriers, time and travel costs. Non-probability sampling technique also aided the study's ability to explain the research and find the problem or issue to mobile marketing in BOP market segments in a quick and inexpensive way (Sadler, Lee, Lim & Fullerton, 2010).

A probability sampling technique would not have yielded the best results as it would be difficult to find a sample of people who are considered to be in the BOP market segment who wanted to participate in the study due to the time constraint of the study (Magnani, Sabin, Saidel & Heckathorn, 2005).

There are five types of non-probability sampling: purposive sampling, convenience sampling, self-selection sampling, quota sampling, and snowball sampling (Kothari, 2004). The study used convenience sampling – whereby participants are selected based on the ease with which the researcher can access them (Etikan, Musa & Alkassim, 2016). The advantage to this kind of sampling technique is that firstly, minimal knowledge of the population is required, secondly, that there is high internal and external validity and lastly, analysis of the data is simple (Acharya, Prakash, Saxena & Nigam, 2013).

### **3.5 Measurement Instruments**

The study used a survey as they are the best way to collect data and allow for ease in interpreting the data into numerical values (Fricker & Schonlau, 2002). Surveys are easy to conduct and can be contained within time limits (Fricker & Schonlau, 2002).

The simplicity of conducting the survey means that the costs to make and conduct one is relatively inexpensive (Heiervang & Goodman, 2011). An important characteristic of surveys is that they have a good anonymity aspect (Heiervang & Goodman, 2011) such that a person could participate in the study simply if they earned less than R6 000 a month before tax and were currently living in Cape Town.

The questionnaire target questions pertaining to the six constructs in the conceptual framework. Each construct used three questions to gather data. A total of 18 questions were included in the questionnaire. The layout of the questionnaire included three screening questions to ensure the appropriate respondents participated in the study. The rest of the questionnaire was presented the six constructs.

This study measured six constructs. The items used to measure the pivotal concepts in the study were appropriated from Gao et al. (2015).

- The items of service quality demonstrate dependability, receptiveness, guarantee and personalisation (Gao et al., 2015). The Cronbach value given for this item was 0.7.
- The items that measured trust were altered from Gao et al. (2015) to show mobile traders' ability, integrity and benevolence. The Cronbach value given for this item was 0.7.
- The items of satisfaction show participant's satisfaction, contentment and pleasure (Gao et al., 2015). The Cronbach value given for this item was 0.7.
- Items of social influence were adjusted from the study of Lu et al. (2005). Social influence was examined and gave a Cronbach value of 0.85 to 0.99 indicating good scale reliability (Lu et al., 2005).
- Items of price sensitivity were adapted from the study by González and Martos-Partal (2014). The internal validity of this scale gave a Cronbach value of 0.77 (Gonzalez & Martos-Partal, 2014).
- Lastly, the item of purchase intention reflects the intention to continue buying using mobile applications.

All the items were calculated employing a 5-point Likert scale with measurement sets ranging from 1 = strongly disagree to 5 = strongly agree. Due to the study being adapted from the study of Gao et al. (2015), the Cronbach alphas scores need to higher than 0.70 for the factors to be considered to have good reliability.

The questionnaire is given in Appendix A.

### **3.5.1 Pilot Data Collection Instrument**

Conducting a pilot study is important because it allows the study firstly, to assess the feasibility of the process that need to happen in the focal study (Thabane, Ma, Chu, Cheng, Ismaila, Rios, Robson, Thabane, Giangregorio & Goldsmith, 2010). Secondly, carrying out a pilot study assists in accounting for resources available for the main study and the management of data optimisation (Thabane et al., 2010).

The pilot study was conducted on a UCT campus where 15 participants – all students at UCT – were invited to participate. They completed the questionnaire in one of the classrooms booked for the pilot study – and were given ten minutes to do so. After completion they were asked to give feedback regarding if the study was appropriate and would be easy to understand for the target population. All participants gave feedback that the study was easy to understand and that it would measure what it intended to measure.

### **3.5.2 Data Collection Procedure**

To collect the data, the participants were randomly selected in Khayelitsha, near the taxi rank. Being near the taxi rank ensured that there was a flow of people, especially in the morning. Four field researchers were appointed at different entrance points to the taxi rank. They were all Xhosa speaking and they could translate the questions which were in English to Xhosa. To ensure that the selected person met the criteria of the study, two questions were asked before they could participate in the study – namely whether they were a resident of Khayelitsha and secondly whether they earned less than R6 000.

## **3.6 Data Analysis**

Data analysis enables the researcher to organise, summarise and do further exploratory analysis on the data by seeing if there are any similarities in the responses, if there are differences in the variables being studied, and if there is a relationship in the variables being studied (Treiman, 2014). With quantitative data analysis, the researcher is able to present the data in easy ways such as tables, graphical displays and summary statistics (Treiman, 2014).

The study calculated the inferential and descriptive statistics to generalise the findings to the population of BOP market segments living in Cape Town (Lowry, 2014). Furthermore, the data was analysed in the Smart PLS 3 software. Chinomona and Sandada (2013) used Smart PLS software in their study on the persuasion of retail-associated mobile operations on consumer intention to buy goods promoted by SMS in South Africa. With Smart PLS, the Structural

Equation Modelling (SEM) technique can be used where linkages can be made between dormant variables and their manifest variables; and furthermore, the structural model captures the hypothesised causal relationships among the constructs (Chinomona & Sandada, 2013).

### **3.7 Reliability and Validity**

Reliability is described as the magnitude to which results are consistent over time (Golafshani, 2003). To ensure reliability, a test-retest method was used during the pilot study. Validity controls whether the research being conducted really measures what it is planned to measure (Golafshani, 2003). To ensure validity, the 15 participants who participated in the pilot study, discussed and evaluated whether the data for the study represents what it was supposed to.

For reliability, the Cronbach Alpha was determined at 0.7 to ensure the study reached that value. To ensure further reliability, the composite reliability was measured. For validity, the convergent and discriminant validity was measured. With regard to discriminant validity, the indicator item cross loading, Fornell-Larker Criterion, Heterotrait-Monotrait Ratio and the model fit were discussed and shown in the form of tables.

### **3.8 Model Fit**

The model fit describes how well the set of observations fit in a study and it summarises the discrepancies between observed values and the expected values in the model (Perry, Nicholls, Clough & Crust, 2015). Its aim is to find how effective the information gathered aligns to the measurement model (Chinomona & Sandada, 2013).

The model fit is measured using three indications. namely Standardised Root-Mean Square Residual; Chi-square value; and Normed Fit Index. The model fit was checked using Smart PLS 3. The results are discussed in the next chapter.

### **3.9 Mediator Test**

A mediator test is one that seeks to identify the mechanisms or process that ascertains that there is an observed relation within an independent variable and dependent variable through a third variable (Khalaila, 2015). The mediating results were checked through Smart PLS 3. The study looked at the model holistically to determine whether or not the relationship's variables were impacted when the mediator was presented.

### **3.10 Ethical Considerations**

Before the participants were allowed to participate in the survey, they needed to read and accept the informed consent form which explained that they would be promised complete anonymity throughout the study; once they submitted their surveys to the researcher, their names would not appear online or in this study. Prior to the study, the participants were not contacted in any way. Names were only taken for the informed consent which established this agreement between the researcher and the participants.

It was made clear to all participants that participation in this study was voluntary and that if they felt they did not want to continue, they could withdraw from the study at any time they wished without any repercussion.

The study was safe and did not involve the participant physically in any way and therefore it was not harmful.

The research has been approved by the Commerce Faculty Ethics in Research Committee.

### **3.11 Limitations**

The first limitation of this study is that it cannot be generalised beyond Cape Town. More research is needed to supplement this study to produce more comprehensive insights regarding the broader South African BOP market segment. The study only focused on people in Cape Town who lived in Khayelitsha and not in other areas across the city of Cape Town. Future studies can address this to improve their research.

The study furthermore suggests that there may be more predictors that can influence purchase intention in BOP markets segments with the aspect of mobile marketing, such as ethnic differences. These might influence even the use of mobile devices from this market segment.

There is an element of respondent bias due to language and cultural constrictions. The study was conducted in English, which is unlikely to have been the first language of many of the participants in the study. In addition, respondents in BOP research often have low levels of education (Khanna & Palepu, 2005) – which meant that they did not understand some of the questions asked. Researcher bias could have arisen from this situation as some of the concepts needed to be explained by the researcher - a phenomenon expected in the BOP research given the low levels of education of most of the respondents and their resource constraints (Khanna & Palepu, 2005).

### **3.12 Conclusion**

The study used the positivist research paradigm and a cross-sectional research design was used, due to the time constraints. The study employed a quantitative research strategy in order to be able to generalise the findings to the populations of the BOP market segment in Khayelitsha.

Once more, due to time constraints, the study used non-probability sampling to find study participants. From a population of 23 million BOP consumers in South Africa, the study set a sample size of 385 to allow the findings to be generalised to the population. Surveys were used to acquire the data needed and these are analysed using the Smart PLS 3 programme. The chapter ends by noting the ethical considerations and limitations of the study.

## CHAPTER 4: PRESENTATION OF RESULTS

### 4.1 Introduction

The descriptive statistics of the research participants are introduced in this chapter. Furthermore, reliability and validity evaluation are put forward using tables as well as the path modelling outcomes and hypothesis assessments from Smart PLS 3.

### 4.2 Descriptive Statistics

According to Holcomb (2016), descriptive statistics are tools that help us organise and summarise data. Also, Healey (2014) states that descriptive statistics assist the investigator to outline and arrange the profile of the study participants and that the main aim is to permit distinctive data about the study participants in the quantitative data investigation.

Smart PLS 3 was employed to examine the research participants' completed surveys.

#### 4.2.1 Profile of Research Participants

Table 1 presents the profile of the 385 research participants.

*Table 1: Profile of research participants*

Characteristics		Numbers	%
Monthly Income	>R6000	385	100%
Residency	Khayelitsha	385	100%

*Source: Own compilation (2018)*

Respondents who earned less than R6000 accounted for 100% (n=385). This measurement item sought to find research participants who were considered BOP, which the study defined as people who earn less than R6000 per month.

Table 1 also shows the residency of the research participants – and indicates that those who lived in Khayelitsha accounted for 100% (n=385). This measurement item sought research participants who lived in Khayelitsha as the study was only focused in that area.

Table 2 shows the choice of maize meal product that research participants are likely to buy.

*Table 2: Maize meal choice*

<b>Maize meal brands</b>	<b>Numbers</b>	<b>%</b>
White star	292	76%
Impala	5	1%
Ace	11	3%
Iwisa	76	20%
Amabele Ting	1	0%
<b>Total</b>	<b>385</b>	<b>100%</b>

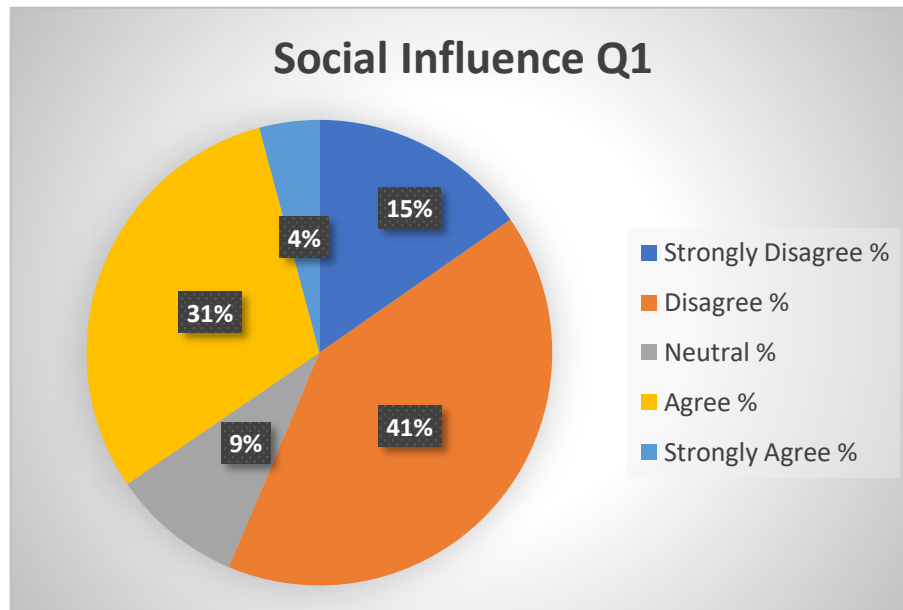
*Source: Own compilation (2018)*

Participants who choose White Star accounted for 76% (n=292), followed by Iwisa which accounted for 20% (n=76), then Ace which accounted for 3% (n=11), while the lowest representation was accounted by Impala and the Amabele Ting at 1% (n=5) and 0% (n=1) respectively. The measurement item was primarily interested in understanding the type of maize meal brand the BOP living in Khayelitsha are more willing to buy.

