



Masters Dissertation in Marketing (BUS5000W)

The impact of brand equity on consumer buying behaviour among bottom of the pyramid consumers in South Africa: A case study of Parmalat yoghurt

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ABSTRACT

There has been significant research done on the impact of branding on consumer buying behaviour over the years, however, consumers at the bottom of the pyramid (BoP) have been ignored and very little research has been done in the South African market. This study examines the impact of brand equity on purchase intention of Parmalat yoghurt in the South African BoP market using socio-economic status, price sensitivity and sales promotion as mediating variables. Data was collected from 289 South African BoP consumers residing in Soweto. The study tested six hypotheses using PLS- SEM. Data was analysed using SmartPLS software. The results show that of the six hypotheses tested, only three are supported, namely, the relationship between brand equity and socio-economic status, socio-economic status and purchase intention and price sensitivity and purchase intention. Socio-economic status as a mediator has the most significant impact on the relationship between brand equity and purchase intention. The findings of this study give some implications for managers and marketers of yoghurt brands. Brand equity influences on purchase intention of yoghurt products and socio-economic status has the strongest mediating influence suggesting that companies must build and maintain strong brand equity in order to create a positive influence on purchase intention for their brands. Managers need to understand the underlying reasons as to why consumers would choose a competitor's brand. Based on this study, socio-economic status and price sensitivity are the two most influencing mediators in the purchase intention of yoghurt, thus it is imperative for managers to take this into consideration when devising and implementing branding strategies.

Key words: Brand equity, Bottom of Pyramid, Price sensitivity, Purchase intention, Sales promotion, Socio-economic status

DECLARATION

I, Sinegugu Hlela, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Science in Marketing at the University of Cape Town in the Department of School of Management studies. It has not been submitted before for any degree or examination in this or any other University.

Sinegugu Hlela

Signed by candidate

Signed at.....Port Shepstone.....

On the.....13th.....day of.....February.....2019.....

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CHAPTER 1. OVERVIEW OF THE STUDY

1.1 Introduction

The first chapter discusses the background of the study. The problem statement, research questions and objectives as well as the contribution of the study is discussed. In addition, the delimitations, definition of key terms and a table of how the study is structured is presented.

1.2 Background

Central to creating value for customers is branding; it is also used as a key tool to gain and maintain competitive advantage over rivals (Holt, 2015). Kotler and Keller (2015) define branding as the process whereby products are given a meaning by moulding a brand in the mind of a consumer. Companies adopt branding to assist consumers in differentiating products from those of competitors. A strong brand should be able to connect the brand strategy and consumers to the brand's positioning, allowing customers to have a positive experience with the product (Dawar & Bagga, 2015). Kotler (2017) posits that a company's brand building work is not complete by just establishing the brand name and logo, although it is the beginning of their identity. In addition, Kotler (2017) acknowledges that it is imperative for a company to set a purpose for its brand.

Tariq, Nawaz, Nawaz and Butt (2013) put forward that there are aspects of a brand that have an influence on the purchase intentions of a customer, which include, brand image, product quality, product knowledge, product involvement, product attributes and brand loyalty. As a result of increased competition, a focus on building customer loyalty has become a critical strategy for most brands. Mendez, Bendixen, Abratt, Yurova and O'Leary (2015) posit that consumers are more brand loyal to high involvement products where there is a higher risk and an extensive thought process involved than low involvement products where there is not much risk involved.

The South African consumer market comprises a large percentage of low income, aspirational consumers who have been previously ignored by multinational and local companies. Bottom of Pyramid (BoP) is the term given to this cohort of consumers. Oodith and Parumasur (2017) state that a majority of consumers at the BoP market

are brand conscious. Consumers of the BoP market are cautious about not making incorrect purchase decisions (Nyanga 2015), therefore, brands influence the decision making process of consumers. Nyanga (2015) argues that across all product categories, brand loyalty is minimal among low income earners. This finding is congruent with Bates' (2016) finding that affordability of the branded product is positively related to brand loyalty, therefore, marketers should focus heavily on the affordability of products in order to increase brand loyalty in the BoP market. Similarly, prior studies have reached the same conclusion (Nyanga, 2014; Bates & Buckles, 2017; Oodith & Parumasur, 2017).