#### **4.2.2 Questionnaire's Descriptive Statistics**

This section arranges the descriptive statistics outcomes from the concepts of this study, being social influence, price sensitivity, service quality, trust, satisfaction and purchase intention. The following Figures show each measurement item.

## Social Influence

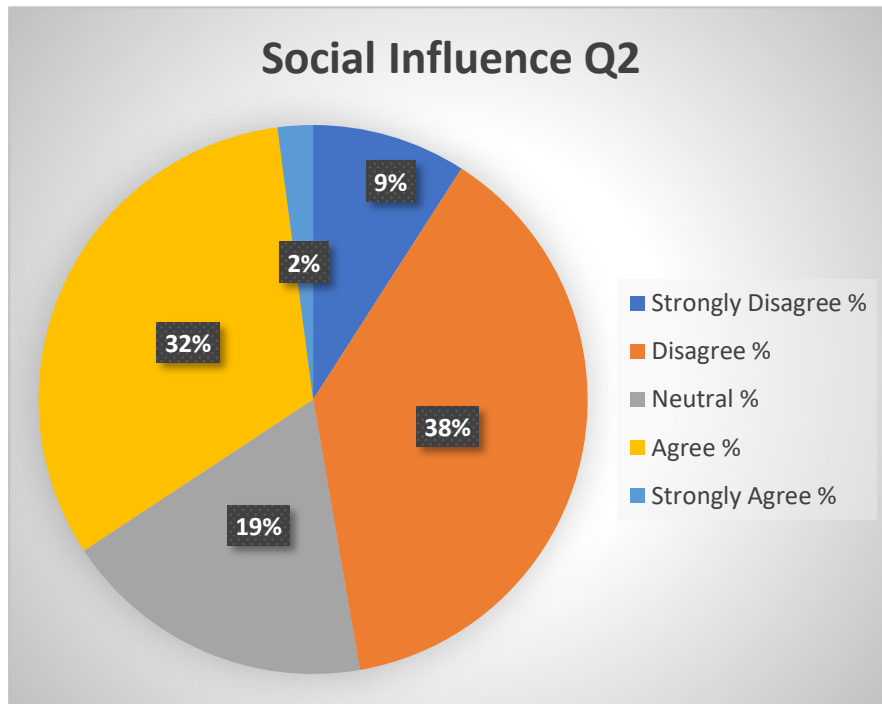


**“I am more likely to buy a certain kind of maize meal brand if someone advises me to.”**

*Figure 7: Social influence Q1*

*Source: Own compilation (2018)*

As shown in Figure 7, there are 56% (n=217) participants who disagree and strongly disagree that they are likely to buy a certain kind of maize meal brand if someone advises them to do so. This indicates that participants do not adhere to advice given by the people around them when buying a certain kind of maize meal product, indicating that they are not influenced by people in their purchase decisions. Consequently, 34% (n=131) of the participants showed that they agree and strongly agree with regard to the statement. There was only 9% (n=35) of the participants who were neutral to the statement.

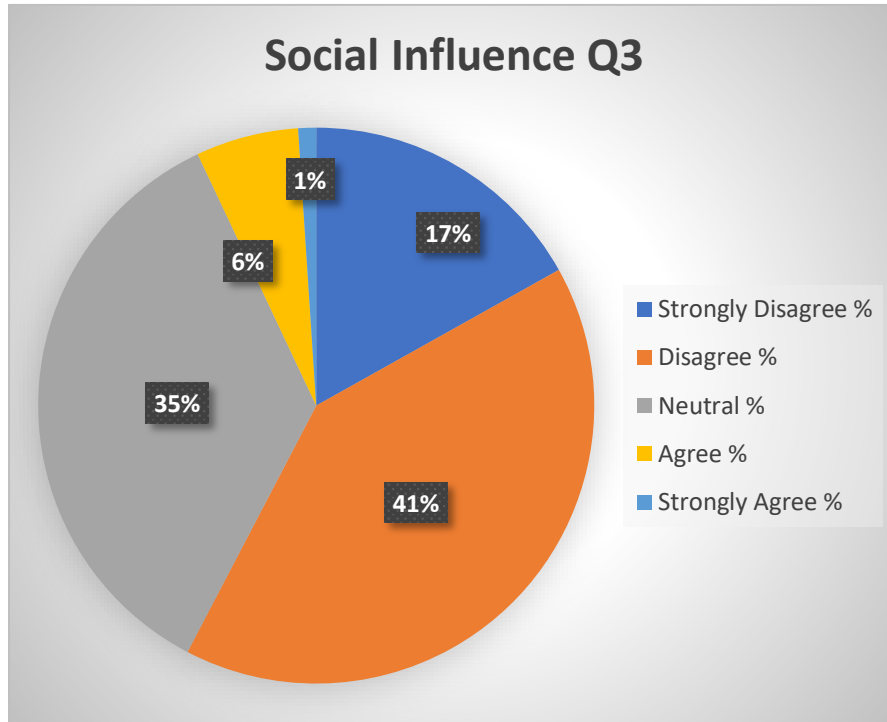


**“I trust mobile advertisements if someone close to me knows about it and has used it.”**

*Figure 8: Social influence Q2*

*Source: Own compilation (2018)*

Nearly half of participants (47%) disagree and strongly disagree that they would trust mobile advertisements if someone close to them knows about it or has used it, as shown in Figure 8. This is to confirm that a large number of people would not trust mobile advertisement even if someone who is close to them knows about it or has used it. Therefore, these participants are not influenced to trust mobile advertisements, which people have used or know about. A third – 34% (n=132) - of the participants agree and strongly agree with the statement however – which means that someone’s use of a mobile advertisement would make them trust the advertisement. The lowest number of participants indicated that they were neutral to the statement, which accounted for 19% (n=71) of the total sample.



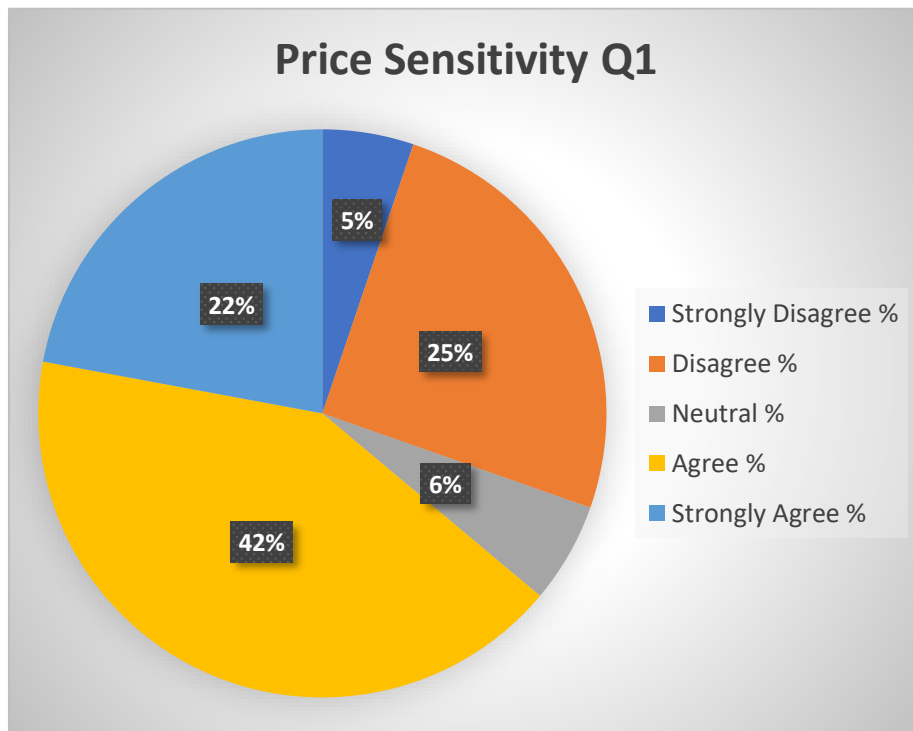
**“People around me think mobile advertising is considered high profile”**

*Figure 9: Social influence Q3*

*Source: Own compilation (2018)*

Just over half of the participants – 58% (n=222) – disagree and strongly disagree that people around them think mobile advertising is considered high profile, as indicated in Figure 9. This indicates that these participants do not consider mobile advertisements to be in a class level that they and the people around them cannot access. Therefore, they regard it as something that everyone around them can access. 35% (n=136) of the participants were neutral to this statement while 7% (n=27) of the participants disagree and strongly disagree with the statement.

## Price Sensitivity

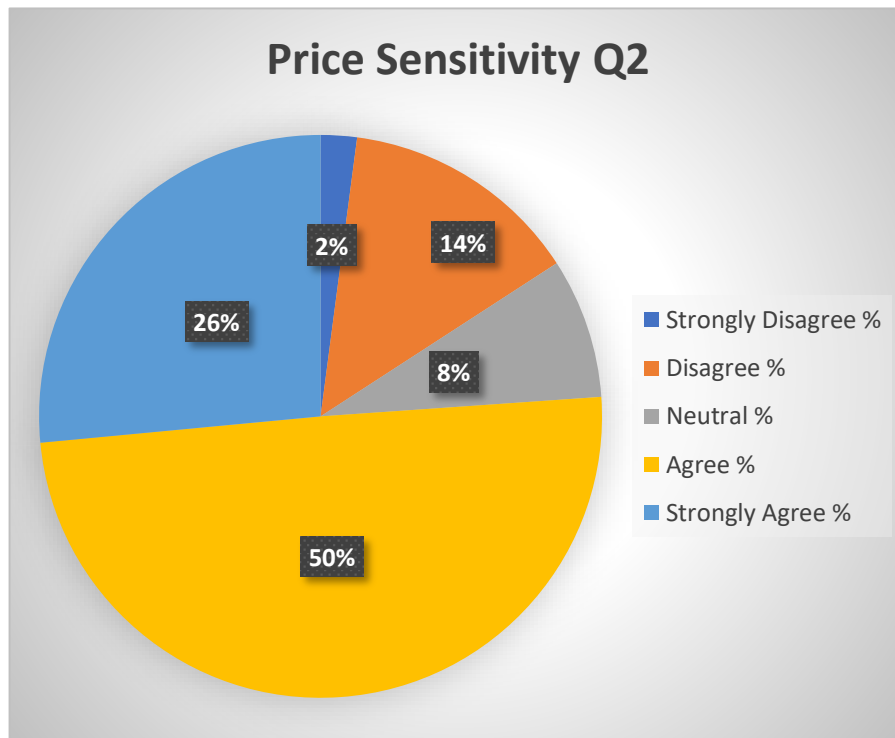


**“I always compare prices among different brands before choosing one.”**

*Figure 10: Price sensitivity Q1*

*Source: Own compilation (2018)*

Figure 10 indicates that nearly two thirds of the participants – 64% (n=246) –strongly agree and agree that they always compare prices among different brands before choosing one. This shows a strong indication that participants are prices sensitive. 30% (n=117) of the participants strongly disagree and disagree with the statement – suggesting that price is not one of the factors on which they make their choice. 6% (n=22) of the respondents are neutral to the statement.

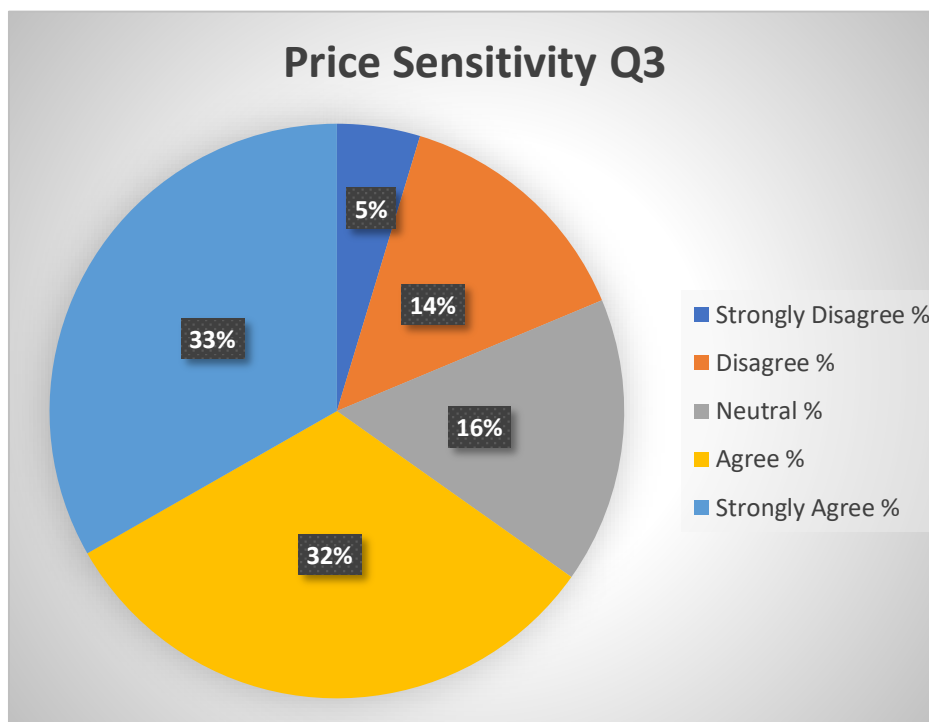


**“I compare prices to take advantage of special offers.”**

*Figure 11: Price sensitivity Q2*

*Source: Own compilation (2018)*

Three quarters of the participants – 76% (n=293) – agree and strongly agree with the statement, indicating that they compare prices to take advantage of special offers. This confirms that a large number of participants may go for the cheaper priced product. 16% (n=61) of the participants disagree and strongly disagree with the statement – suggesting that special offers are not important to them. 8% (n=31) of the participants are neutral to the statement.



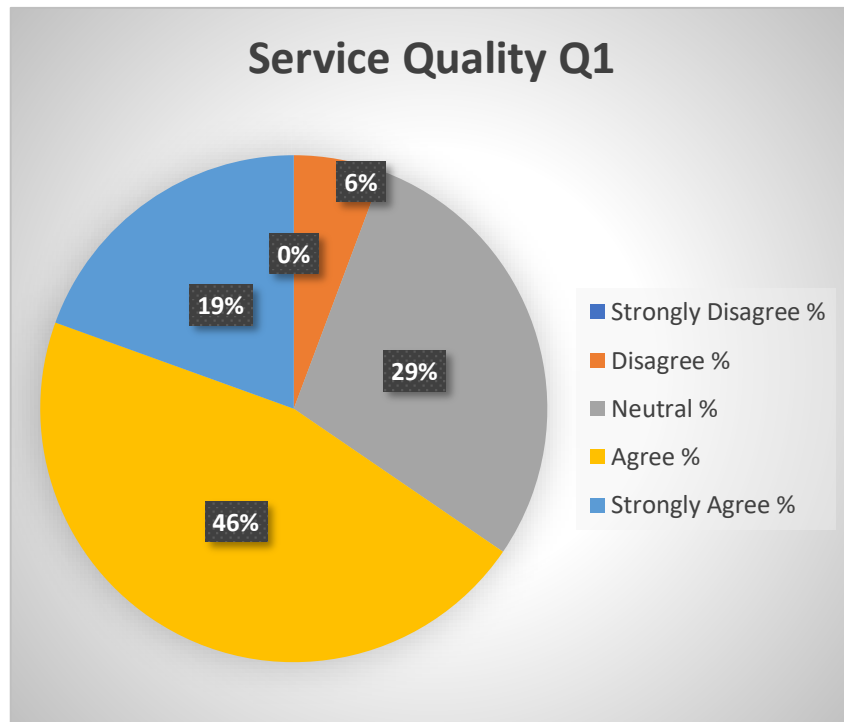
**“I look for bargains.”**

**Figure 12: Price sensitivity Q3**

**Source: Own compilation (2018)**

As shown in Figure 12, about two thirds of the participants – 65% (n=251) – agree and strongly agree that they look for bargains indicating that these respondents are interested in saving money when buying their main staple food. On the contrary, 19% (n=72) of participant’s state that they do not look for bargains. Lastly, 16% (n=62) of participants are neutral about the statement.

## Service Quality

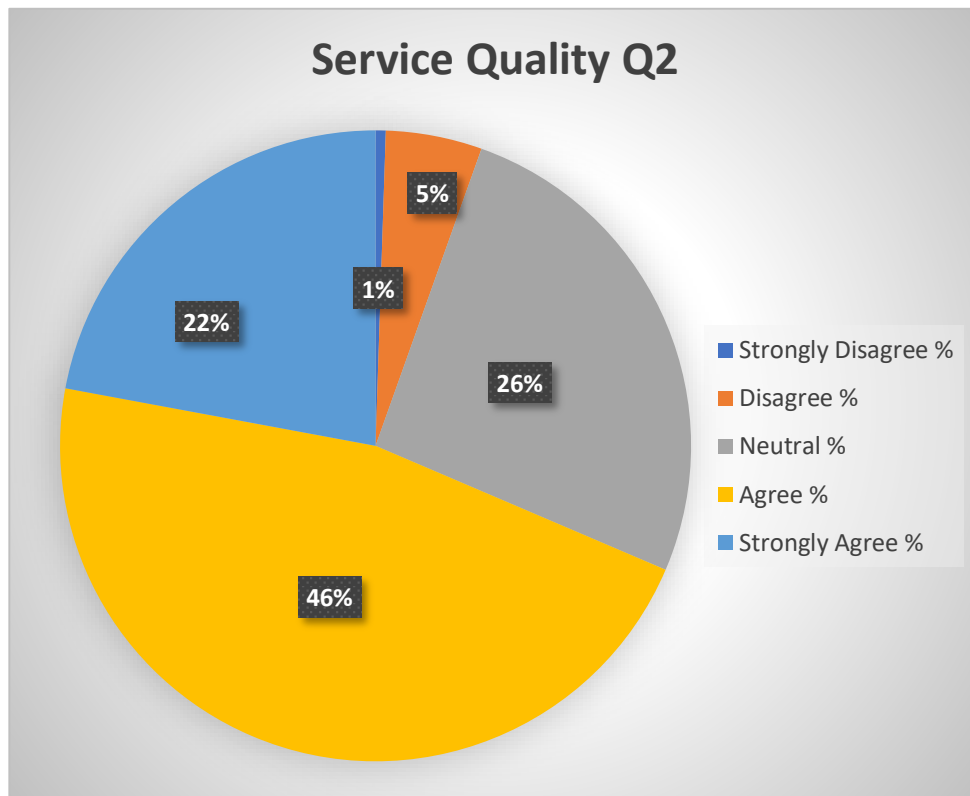


**“I am more likely to purchase maize meal from a particular shop that provides me with on-time services.”**

*Figure 13: Service quality Q1*

*Source: Own compilation (2018)*

Two thirds of the participants – 65% (n=252) — agree and strongly agree that they are more likely to purchase maize meal from a particular shop that provides them with on-time services - indicating that most participants are more likely to shop from stores that provides them services that are available when the consumers want it. 29% (n=111) of the participants are neutral about the statement. Lastly, the lowest number of the participants disagree and strongly disagree with the statement which accounted for 6% (n=22) of the total sample.

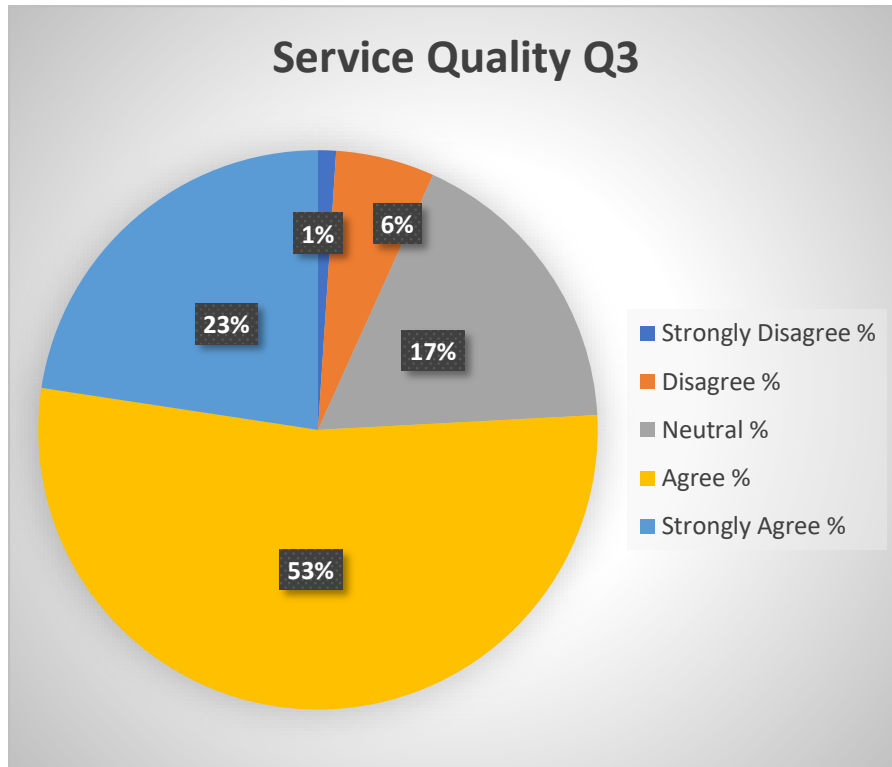


**“I am more likely to purchase maize meal from a particular shop that provides quick response to my questions.”**

*Figure 14: Service quality Q2*

*Source: Own compilation (2018)*

As shown in Figure 14, over two thirds of the participants – 68% (n=264) —who agree and strongly agree indicated that they are more likely to purchase maize meal from a particular shop that provides quick responses to their questions. About a quarter – 26% (n=100) – of the participants were neutral to this statement. 6% (n=21) of the participants disagree and strongly disagree with the statement.



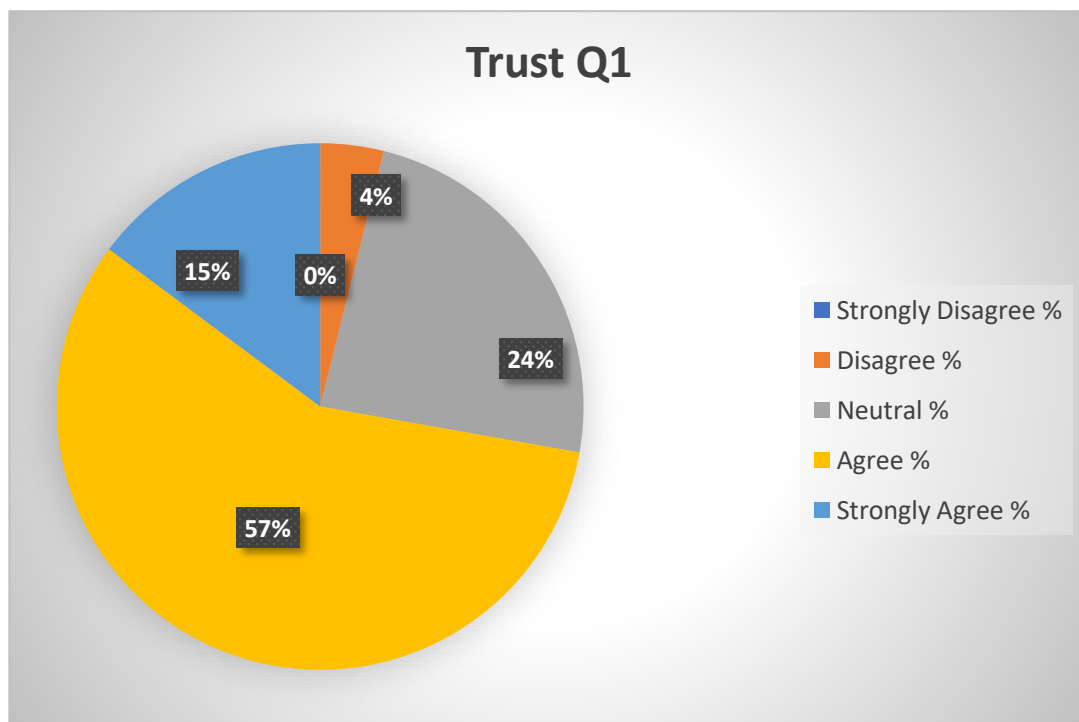
**“I am more likely to purchase maize meal from a particular shop that provides professional services.”**

*Figure 15: Service quality Q3*

*Source: Own compilation (2018)*

About three quarters of the participants – 76% (n=292) – agree and strongly agree that they are more likely to purchase maize meal from a particular shop that provides professional services, as depicted in Figure 15 - indicating that the majority of participants appreciate professional service when they make their choice about where to purchase maize meal. 17% (n=67) of participants are neutral about this statement, while, the lowest number of participants disagree and strongly disagree with the statement, which accounted for 7% (n=26) of the total sample.