Statistics South Africa (2014) states that consumers at the BoP market spend a third of their income on food. With the growing trend towards healthy eating and wellness in South Africa, consumers at the BoP market are using some of their disposable income to purchase dairy products, such as yoghurt, for their nutritional benefits. Ates and Ceylan (2010) maintain that the average monthly consumption of yoghurt per household in the low-income markets is higher than in high-income markets. Consumers at the BoP are making frequent yoghurt purchases for daily consumption to meet their children's nutritional requirements (Insight survey, 2016). Ates and Ceylan (2010) further state that when low income consumers make yoghurt purchases, the most important factor to which they pay attention is the packaging of the yoghurt. Thus, the branding of the yoghurt becomes an important factor.

The South African yoghurt market consists of a vast range of brands for consumers to choose from. According to Isik (2015), when consumers are making a purchase decision, they have preferences which are directly linked to their overall perception of the brand. Successful branding and a positive brand image make consumers aware of the brand which allows them to easily identify the particular brand when faced with a wide range of options (Parreno, Mafe & Scribner, 2015). It is important for marketers to have an in-depth knowledge of consumer buying behaviours and also to have an understanding of how their respective brand names influence the customers' purchase decision; this would guide them in implementing the correct branding strategies.

1.3 Research problem

Euromonitor International (2017) states that South Africa is in the top five of the global BoP market, an indication that marketers should acknowledge and develop solutions for this growing market. According to Goyal (2013), the need for marketers to adopt a preventative approach towards addressing the needs and wants of consumers at the BoP has become increasingly important, because this market presents massive opportunities for brands to grow and maximise their market share and profits. It is imperative that marketers put an extra focus on, and pay particular attention to, differentiating their products in order to achieve competitive advantage (Dirisu, Iyiola & Ibidunni, 2013).

Although it has been ascertained that branding does have an impact on consumer buying behaviour, the exact influence is yet to be identified with particular emphasis to the BoP market and yoghurt purchases (Chovanová, Korshunov & Babčanová, 2015). A few authors have researched the impact of branding on consumer buying behaviour, including Singh (2013), Offeh, Addo and Antwi-donkor (2013), Babili (2014) Sarwar, Aftab and Iqbal, (2014), Chovanová, et al. (2015) and Mwambusi (2015). Table 1 shows the context of these studies.

Table 1: Impact of branding on consumer buying behaviour studies

Authors' surname and initials	Title of research study	Year	Product sampled	Sample population
Singh, B	Impact of branding strategy on consumer buying behaviour	2013	Selected Fast Moving Consumer Goods products including detergent powder and bar, bathing soaps, toothpaste, shampoo, skin and face cream and hair oil	550 respondents of Vindhya

Offeh, et al.	The effects of branding on consumer buying behaviour in the local Ghanaian movie industry.	2013	Movies	100 respondents of the general population of Ghana - Adum and Kejetia area
Babili, G	The effect of branding on customer buying behaviour in selected hotels in Gaborone, Botswana	2014	Branded hotels in the hospitality industry of Gaborone	300 respondents of the greater Gaborone area.
Sarwar, et al.	The impact of branding on consumer buying behaviour	2014	Brand in general. Not product specific	78 respondents of two age groups, less than thirty and 60+ in Pakistan
Chovanová, et al.	Impact of brand on consumer behaviour	2015	Brand in general. Not product specific	1,250 respondents Age 18+ years old Slovak inhabitants
Mwambusi, R.	The influence of branding on consumer buying behaviour: A case of Kinondoni municipality	2015	Respondents had to choose one of the three different industries to complete the questionnaire - mobile phones - drinks, and - electronics	110 respondents of Dar es Salaam (a region in Tanzania)

Source: Researcher's own compilation (2018)

Based on the above table it is evident that historically, the BoP market has not been the focus area in studies relating to the impact of branding on consumer buying

behaviour. Bates and Buckles (2017) further cite Chikweche and Fletcher (2011) as saying a gap exists in current literature with regards to research on branding at the BoP market. The impact of branding on the BoP market when purchasing yoghurt products has not been explored, consequently not much research has been done in this area.

Keller and Batra (2016) have articulated the importance of branding in situations where consumers are making a purchasing decision. With the yoghurt market being highly competitive, it is important for organisations to place a strong focus on understanding consumer behaviour in order to have an edge over their competitors. Nyanga (2014) highlights affordability or price as the biggest purchase driver among consumers at the BoP. With the number of yoghurt brands in the market and competitive pricing, consumers at the BoP seek value for their money.

This study expands on the prior research by Aydin and Ulengin (2015) on the effect of consumer brand equity on purchase intention using socio-economic status and gender as moderating variables. Findings indicated that brand equity factors including brand associations, brand awareness, perceived quality and brand loyalty affect the purchase intention of consumers and that gender plays an important role, however their study did not focus on a particular income group. The study was done in Turkey, a developed country. Socio-economic status becomes a relevant variable within the lower income group. Aydin and Ulengin (2015) neglected to use price sensitivity and sales promotion as moderating variables, which have an impact on purchase intention, specifically looking at the BoP market.

1.4 Purpose of the study

Thus, the purpose of this study was to assess the impact of branding equity on consumer buying decisions of yoghurt products using Parmalat as a case. Brand equity and the mediating role of socio-economic status, price sensitivity and sales promotion towards purchase intention was investigated.

1.4.1 Research questions

This study answered the following questions;

Primary research question;

- 1) To what extent does brand equity impact on consumer buying behaviour of yoghurt among BoP consumers?

Secondary research questions;

- 1) To what extent does brand equity impact socio-economic status among BoP consumers?
- 2) What level of impact does brand equity have on price sensitivity among BoP consumers?
- 3) To what degree does brand equity impact on sales promotion among BoP consumers?
- 4) What is the impact of socio-economic status on purchase intention among BoP consumers?
- 5) To what extent does price sensitivity impact purchase intention among BoP consumers?
- 6) What level of impact does sales promotion have on purchase intention among BoP consumers?

1.4.2 Research objectives of the study

The research objectives of this study were as follows;

Primary research objective;

- 1) To determine the impact of brand equity on consumer buying behaviour of yoghurt among BoP consumers

Secondary research objectives;

To ascertain factors influencing consumers' buying behaviour of specific brands in the BoP market

- 1) To investigate the impact of brand equity on socio-economic status among BoP consumers
- 2) To examine the impact of brand equity on price sensitivity among BoP consumers
- 3) To analyse the impact of brand equity on sales promotion among BoP consumers
- 4) To determine the impact of socio-economic status on purchase intention among BoP consumers
- 5) To assess the impact of price sensitivity on purchase intention among BoP consumers
- 6) To determine the impact of sales promotion on purchase intention among BoP consumers

1.5 Contributions of the study

This study contributes to the body of knowledge in the BoP literature and brand equity as most studies have not considered the manner in which low income consumers consider branding when making purchase decisions. The researcher is not aware of any research done on consumer buying behaviour with particular reference to yoghurt products in South Africa. This makes it difficult for marketers in this industry to apply befitting branding strategies to align themselves to the needs of the BoP market. Previous branding studies have not taken into consideration the mediating roles of price sensitivity and sales promotion, which are two critical variables within the BoP market, therefore, this study sought to delve deep into these variables. This research allows for a better understanding and knowledge of consumer behaviours relating to socio-economic status, price sensitivity, sales promotion and its relationship with the consumer's purchase intention of yoghurt products within the BoP market.

Using Parmalat as a case, this study provides deep insights into the role that branding plays in consumer buying behaviour among the BoP market when purchasing yoghurt products. The findings on various factors of the brand which influence buying behaviour are beneficial both in literature and for marketers to having a better understanding of the BoP market and to formulate branding strategies accordingly. Findings of this research provide marketers with access to in-depth information of

consumer buying behaviours in order to apply appropriate marketing and brand strategies to successfully capture the BoP market. The knowledge gained from this research helps marketers build preference for their brands by repositioning their brands and applying BoP specific branding strategies to align with the behaviours and needs of these consumers.