## Trust

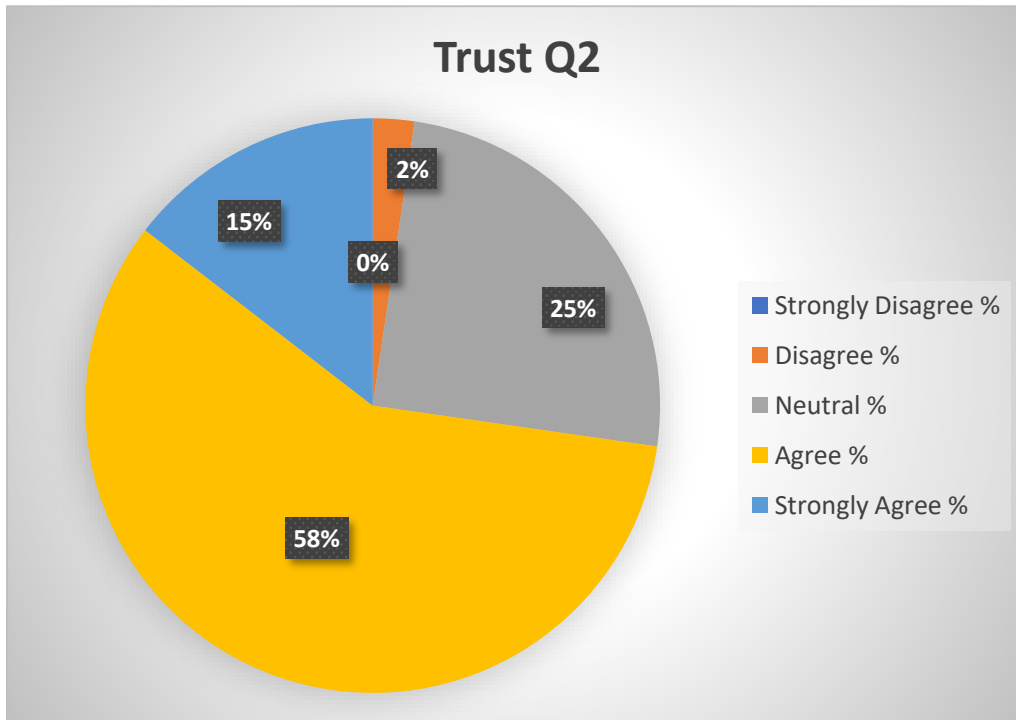


**“I am more likely to purchase maize meal from a shop that is trustworthy.”**

*Figure 16: Trust Q1*

*Source: Own compilation (2018)*

Just under three quarters of the respondents – 72% (n=278) – agree and strongly agree that they are more likely to purchase maize meal from a shop that is trustworthy, as shown in Figure 16. This indicated that the majority of participants value the trustworthiness of the shop they go to. 24% (n=92) of the participants are neutral about this statement. The lowest number of the participants disagree and strongly disagree with the statement, which accounted for 4% (n=15) of the total sample.

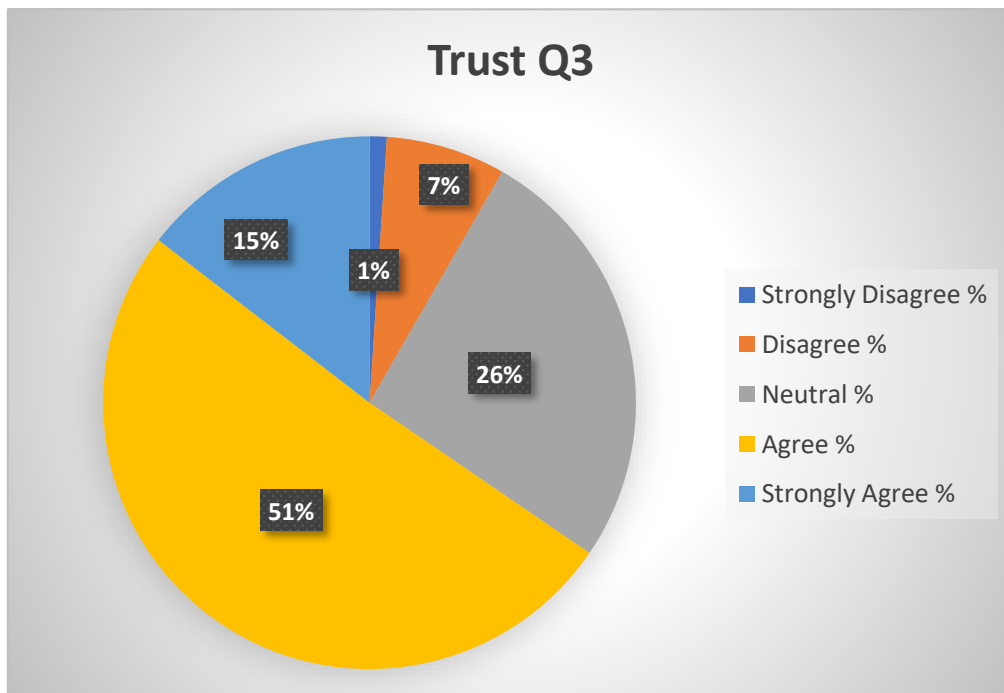


**“I am more likely to purchase maize meal from a shop that keeps its promise.”**

*Figure 17: Trust Q2*

*Source: Own compilation (2018)*

As shown in Figure 17, Just under three quarters of the participants – 73% (n=280) – agree and strongly agree that they are more likely to purchase maize meal from a shop that keeps its promise. 25% (n=96) of the participants are neutral about the statement, while 2% (n=9) of the participant disagree and strongly disagree with the statement.



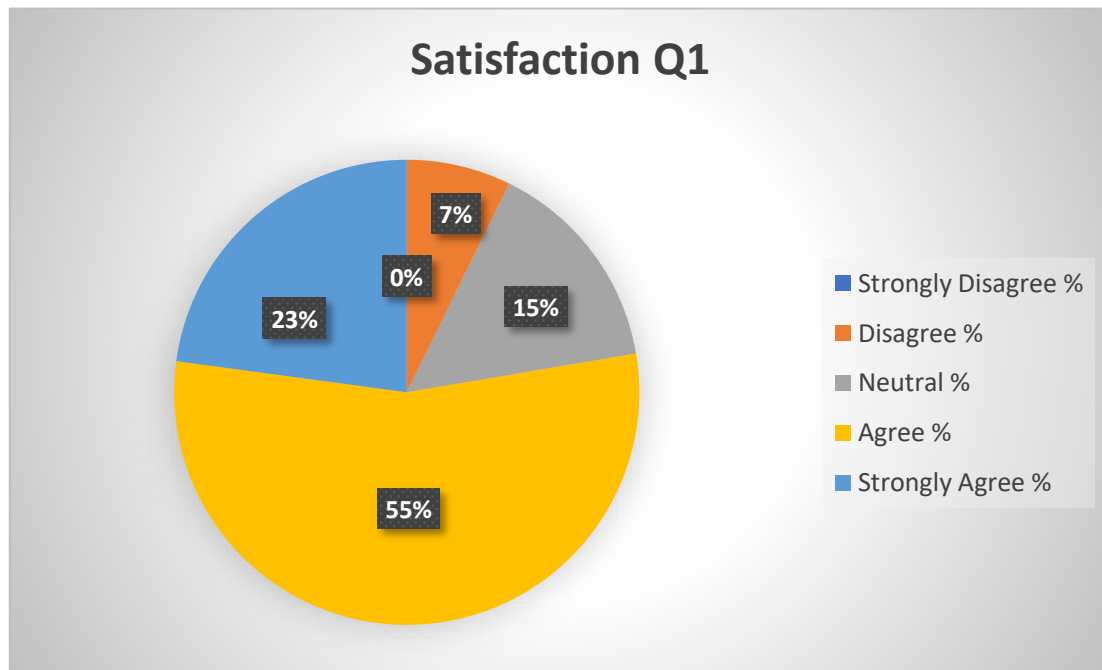
**“I am more likely to purchase maize meal after seeing a mobile advertisement that keeps customers’ interest in mind.”**

*Figure 18: Trust Q3*

*Source: Own compilation (2018)*

Two thirds of the participants – 66% (n=211) – agree and strongly agree with the statement depicted in Figure 18. This indicated that the majority of participants are likely to purchase maize meal after seeing a mobile advertisement that keeps their interest in mind. 26% (n=101) of participants are neutral about this statement, while the lowest number of the participants disagree and strongly disagree, which accounted for 8% (n=32) of the total sample.

## Satisfaction

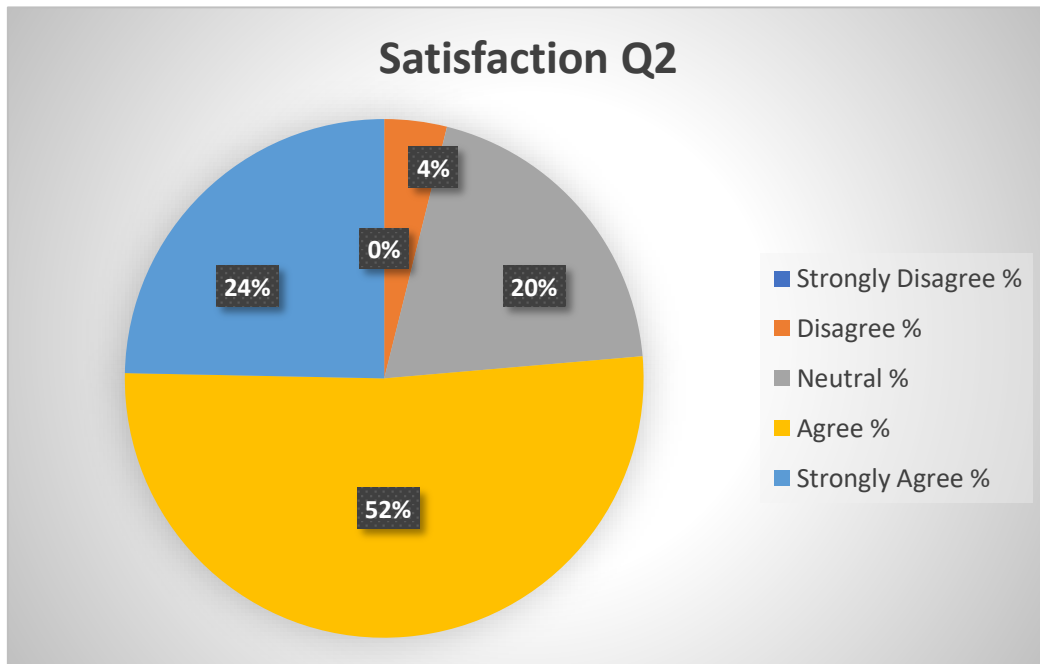


**“I will continue purchasing from a particular shop  
if I am satisfied with the services provided.”**

*Figure 19: Satisfaction Q1*

*Source: Own compilation (2018)*

As shown in Figure 19, just over three quarters of the participants – 78% (n=299) – agree and strongly agree that they would continue purchasing from a particular shop if they are satisfied with the services provided. 15% (n=58) of the participants were neutral about the statement. 7% (n=28) of the participants disagree and strongly disagree with the statement.