1.6 Delimitations

The following delimitations are identified in this study:

- This study limits itself to examining the impact of brand equity on consumer buying behaviour among BoP consumers in South Africa using Parmalat yoghurt as a case study. Research shows that more consumers are loyal to the Danone brand as Danone is the number one leader in yoghurt.
- This study focuses on the dairy industry, specifically yoghurt purchases, thus excluding other perishable goods that consumers at the BoP market purchase.
- Only the respondents who buy Parmalat yoghurt and reside in Soweto, South Africa, were included in the study.
- Only socio-economic status, price sensitivity and sales promotion as mediators were investigated in the study.

1.7 Definition of key terms

The following sections present the definitions of this study's key terms

1.7.1 Bottom of pyramid

Prahalad and Hart (2002) conceptualised the term "bottom of the economic pyramid" which typically describes a large market of low-income earners representing enormous opportunities for organisations, however, untapped by marketers.

1.7.2 Brand equity

Dibb, Simkin and Pride (2012), and Lamb, Hair and McDaniel (2013) define brand equity as the marketing and financial value of the brand. They describe a brand that has high brand equity as a brand consumer's associate with high quality, the level of awareness and brand loyalty is high.

1.7.3 Consumer buying behaviour

The definition formed by Kotler and Keller (2011) describes consumer buying behaviour as the study of the manner in which consumers buy goods or services and the experiences in fulfilling their needs and wants

1.7.4 Socio-economic status

Socio-economic status typically refers to the measure of an individual or household's educational level, social and economic position benchmarking against others (Howe, 2012).

1.7.5 Price sensitivity

Mamun, Rahman and Robel (2014) define price sensitivity as the manner in which one reacts to price changes in a product.

1.7.6 Sales promotion

According to Familmaleki, Aghighi and Hamidi (2015), sales promotion is defined as multiple incentives used by organisations to encourage consumers to make a purchase.

1.7.7 Purchase intention

Purchase intention is a decision-making process which involves the reasoning behind the purchase of a particular product or brand over another (Shah, Aziz, Jaffari, Waris, Ejaz, Fatima & Sherazi, 2012).

1.8 Assumptions

The assumptions of this study were as follows:

- All respondents purchase Parmalat yoghurt products.
- An income per household of R6000 is used as a benchmark in this study, all research respondents fit the criteria of a BoP consumer.
- The sample size of 289 is a representation of the population.

Table 2: Structure of the study

Chapter	Title	Description
1	Overview of the study	Overview of the study, problem statement, research objectives and questions, contributions of the study, delimitations and conclusion
2	Literature review	Introduction, South African yoghurt industry, the BoP market history, South African BoP market, branding, brand equity, socio-economic status, price sensitivity, sales promotion and consumer behaviour and purchase intention, conceptual model, hypothesis development and conclusion
3	Research methodology	Introduction, research paradigm, research approach, research design, research methods, data collection techniques, research instrument and measurement items, data collection process, data analysis, reliability and validity, structural model, mediator testing, ethical

		considerations, limitations and conclusion
4	Data analysis and presentation of results	Introduction, SmartPLS presentation of results and conclusion
5	Discussion of results	Introduction, discussion of results and conclusion
6	Conclusion, recommendation, limitation and future research	Introduction, conclusion, recommendations, implications, limitations and future research

Source: Researcher's own compilation (2018)

1.9 Conclusion of the chapter

This chapter presents the overall context of the study and the context of the influence of branding and brand equity on consumer buying behaviour from the perspective of BoP markets. The problem statement, research objectives and research questions have been outlined. In addition, contributions of the study are discussed and the contributions is presented. Delimitations and assumptions of this study are also outlined. Evidently, this study contributes to the body of knowledge in the BoP literature and brand equity as most studies have not considered the manner in which low income consumers consider branding when making purchase decisions. The next chapter discusses the literature review of this study.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

In this chapter, a review of the BoP market is discussed. The South African yoghurt industry is discussed, as well as literature that relates to branding, brand equity and consumer buying behaviour at the BoP.