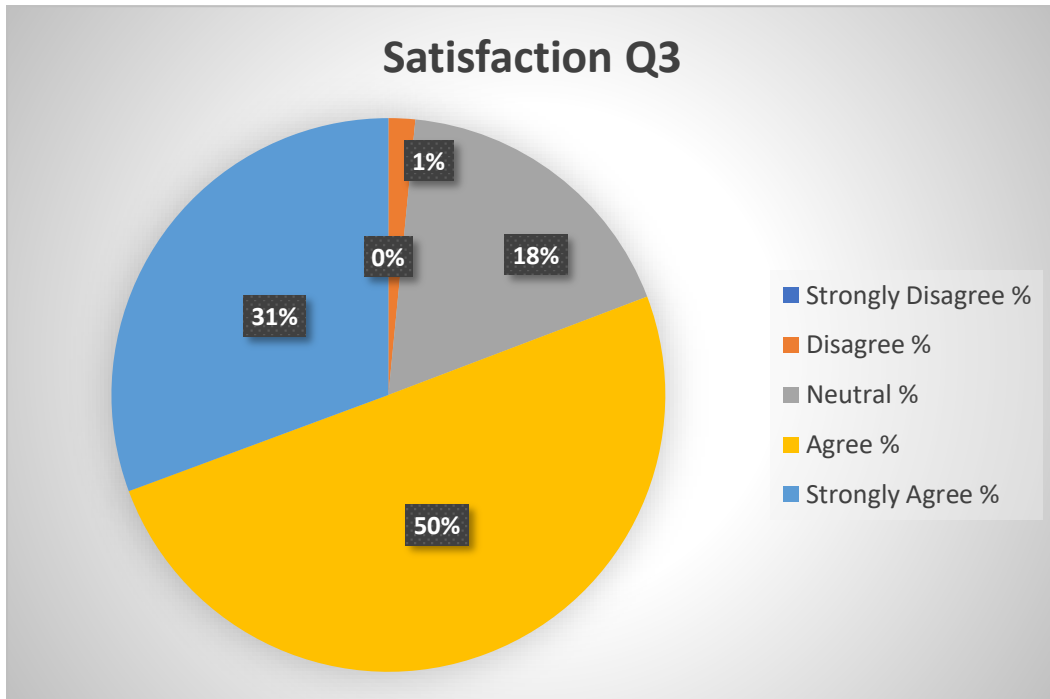


**“I will continue purchasing from a particular shop  
if I am content with the services provided”**

*Figure 20: Satisfaction Q2*

*Source: Own compilation (2018)*

Just over three quarters of participants – 76% (n=294) – agree and strongly agree that they will continue purchasing from a shop if they are content with the services provided, as indicated in Figure 20. 20% (n=76) of the participants were neutral to the statement, while the lowest number of the participants disagree and strongly disagree with the statement, which accounted for 4% (n=15) of the total sample.

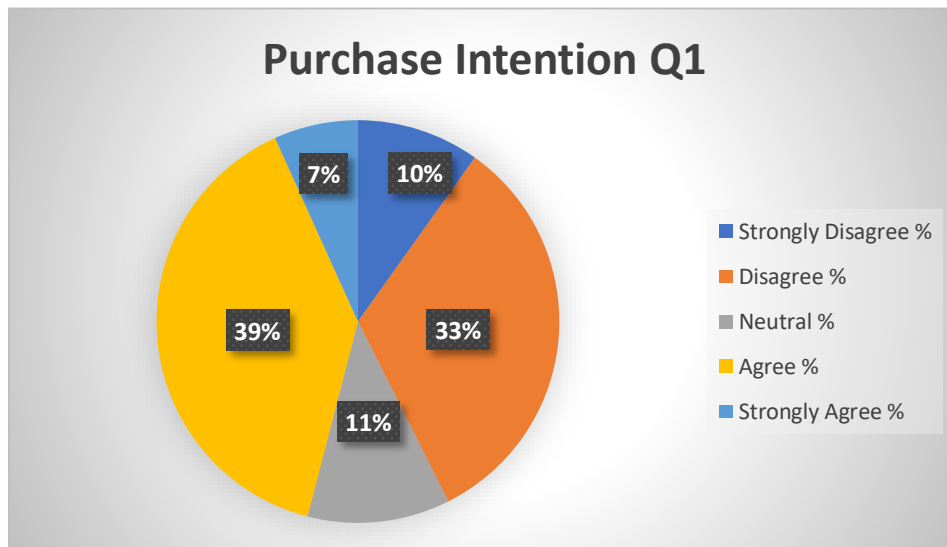


**“I will purchase from a particular shop if they offer the brand of maize meal I want.”**

***Figure 21: Satisfaction Q3***

**Source:** high proportion of respondents – 81% (n=311) – strongly agree and agree that they will purchase from a particular shop if they offer the brand of maize meal they want, as shown in Figure 21. 18% (n=68) of the participants are neutral about the statement, while 1% (n=6) of the participants strongly disagree and disagree with the statement.

## Purchase Intention

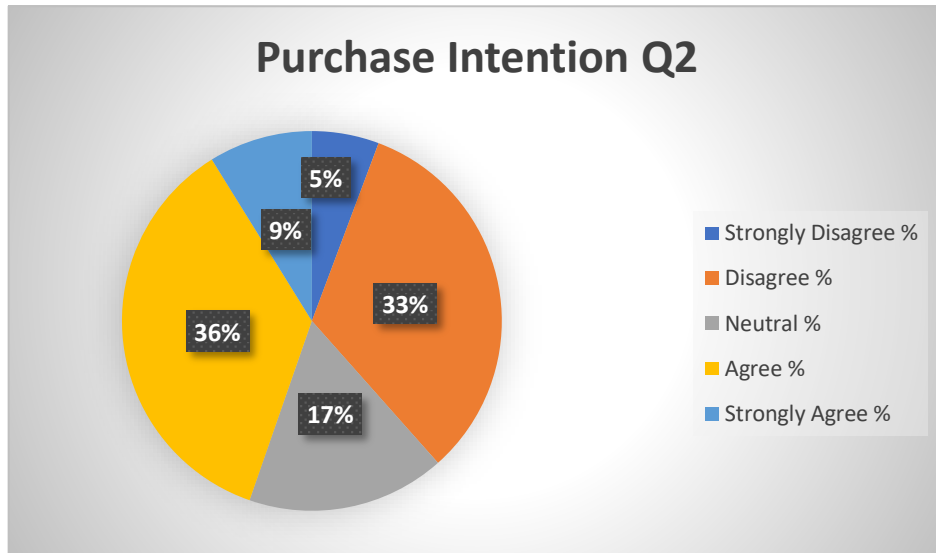


**“I intend to use mobile advertising for purchase of staple products such as maize meal.”**

*Figure 22: Purchase intention Q1*

*Source: Own compilation (2018)*

As shown in Figure 22, just under half of the participants – 46% (n=177) – agree and strongly agree that they intend to use mobile advertisement for purchase of staple products such as maize meal. This indicates that participants are responsive to using mobile advertisements as a purchase stimulus. This is closely followed by just under half of the participants who disagree and strongly disagree with the statement, as depicted in 44% (n=164) of the total sample. 11% (n=44) of the participants are neutral about the statement.

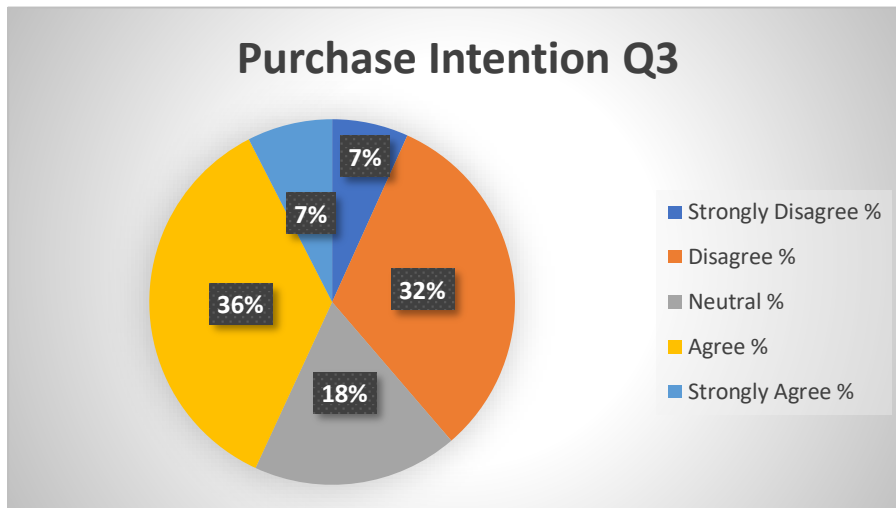


**“Mobile advertising of a staple product can create a want for me to purchase it.”**

*Figure 23: Purchase intention Q2*

*Source: Own compilation (2018)*

Just under half of the participants – 45% (n=172) – agree and strongly agree that mobile advertising of a staple product can create a want for the participant to purchase it, as shown in Figure 23. This indicated that the participants believe that mobile advertising can create a desire for them to purchase a staple product. 38% (n=148) of the participants disagree and strongly disagree with the statement. Lastly, 17% (n=65) of the participants are neutral to the statement.



**“Mobile advertising of a maize meal product can create a want for me to purchase it.”**

*Figure 24: Purchase intention Q3*

*Source: Own compilation (2018)*

Just under a half of the participants – 43% (n=166) – agree and strongly agree that mobile advertising of maize meal product can create a want for them to purchase it, as shown in Figure 24. This confirms that participants will be enticed by mobile advertising to purchase a maize meal product. 39% (n=149) of the participants disagree and strongly disagree with the statement, while 18% (n=70) of participants are neutral about the statement.

### 4.3 Reliability and validity assessment

#### 4.3.1 Measurement Accuracy Statistics

Table 3 below, shows a summarised version of the reliability and validity findings of each item construct from the questionnaire.

*Table 3: Measurement accuracy statistics*

	Items	Loadings	Cronbach's Alpha	rho_A	Composite Reliability Average	AVE
<b>Social Influence</b>	SI1	-0.073	0.374	-0.342	0.321	0.33
	SI2	0.058				
	SI3	0.990				
<b>Price Sensitivity</b>	PS1	0.767	0.772	0.991	0.861	0.676
	PS2	0.941				
	PS3	0.745				
<b>Service Quality</b>	SQ1	0.929	0.871	0.877	0.922	0.797
	SQ2	0.915				
	SQ3	0.831				
<b>Trust</b>	T1	0.902	0.726	0.826	0.846	0.658
	T2	0.924				
	T3	0.552				
<b>Satisfaction</b>	S1	0.934	0.817	0.887	0.892	0.738
	S2	0.946				
	S3	0.669				
<b>Purchase Intention</b>	PI1	0.813	0.897	0.921	0.937	0.832
	PI2	0.957				
	PI3	0.959				

*Source: Own compilation (2018)*

#### 4.3.2 Cronbach's Alpha

A high Cronbach's Alpha is desired as a gauge of internal consistency. It is considered to be the most common estimate of internal consistency of items in a scale (Vaske, Beaman & Sponarski, 2017). As shown in Table 3, the Cronbach Alpha values span from 0.726 – 0.897 for price sensitivity, purchase intention, satisfaction, service quality and trust. These constructs exceed Gao's (2015) recommended threshold of 0.7. This therefore confirms the reliability of the measurements used in this study.

However, social influence showed a Cronbach Alpha of 0.37 which is a weak reliability measurement. The measurement item is nonetheless still a reliable measure, as what is important in reliability is how the measure is being used in the study (Bonett & Wright (2015).

### 4.3.3 Composite Reliability

Composite reliability is another way to measure reliability within a study, and is regularly calculated in combination with structural equation modelling (Peterson & Kim, 2013). The formula used to calculate the composite reliability is structured as follows.

$$CR\eta = (\sum\lambda_{yi})^2 / [(\sum\lambda_{yi})^2 + (\sum\epsilon_i)]$$

Where  $CR\eta$  = Composite reliability,

$(\sum\lambda_{yi})^2$  = Square the sum of the factor loadings;

$(\sum\epsilon_i)$  = Sum of error variances

The results indicated in Table 3 shows that the composite reliability ranges from 0.846 to 0.937 for price sensitivity, purchase intention, satisfaction, service quality and trust. According to Gao et al (2015), the suggested threshold is 0.7. This shows that the procedures in the study meet the internal consistency for reliability. However, social influence composite reliability is 0.321 showing that it does not meet the internal consistency for reliability in the study.

A low composite reliability does not mean the measure cannot be used, as the measurement error is not only random but the error compromises all other systematic and non-systematic influences on the item response. It is therefore considered to be the invalid part of the variance and the loadings are the valid part of the variance (Cho, 2016).

#### 4.3.4 Convergent Validity

The convergent validity was measured by means of the item to total correlations and factor loading items. It indicated values ranging from 0.658 to 0.832 for price sensitivity, service quality, trust, satisfaction and purchase intention. These values exceed the 0.5 recommended threshold. Social influence however, does not meet this threshold as it has a value of 0.33. The factor loading value range is from 0.552 to 0.957 for price sensitivity, service quality, trust, satisfaction and purchase intention. As the recommended threshold is 0.5, these values exceed it.

However, social influence does not meet this threshold as it ranges from -0.073 to 0.990.