2.2 The South African yoghurt industry

The South African yoghurt market has been growing by 7% over the past 10 years (BMi, 2012). A study done by Insights Survey (2016) reported that in 2015, a total of 28% of yoghurt consumers used in the study had at least one serving in the past week, 43% had between two and three servings whilst 29% had purchased four or more. This demonstrates that yoghurt is a regularly consumed product in South Africa. The market is broad and consists of a number of brands. According to the Insight survey (2016), the key players in the market are Danone, Parmalat, Clover, Pick 'n Pay, Faircape and Darling Romery who make up over 80% of the market. Historically, most companies, including yoghurt brands, have ignored consumers at the BoP (Mtshemla, 2015).

With the attractiveness of the low-income segment, the various yoghurt manufacturers are utilising innovation to target this segment. They have launched dairy snacks which offer the nutritional benefit of a yoghurt, but at an affordable price to cater to the BoP market (Parmalat, 2017; Danone, 2017; Clover & Darling Romery, 2017). The dairy snack market is competitive with a number of brands offering consumers a similar product offering at similar pricing, differentiated in terms of flavour. Key players include Danone, being the first yoghurt brand to launch into a dairy snack offering in 2014, Parmalat, Clover and Darling Romery (Danone, 2017; Parmalat, 2017; Darling Romery, 2017). Parmalat has had the most recent launch which happened in June 2017. Parmalat Tubz dairy snack, available in two flavours, strawberry and banana custard, is the latest branded addition to the dairy snack market (Parmalat, 2017).

Table 3 depicts the key players in the dairy snack market, the product details and the various price points.

Table 3: Yoghurt products

Brand	Product	Size	Price
Parmalat		6 x 75g	R11,99
Danone		6 x 75g	R12,99
Clover		6 x 70g	R11,99
Darling Romery		6 x 70g	R11,99

Source: Researcher's own compilation (2018)

The above table shows how yoghurt brands have innovated within the BoP market space by launching a yoghurt product, the dairy snack that is at an affordable price point. The table also supports the statement of how competitive the dairy snack market is, competing brands offer a similar product of the same size at a similar price point. The next section looks at the history of the BoP market and the South African BoP market which is the target audience for the dairy snack yoghurt.

2.3 The BoP market history

Prahalad and Hart (2002) conceptualised the term “bottom of the economic pyramid” which typically describes a large market of low-income earners representing enormous opportunities for organisations, however, untapped by marketers. The four-tiered pyramid illustrated below was used by Prahalad and Hart (2002) to represent the world economic pyramid (Figure 2). The base tier has been identified as the BoP. The BoP market represents a multitrillion-rand/dollar market consisting of over four billion

individuals living on and income of \$1,500 and under (Prahalad & Hart, 2002; Simanis & Duke, 2014).

Annual Per Capita Income*	Tiers	Population in Millions
More Than \$20,000	1	75-100
\$1,500-\$20,000	2 & 3	1,500-1,750
Less Than \$1,500	4	4,000

Figure 1: The world economic pyramid

Source: Prahalad and Hart (2002)

Davies, Lluberas, and Shorrocks (2017) categorise BoP consumers as those whose total wealth is less than \$10, 000 as shown in figure 3 below. This market is depicted as consisting of 3.5 billion individuals which is similar to the BoP market size identified by other authors (Prahalad & Hart, 2002; Prahalad, 2012; Simanis & Duke, 2014).