#### 4.3.5 Discriminant Validity

*Table 4: Indicator item cross loading*

	Price Sensitivity	Purchase Intention	Satisfaction	Service Quality	Social Influence	Trust
PI1	0.157	<b>0.813</b>	0.039	0.137	-0.029	0.108
PI2	0.222	<b>0.957</b>	0.067	0.159	-0.012	0.109
PI3	0.212	<b>0.959</b>	0.058	0.172	-0.022	0.118
PS1	<b>0.767</b>	0.142	0.132	-0.024	-0.002	0.083
PS2	<b>0.941</b>	0.246	0.194	0.088	-0.108	0.215
PS3	<b>0.745</b>	0.082	0.184	0.062	-0.052	0.134
S1	0.154	0.049	<b>0.934</b>	0.402	-0.313	0.365
S2	0.193	0.05	<b>0.946</b>	0.417	-0.281	0.382
S3	0.193	0.067	<b>0.669</b>	0.238	-0.21	0.343
SI1	0.169	0.199	0.064	0.118	<b>-0.073</b>	0.06
SI2	0.181	0.262	0.03	0.052	<b>0.058</b>	-0.022
SI3	-0.062	-0.007	-0.309	-0.346	<b>0.99</b>	-0.389
SQ1	0.046	0.172	0.394	<b>0.929</b>	-0.367	0.369
SQ2	0.085	0.156	0.374	<b>0.915</b>	-0.322	0.332
SQ3	0.025	0.13	0.362	<b>0.831</b>	-0.269	0.31
T1	0.183	0.051	0.419	0.334	-0.37	<b>0.902</b>
T2	0.152	0.056	0.395	0.404	-0.384	<b>0.924</b>
T3	0.125	0.286	0.138	0.116	-0.165	<b>0.552</b>

*Source: Own compilation (2018)*

The first table is the cross-loading table which assist in reviewing the discriminant validity of the study. Every value on the x and y axis in the table should be lower than the values that are highlighted. The bolded values represent the variables on the x axis and the measurement items on the y axis. According to Table 4, the values of the variables are all lower than the bolded values indicating a good measure of discriminant validity.

**Table 5: Discriminant validity (Fornell-Larker Criterion)**

	Price Sensitivity	Purchase Intention	Satisfaction	Service Quality	Social Influence	Trust
Price Sensitivity	<b>0.822</b>					
Purchase Intention	0.218	<b>0.912</b>				
Satisfaction	0.203	0.061	<b>0.859</b>			
Service Quality	0.058	0.172	0.422	<b>0.893</b>		
Social Influence	-0.078	-0.022	-0.315	-0.36	<b>0.574</b>	
Trust	0.188	0.122	0.418	0.379	-0.398	<b>0.811</b>

*Source: Own compilation (2018)*

With regard to Table 5, the diagonals are the square root of the average variance extracted (AVE) of the latent variables and indicate the maximum in any column and row. The main purpose is to measure the degree of shared variance amongst the latent variables of the model (Alarcon, Sanchez & Olavide, 2015). This shows that there is discriminant validity within the study.

**Table 6: Discriminant validity (Heterotrait-Monotrait Ratio – HTMT)**

	Price Sensitivity	Purchase Intention	Satisfaction	Service Quality	Social Influence	Trust
Price Sensitivity						
Purchase Intention	0.225					
Satisfaction	0.267	0.074				
Service Quality	0.094	0.193	0.489			
Social Influence	0.381	0.408	0.405	0.451		
Trust	0.23	0.204	0.52	0.445	0.455	

*Source: Own compilation (2018)*

Table 6 shows the correlation of each measure in the study. The HTMT table shows discrimination by showing that the values do not have a perfect relationship with the y-axis variables. A perfect relationship would show a value of 1 or -1. In Table 6 however, the values show that they do not have a perfect correlation, holding different values. Therefore, the study can conclude that there is good discriminant validity.

#### 4.4 Model Fit

The model fit was tested using three indices – namely Chi-square value, Normed Fit Index (NFI) and Standardised Root – Mean Square Residual (SRMR). Table 7 shows the score of these indices.

*Table 7: Model fit*

	<b>Saturated Model</b>
<b>SRMR</b>	0.085
<b>Chi-Square</b> $\chi^2/df$	1.598
<b>NFI</b>	0.833

*Source: Own compilation (2018)*

Table 7 shows an SRMR score of 0.085 which is more than the threshold of less than 0.08 (Hu & Bentler, 1999). The Chi-square shows a value of 1.598 which is below the threshold of less than 3 (Chinomona & Dubihlela, 2014). The NFI value is 0.833 which is below the threshold of more than 0.90 (Chinomona & Dubihlela, 2014).. Thus, this study shows a good model fit.

#### 4.5 Hypothesis Testing

The hypotheses were tested to observe the relationship amongst the latent variables using Smart PLS 3 by means of the conceptual model presented in chapter 2. The results are presented below.

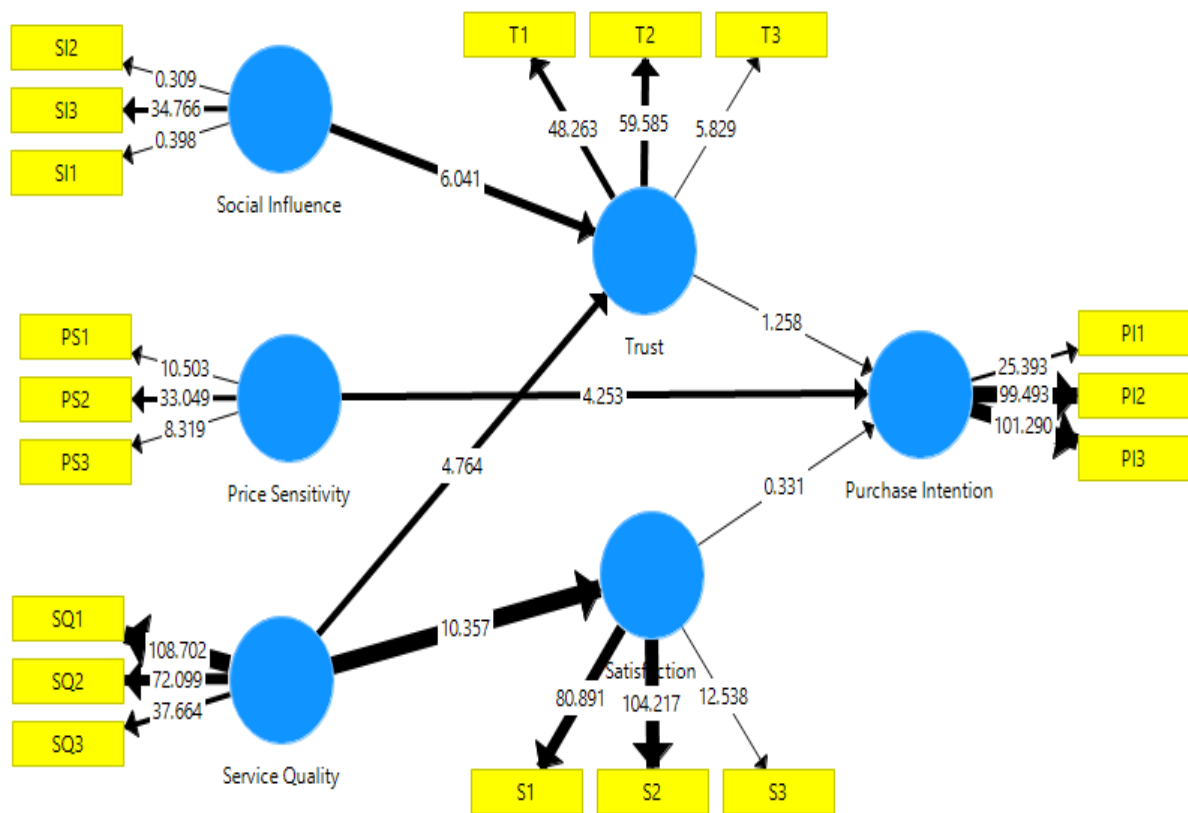


Figure 25: Results of hypothesis testing

Source: Own compilation (2018)

#### 4.5.1 Social Influence and Trust Relationship

Table 8: Social influence and trust hypothesis testing

Hypothesis	Relationship	Std Beta	Std Error	[t- value]^	P Values	Decision
H1	Social Influence -> Trust	-0.305	0.05	5.983	0.000	Supported and Significant

Source: Own compilation (2018)

As shown in Table 8, the t-value of H1 was 5.983, showing a substantial relationship between social influence and trust. The P value displays a 0.000 level of confidence, signifying that the hypothesis is supported and significant. Therefore, this indicated social influence influenced BOP’s trust in mobile advertising strategies in the purchase of maize meal.

#### 4.5.2 Price Sensitivity and Purchase Intention Relationship

*Table 9: Price sensitivity and purchase intention hypothesis testing*

Hypothesis	Relationship	Std Beta	Std Error	[t- value]^	P Values	Decision
H2	Price Sensitivity -> Purchase Intention	0.218	0.047	4.378	0.000	Supported and Significant

*Source: Own compilation (2018)*

As seen in Table 9, the t-value of H2 is 4.378, proposing a substantial relationship between price sensitivity and purchase intention. The P-value displays a 0.000 level of confidence, showing that the hypothesis is supported and significant. Therefore, this indicated price sensitivity influenced BOP's purchase intention in mobile advertising strategies in the purchase of maize meal.

#### 4.5.3 Service Quality and Trust Relationship

*Table 10: Service quality and trust hypothesis testing*

Hypothesis	Relationship	Std Beta	Std Error	[t- value]^	P Values	Decision
H3	Service Quality -> Trust	0.274	0.057	4.729	0.000	Supported and Significant

*Source: Own compilation (2018)*

The t-value of H3, seen in Table 10, shows a value of 4.729, proposing a substantial relationship between Service Quality and Trust. The P-value displays a 0.000 level of confidence, signifying that the hypothesis is supported and significant. Therefore, this indicated service quality influenced BOP's trust in mobile advertising strategies in the purchase of maize meal.

#### 4.5.4 Service Quality and Satisfaction Relationship

*Table 11: Service quality and satisfaction hypothesis testing*

Hypothesis	Relationship	Std Beta	Std Error	[t- value]^	P Values	Decision
H4	Service Quality -> Satisfaction	0.425	0.043	9.845	0.000	Supported and Significant

*Source: Own compilation (2018)*

As seen in Table 11, the t-value of H4 is 9.845, this proposing a substantial relationship between service quality and satisfaction. The P-value displays a 0.000 level of confidence, thus signifying that the hypothesis is supported and significant. This was the strongest relationship between the six hypotheses. Therefore, this indicated service quality influenced BOP's satisfaction in mobile advertising strategies for the purchase of maize meal.

#### 4.5.5 Trust and Purchase Intention Relationship

*Table 12: Trust and purchase intention hypothesis testing*

Hypothesis	Relationship	Std Beta	Std Error	[t- value]^	P Values	Decision
H5	Trust -> Purchase Intention	0.087	0.07	1.291	0.197	Not Supported

*Source: Own compilation (2018)*

As seen in Table 12, the t-value for H5 is 1.291, proposing that there is no significant relationship between trust and purchase intention. The P-value shows 0.197 level of confidence, thus signifying that the hypothesis is not supported and there is no significance. Therefore, this indicated trust does not influence BOP's purchase intention in mobile advertising strategies for the purchase of maize meal.

#### 4.5.6 Satisfaction and Purchase Intention Relationship

*Table 13: Satisfaction and purchase intention hypothesis testing*

Hypothesis	Relationship	Std Beta	Std Error	[t- value]^	P Values	Decision
H6	Satisfaction -> Purchase Intention	-0.016	0.051	0.362	0.717	Not Supported

*Source: Own compilation (2018)*

As seen in Table 13, the t-value for H6 is 0.362, proposing that there is also no substantial relationship between satisfaction and purchase intention. This is the weakest relationship amongst the six hypotheses. The P-value displays a 0.717 level of confidence, thus signifying that the hypothesis is not significant and not supported. Therefore, this indicated that satisfaction does not influence BOP's purchase intention in mobile advertising strategies for the purchase of maize meal.

#### 4.6 Mediator Test

A mediation test was conducted for trust and satisfaction. Table 14 shows the relevant scores and the analysis is interpreted below.

*Table 14: Indirect effects of the mediating hypotheses*

	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics ( O/STDEV )</b>	<b>P Values</b>
<b>Service Quality -&gt; Satisfaction -&gt; Purchase Intention</b>	-0.008	-0.010	0.022	0.360	<b>0.719</b>
<b>Service Quality -&gt; Trust -&gt; Purchase Intention</b>	0.025	0.023	0.021	1.200	<b>0.231</b>
<b>Social Influence -&gt; Trust -&gt; Purchase Intention</b>	-0.027	-0.026	0.023	1.190	<b>0.235</b>

*Source: Own compilation (2018)*

The first indirect effect found in the study is the relationship between service quality and satisfaction and purchase intention. The t-value for this relationship is 0.360 which is less than the suggested value of 1.96. Therefore, this relationship is not significant and is not supported. This relationship was the weakest relationship between the indirect effects. This means in the relationship between service quality and purchase intention, satisfaction has no indirect effect.

The second indirect effect is between service quality and trust and purchase intention. The t-value for this relationship is 1.200 which is less than the suggested value of 1.96. Therefore, this relationship is not significant and is not supported. Thus, trust is not an enabler of the relationship between service quality and purchase.

The last indirect effect was between social influence and trust and purchase intention. The t-value for this relationship was 1.190 which is less than the suggested value of 1.96. Therefore, this relationship is not significant and is not supported. This indicated the relationship between social influence and purchase intention is not driven by trust.

## **4.7 Conclusion**

This chapter presented the results obtain from the completed questionnaires, after which it identified the descriptive statistics of the participants. Reliability and validity assessment were then discussed, noting that the study met the requirements and threshold for the Cronbach Alpha, composite reliability, convergent validity and discriminant validity.

A SEM was conducted using the Smart PLS 3 software where hypothesis testing was conducted. The results indicated that the hypotheses H1 to H4 were significant and supported and H5 and H6 indicated no significant relationship and were not supported. The weakest relationship between the hypotheses was shown to be satisfaction and purchase intention. The strongest relationship between the hypotheses was shown to be service quality and satisfaction.

## CHAPTER 5: DISCUSSION OF RESULTS

### 5.1 Introduction

This chapter deliberates about the results relating to the hypotheses testing which was done using the Smart PLS 3 software.

### 5.2 Social Influence and Trust

As shown in Chapter 2 the hypothesis relating to social influence and trust was expressed as follows:

*H1: Social influence positively affects trust amongst BOP consumers in Khayelitsha.*

The t-value of H1 was 5.983 showing a substantial relationship between social influence and trust. The P value displays a 0.000 level of confidence, signifying that the hypothesis is supported and significant. The results correlate with the literature that social influence has an impact on trust. This is supported by a prior study by Salehnia, Saki, Eshaghi and Salehnia (2014) who argue that good recommendations of services or products from other customers can increase trust.

According to Guo, Zhang and Yorke-Smith (2015), trust is developed through social influence, often when friends or people with whom they are close recommend items. A study conducted by Hajli, Lin, Featherman and Wang (2014) on social word-of-mouth and how trust develops in the market, suggests that social commerce constructs – such as recommendations, referrals and reviews – could create social content among consumers concerning new products and services which, in turn, can form consumer trust. With regard to the study, Hajli et al. (2014) state that in the context of e-commerce, trust is a significant influence, specifically when risks are supposed to be high. Furthermore, See-To and Ho (2014) state that trust in a product generated by social influence leads to increase of purchase intention.

When trust is established by customers, it essentially helps to reduce the risks of the business. Therefore, the findings indicate that marketers should focus their efforts on encouraging customers who have used mobile marketing to speak positively about their experiences, which will build trust and increase the acceptance of mobile marketing in the BOP.

### **5.3 Price Sensitivity and Purchase Intention**

As presented in Chapter 2 the hypothesis relating to price sensitivity and purchase intention was stated as follows:

*H2: Price sensitivity positively affects the purchase intention of staple products amongst BOP consumers in Khayelitsha.*

The t-value of H2 is 4.378, proposing a substantial relationship between price sensitivity and purchase intention. The P-value displays a 0.000 level of confidence, showing that the hypothesis is supported and significant. This is consistent with the study of Kumar, Dangi and Vohra (2015) that states that pricing of products and services is important to the poor as they are price conscious and, if satisfied with the price, they will revisit the store from which they purchased the goods or services.

According to Hsu, Chang and Yansritakul (2017), depending on the country of origin, price sensitivity can enhance the positive effects on the links between purchase intention and its antecedents. Hsu et al. (2017) further state that price sensitivity has a significant impact on consumers' final buying decision. Buying decisions with regard to the poor take on a cost-benefit analysis to determine if buying a certain product or service will be beneficial to them as their disposable income is small (Spears, 2014). Marketers therefore need to reduce the price or, rather, find a suitable price with which the BOP are comfortable so that, in the case of this study, more staple products can be bought.

### **5.4 Service Quality and Trust**

As stated in chapter 2 the hypothesis relating to service quality and trust was stated as follows:

*H3: Service quality positively affects trust amongst BOP consumers in Khayelitsha.*

The t-value of H3, seen in Table 10, shows a value of 4.729, proposing a substantial relationship between service quality and trust. The P-value displays a 0.000 level of confidence, signifying that the hypothesis is supported and significant. Similarly, the study by Kundu and Datta (2015) shows that trust is a mediating variable between service quality and perceived value. The more service quality and the perceived value of it is exhibited, the greater the trust will be. This confirms that the hypothesis is true and approves with the literature that service quality positively affects trust.

Scholars such as Rasheed and Abadi (2014) have conducted research on the impact of service quality, trust and perceived value on customer loyalty in Malaysia, and found that the strongest relationship between these variables is service quality and trust. Furthermore, it is suggested that good service quality could cause customer trust (Rasheed & Abadi, 2014). Khan and Fasih (2014) state that trust is built on the requirements of service quality.

Service quality from businesses needs to be taken seriously so that trust is built within customers. For marketers, this implies that they need to render a service to the consumer that is of high quality, even if it is just the constant advertisement of important things the customer may need; through this, trust will be built.

## **5.5 Service Quality and Satisfaction**

As presented in Chapter 2 the hypothesis relating to service quality and satisfaction was stated as follows:

*H4: Service quality positively affects satisfaction amongst BOP consumers in Khayelitsha.*

The t-value of H4 is 9.845, this proposing a substantial relationship between service quality and satisfaction. The P-value displays a 0.000 level of confidence, thus signifying that the hypothesis is supported and significant.

In a prior study, Alabar, Egena and Gbande (2014) found that service quality and customer satisfaction are evidently two different constructs. They are closely related to one another however, such that an increase in one will cause the same effect on the other. Both constructs, – service quality and customer satisfaction – are also said to have a strong influence on customer loyalty. For marketers this should be taken seriously in the adoption of mobile marketing (Calvo-Porrall & Levy-Mangin, 2015).

Rahhal (2015) conducted a study on the effects of service quality dimensions on customer satisfaction as an empirical investigation in Syrian mobile telecommunications; they found that there is a direct significant impact of service quality on customer satisfaction. Another study conducted by Njoroge (2016) on the effect of service quality on sustainable competitive advantage in the mobile telecommunications in Nairobi, Kenya, showed that the positive effect between service quality and customer satisfaction indicates that they indirectly affect the sustainable competitive advantage of a business. The increase of mobile phones has brought challenges for marketers as well. The need for them to understand the relationship between

perceived service quality and customer satisfaction has increased, as Sagib and Zapan (2014) suggest that it will assist them in customer retention.

In a South African context, a study conducted (Chinomona et al., 2014) supports that online shopping behaviour can be influenced by service quality and customer satisfaction. This confirms that the hypothesis is true and agrees with the literature that service quality positively affects satisfaction. Consumers need to be given good service for them to feel satisfied in order to be receptive to the mobile marketing strategies. Marketers should continually focus their strategies on improving the service quality to the BOP to improve customer satisfaction.

## **5.6 Trust and Purchase Intention**

As presented in Chapter 2 the hypothesis relating to trust and purchase intention was stated as follows:

*H5: Trust positively affects the purchase intention of staple products amongst BOP consumers in Khayelitsha.*

The t-value for H5 is 1.291, proposing that there is no significant relationship between trust and purchase intention. The P-value shows 0.197 level of confidence, thus signifying that the hypothesis is not supported and there is no significance.

According to Furner and Zinko (2017), trust in mobile advertisements can increase purchase intention due to the alleviating techniques of trust issues such as information overload and imagery content. A similar study by Hsu, Chang, Chu and Lee (2014) on understanding online shopping intention, and the roles of four types of trust and their antecedents, suggests that trust is needed for a customer to carry out a transaction; perceived risk deters the customer from conducting the transaction. A study by Hong and Cha (2013) on the mediating role of consumer trust in an online merchant in predicting purchase intention, suggests that efforts made by the online merchant to lessen certain types of risks will first improve consumer trust and then, ultimately, increase consumers' intention to buy online. This shows that the hypothesis can also not have a direct effect.

The BOP is a very complex market segment, specifically when focusing on the South African context. Due to issues such as mobile technology access, trust is not highly regarded within the Khayelitsha BOP due to the lack of adoption of mobile marketing. Many still access traditional forms of marketing and their lack of disposable income reduces their choices of where and

what they buy. Furthermore, there are more explicit factors that change their purchase intention such as price sensitivity, as they would rather purchase the cheapest product.

## **5.7 Satisfaction and Purchase Intention**

As presented in Chapter 2 the hypothesis relating to satisfaction and purchase intention was stated as follows:

*H6: Satisfaction positively affects the purchase intention of staple products amongst BOP consumers in Khayelitsha.*

The t-value for H6 is 0.362, proposing that there is also no substantial relationship between satisfaction and purchase intention. This is the weakest relationship amongst the six hypotheses. The P-value displays a 0.717 level of confidence, thus signifying that the hypothesis is not significant and not supported.

Understanding consumer decision making is essential for marketers. A study conducted on consumer decision making styles, satisfaction and purchase intention by Alavi, Rezaei, Valaei and Wan Ismail (2016) states that there is a positive relationship between satisfaction and purchase intention. Furthermore, regarding mobile shopping, a study by Agrebi and Jallais (2015) showed there is a significant relationship between satisfaction and purchase intention. It is further stated that customers with higher levels of satisfaction are expected to have a higher re-purchase rate (Hubert, Blut, Brock, Backhaus & Eberhardt, 2017).

Findings from a study by Alnawas and Aburub (2016) on the effect of benefits generated from interacting with branded mobile apps on consumer satisfaction and purchase intention, showed that there is positive relationship between satisfaction and purchase intention in a mobile context. A similar study conducted by Hsiao and Chang (2014) further suggests that customer satisfaction has a crucial intervening role in the relationships that perceived value, perceived usefulness and confirmation have with continued purchase intention. While the hypothesis statement agrees with the theory, the results show that with regard to this study, it is not the case.

A study by Taylor and Baker (1994) on the assessment of the relationship between service quality and customer satisfaction in the formation of consumers' purchase intentions, showed that customer satisfaction does not have a direct effect on purchase intention but, rather, is a mediator for service quality which leads to purchase intention. As stated in the latter section, the complexities of the BOP serve for this transgression. Due to the lack of disposable income,

the BOP have limited choices and this leads to their purchasing a staple product that is affordable, despite the level of satisfaction with businesses or mobile advertisements.

## **5.8 Conclusion**

This chapter presented the hypothesis testing results. Based on the results, the relationships between price sensitivity and purchase intention, service quality and trust, service quality and satisfaction and social influence and trust show a significant effect – while trust and purchase intention, satisfaction and purchase intention show that their hypotheses are not supported and were not significant. The next chapter considers the conclusion, implications, recommendations and limitations of the study.

## **CHAPTER 6: CONCLUSION AND RECOMMENDATIONS**

### **6.1 Introduction**

This chapter considers the conclusion of the study, the theoretical and managerial implications, recommendations and limitations, and identifies future research.

### **6.2 Conclusion**

As stated in Chapter 1, the purpose of the study was to investigate the effect of mobile marketing on BOP consumers. The research question – ‘What is the effect of mobile marketing on the purchase intention of staple products amongst BOP consumers living in Khayelitsha’ – was addressed throughout the study, showing how all six variables affected this phenomenon.

#### **6.2.1 Social Influence and Trust**

The study proves that social influence has a significant influence on trust. Previous literature has yielded similar findings. The study adds to the current knowledge on the relationship between social influence and trust. This finding is a pragmatic suggestion to marketers to find out how they can strengthen this relationship with mobile advertising to improve the adoption of mobile advertising in the BOP market segment. The findings are valuable in the South African context as little research is being done on the BOP and this can increase knowledge of their consumer behaviour.

#### **6.2.2 Price Sensitivity and Purchase Intention**

The results in chapter 4 show that there is a significant influence of price sensitivity on purchase intention. Previous literature has yielded similar findings. For marketers who are focusing on the BOP market segment, specifically in the South African context, this knowledge on how price sensitivity affects BOP purchase decisions enables them to formulate attractive advertisements to create more need for the BOP to refer to mobile advertising. This is valuable as it increases the knowledge of this market segment that is not as well understood as other market segments.

#### **6.2.3 Service Quality and Trust**

From the results, it is evident that service quality positively affects trust. It suggests that the hypothesis is true and agrees with previous literature. Managers should pay attention to the

service quality they deliver because this will increase trust among their consumers. By increasing this relationship, it is likely to increase the adoption of mobile advertising within the BOP market segment. This study contributes to prior findings in the literature and builds more knowledge for marketers and managers in business.

#### **6.2.4 Service Quality and Satisfaction**

The study shows that service quality has a significant influence on customer satisfaction. Prior studies have shown similar results. The study adds to the current knowledge of the relationship between service quality and satisfaction. Empirical support is provided to marketers and business managers to look at the relationship and improve their services and products that they provide to customers. These findings are valuable as they add to the knowledge about the BOP market segment in South Africa which is often overlooked and under-researched. The study found that this hypothesis is the strongest of all the hypotheses.

#### **6.2.5 Trust and Purchase Intention**

According to the study, there is no significance of the influence of trust on purchase intention. While similar studies have suggested that there is a significant relationship, however, the results in this study show that this is not the case in the BOP market segment. In other words, the people in the BOP market segment do not rely on trust to influence their purchase intention as their limited disposable income forces them to prioritise monetary factors rather than trust. For marketers and managers, this provides particular findings; and for researchers this serves as a sign to increase research into this relationship of trust and purchase intention in the BOP market segment.

### **6.2.6 Satisfaction and Purchase Intention**

The results presented in Chapter 4 show that there is no significant influence on customer satisfaction and purchase intention in the BOP market segment. Similar studies on the BOP show there is a significant relationship between the two constructs, however this was not the case in this study's results.

As has already been stated, the BOP is a complex market segment and more research needs to be conducted to discover a more detailed reason as to why this phenomenon occurred. While the findings do not support previous literature, these findings contribute to the existing knowledge on the BOP.

## **6.3 Implications**

The study has theoretical, managerial and social implication for scholars and marketers respectively.

### **6.3.1 Theoretical**

Theoretically, the study contributes to the limited research on the BOP market segment on the effect of mobile marketing on their purchase intention of staple products and their adoption of mobile marketing. Four of the six hypotheses – namely social influence and trust, price sensitivity and purchase intention, service quality and trust and service quality and satisfaction – have a significant influence on each other and this supports prior studies. However, two hypotheses – namely trust and purchase intention and satisfaction and purchase intention – show that there is a weak relationship, and this does not support prior literature. The strongest relationship between the hypotheses was between service quality and satisfaction and the weakest relationship was between satisfaction and purchase intention. These findings can assist scholars to do more research on these constructs in mobile marketing and the adoption of it by the BOP market segment.

### **6.3.2 Managerial**

The implication for marketers to the BOP market segment, specifically in the South African context and emerging countries on the African continent, is that careful attention needs to be paid when marketing to the BOP, especially when using mobile marketing, considering that the adoption is slowly increasing. Marketers need to build sufficient knowledge to better attract them to engage with mobile marketing, since in the South African context, the BOP comprises the majority of the population. If marketers are not reaching the majority of the population, then they are not achieving the profits they are supposed to.

### **6.3.3 Social**

The implications for the social factor is that this study will highlight the different consumer behaviours within the BOP market segment which will lead marketers to find suitable marketing campaigns that will benefit them and not exploit them. Through that, the BOP market segment will be more included in society and their importance within the economic cycle will be emphasised.

## **6.4 Recommendations**

Based on the hypothesis testing findings, recommendations about each hypothesis are discussed in this section.

### **6.4.1 Social Influence and Trust (H1)**

Marketers need to increase their use of social influence to develop trust in the adoption of mobile marketing strategies within the BOP market segment in South Africa. Marketing campaigns need to be attractive to the BOP market segment so that people talk about them and spread the word about certain campaigns. This will increase trust and increase the speed of mobile adoption within the BOP market segment.

A marketing strategy that can be used to improve this phenomenon is to use colloquial language the consumers use. This will not only build trust, but also positively affect social influence as people can use phrases they know and associate them with the products or services that are being advertised. It will also increase the ease with which influence, in the form of word-of-mouth, may take place.

Another way in which this phenomenon can be improved is to find ambassadors within the BOP to which other consumers in the target segment can relate. This way, advertisements can be formed in a more realistic way to ensure that mobile advertising is adopted more quickly.

#### **6.4.2 Price Sensitivity and Purchase Intention (H2)**

Price sensitivity should be taken seriously in attracting the BOP market segment as they do not have a large disposable income to choose what they purchase. Therefore, a recommendation is to increase more product packages that can be afforded by the BOP so they can purchase them. Marketers can use mobile marketing to create products that are made specifically for the BOP and market them through mobile marketing strategies. This will increase the adoption of mobile marketing, as the market segment will know that this is where they can find such specials and also allows marketers to increase their skills in the marketing industry.

Another way is to create a marketing strategy that will help the BOP find the cheaper products faster and easier so that the problem of browsing is alleviated. Lastly, a marketing strategy that involves an incentive in the form of a discount can also increase purchase intention. For example, an advertisement can include a unique number every time it is advertised so that when a BOP consumer shares this with at least one person, they receive a 5% discount on a product or service.

#### **6.4.3 Service Quality and Trust (H3)**

It is important for marketers to make consumers feel important by giving them a better service through more information and through acknowledging concerns – and doing this at a faster rate using mobile marketing. Mobile marketing is still in an adoption phase in South Africa and the transition needs to be fairly smooth for this market segment as they are very sceptical. Improving this factor will increase trust and adoption to mobile marketing.

One way is to ask the consumers about their experience with the business and ask them for advice on how the business can improve in their management. This will give the notion to the consumer that their opinion matters and that the business is working on pleasing them. Marketers can also have a ‘service rendered’ strategy – that if their service expectations are not being met, they receive a discount or similar incentive towards their purchase. This way, the business holds itself accountable for the services provided which will lead to more trust from the BOP consumer.

#### **6.4.4 Service Quality and Satisfaction (H4)**

Marketers need to create a user friendly and easy-to-understand campaign for the BOP market segment so that it will increase satisfaction with mobile advertising. The study suggests that this can be improved by creating easy-to-understand campaigns and by creating campaigns in suitable local languages (as there are 11 official languages in South Africa). A lot of people living in the BOP market segment have low levels of education, making campaigns in English inaccessible to them.

#### **6.4.5 Trust and Purchase Intention (H5)**

The BOP does not have a lot of dispensable income to ponder on trust as a factor that lead to purchase intention. However, once trust is a factor, it is easier for them to exhibit purchase intention. Therefore, the study suggests that this phenomenon can be improved by creating marketing strategies in which previous customers who have used the service tell their positive stories as an advertisement to build trust in purchasing the staple product.

#### **6.4.6 Satisfaction and Purchase Intention (H6)**

As the BOP is demographically particular, marketers need to understand the segment specifically when they are targeting the BOP within the South African context.

When satisfaction is experienced by a BOP consumer, it is more likely to lead to improved purchase intention. Therefore, marketers should use post-purchase experience of previous consumers to show how they benefitted from that purchase. For example, within the BOP, using a marketing strategy that will show how the consumer was able to save money through a particular purchase, or that the experience was beneficial, will increase satisfaction outcome and drive more purchases.

### **6.5 Limitations and Future Research**

One of the key limitations of the study is that only the six constructs – service quality, price sensitivity, social influence, satisfaction, trust and purchase intention – were examined. Other scholars can look at other constructs such as self-efficacy, age, level of education and size of household.

The study used questionnaires that were written only in English and even though translators were there to assist participants to understand, questionnaires that were written in local language(s) would have been better understood.

The study only looked at the area of Khayelitsha, which means that other scholars can research other areas within Cape Town or South Africa to better compare and build knowledge of the BOP. A strong recommendation to scholars is to do studies in other South African provinces to better understand the BOP South African consumer in the post-apartheid era — as well as on other emerging countries in Africa. Furthermore, other studies could look at a longitudinal design to learn about the different affects mobile marketing that cause purchase intention to improve understanding of the BOP consumer.

## **6.6 Conclusion**

The study set out to investigate the effect of mobile marketing on the purchase of staple products. The results show that hypothesis H1 to H4 have a significant influence and adhere to prior literature. H5 and H6 show that there is no significant influence and do not adhere to prior literature. The conclusion was given in this chapter, with accompanying implications discussed from a theoretical and managerial perspective. Furthermore, recommendations relating to each hypothesis were discussed. Lastly, limitations were discussed to encourage further research on the topic.

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APPENDIX A



Questionnaire Number [REDACTED]



Dear Sir or Madam:

As part of my Masters Research thesis at the University of Cape Town, I am conducting research that investigates the effect of mobile advertising on the purchase of staple products. The following questionnaire will not take more than **ten minutes** to complete. Your answers will be strictly **confidential**, and the questionnaire is **completely anonymous**. **This research has been approved by the Commerce Faculty’s Ethics in Research Committee** and findings will be used in an academic study, and only aggregate findings will be reported. If you have any queries, or if you would like to have access to the findings, please don’t hesitate to contact the following researcher: Wandile Mvula: [mvlphe001@myuct.ac.za](mailto:mvlphe001@myuct.ac.za)

By completing this questionnaire, you as respondent: implicitly give consent to take part in the research study; are aware that participation is voluntary, and that you understand that you may withdraw at any point in time without any adverse consequences; and that you understand that you have a right of access to the researcher in order to clarify any issue, should doubts arise.

**Make sure that you answer ALL that questions in the questionnaire.**

**Please answer the following questions by marking the appropriate box:**

**Example**

I am aware of global warming	1	2	3	<b>✗</b>	5
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1. Do you earn less than R6000 a month?	Yes		No	
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2. Do you live in Khayelitsha	Yes		No	
3. What brand of maize meal do you prefer?				

If answered “Yes” in question 1 and 2 please continue with the rest of the questionnaire. If “No,” you do not have to complete the rest of the questionnaire. Thank you for your time.

**Please indicate how strongly you agree or disagree with each of the following statements by placing an X in the appropriate box:**

<b>Social Influence</b> (Lu et al., 2005)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4. I am more likely to buy a certain kind of maize meal brand if someone advises me to.	1	2	3	4	5
5. I trust a mobile advertisement if someone close to me knows about it and has used it.	1	2	3	4	5
6. People around me think mobile advertising is considered high profile.	1	2	3	4	5

<b>Price sensitivity</b> (Gonzalez & Mortos-Partal, 2014)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
7. I always compare prices among different brands before choosing one.	1	2	3	4	5
8. I compare prices to take advantage of special offers.	1	2	3	4	5
9. I look for bargains.	1	2	3	4	5

<b>Service Quality</b> (Gao et al., 2015)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
10. I am more likely to purchase maize meal from a particular shop that provides me with on-time services.	1	2	3	4	5
11. I am more likely to purchase maize meal from a particular shop that provides quick response to my questions	1	2	3	4	5
12. I am more likely to purchase maize meal from a particular shop that provides professional services.	1	2	3	4	5

<b>Trust</b> (Gao et al., 2015)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
13. I am more likely to purchase maize meal from a shop that is trustworthy.	1	2	3	4	5
14. I am more likely to purchase maize meal from a shop that keeps its promise.	1	2	3	4	5
15. I am more likely to purchase maize meal after seeing a mobile advertisement that keeps customers interest in mind.	1	2	3	4	5

<b>Satisfaction</b> (Gao et al., 2015)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
16. I will continue purchasing from a particular shop if I am satisfied with the services provided.	1	2	3	4	5
17. I will continue purchasing from a particular shop if I am content with the services provided.	1	2	3	4	5
18. I will purchase from a particular shop if they offer the brand of maize meal I want.	1	2	3	4	5

<b>Purchase Intention</b> (Kumar & Mukherjee, 2013)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
19. I intend to use mobile advertising for purchase of staple products such as maize meal.	1	2	3	4	5
20. Mobile advertising of a staple product can create a want for me to purchase it.	1	2	3	4	5
21. Mobile advertising of a maize meal product can create a want for me to purchase it.	1	2	3	4	5

**Thank you.**