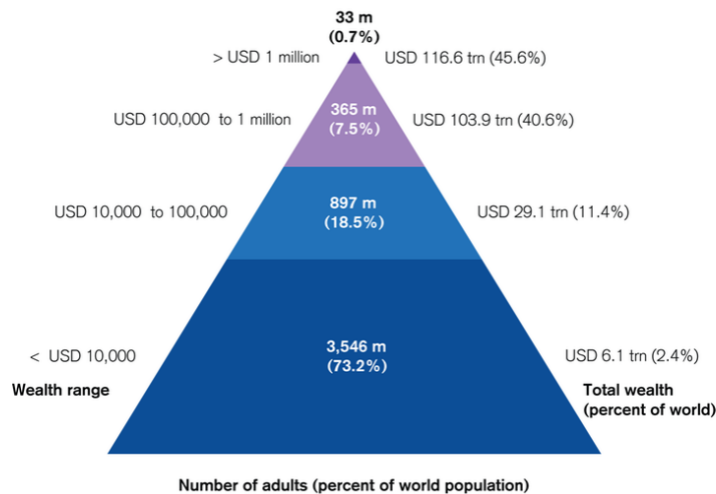


Figure 2: The global wealth pyramid

Source: Davies, Lluberas, and Shorrocks (2017)

Subhan and Khattak (2017) categorise consumers at the BoP market into lower middle class (LMC) and lower class (LC). The LMC segment earns US\$5.68 per day. This segment is the largest, making up 3.7 billion of the world population. Consumers in this segment have the capabilities to spend more on premium products however, the LC segment comprises of approximately 1 billion poor consumers, earning US\$1.45

per day. Even though the LC segment is also identified as the BoP segment, due to the financial status of these consumers, they are less likely to be profitable for companies. However, if you combine the LMCs and the LCs, the total population becomes 4.67 billion which is a similar size as stated by Prahalad and Hart (2002). Consequently, Subhan and Khattak (2017) argue that the BoP market should not be measured just on income alone, but factors such as socio-cultural factors and level of education should also be considered.

Guesalag and Marshall (2008) put forth that the BoP market in developing countries has a purchasing power of more than fifty percent. Top companies have developed high interest in this market as Prahalad (2012) has identified the BoP market to have a purchasing power of \$5 trillion in developing countries. Although this buying power seems unattractive when compared to the middle and upper segments, the significance of the BoP market lies in its market size (Nthenge, 2015). Companies make the mistake of assuming consumers at the BoP market have no significant buying power, however such assumptions do not take into account the market size (Oodith & Parumasur, 2013). According to Mtshemla (2015), companies can benefit greatly making a positive contribution in terms of reducing poverty in the BoP market. Companies can be very successful if they employ BoP specific marketing strategies, manufacture and distribute affordable products to serve the needs of this market (Oodith & Parumasur, 2013).

Reaching consumers at the BoP is a challenge that companies need to overcome as these consumers often live in rural areas, peri-urban areas and informal settlements with little to no education at all. This makes it hard for companies to reach these consumers using their traditional existing methods and strategies previously formulated for consumers of the middle and upper markets (Prahalad & Hart, 2002). The needs of consumers in this market have previously not been addressed even though the needs of these consumers are similar in nature as people in the middle and upper markets (Prahalad & Hammond, 2002). It is necessary for companies to develop more affordable products to meet the needs of low-income consumers therefore, it is very important for companies to have devise strategies that best fit the BoP market. Kamande and Jarhult (2013) conclude that when companies develop a strategy to enter the BoP market, they should take into consideration characteristics

such as price, convenience, quality and value as they have been identified as important aspects. This would benefit both companies and consumers, consumers are able to get their goods at affordable prices while companies are still able to generate revenue (Prahalad & Hammond, 2002). The next section discusses the South African BoP market in detail.

2.4 The South African BoP market

The World Bank (2018) states that the amount of people who live in poverty around the world has reduced to 10% in 2015 which is down from the 11% that was reported in 2013 however, the people of Sub-Saharan Africa remain living under extremely poor conditions. Even though South Africa is known to be one of the richest countries in Sub-Saharan Africa, many individuals are still living in poverty (World Bank, 2018). StatsSA (2017) reports that poverty is still increasing in South Africa, 30.4 million South Africans were living in poverty in 2015. In the first quarter of 2018, the official unemployment was at 26.7% which is no different to the previous period (Statistics South Africa, 2018). This is reported to be the highest unemployment rate observed since September 2003, however, with this high rate of unemployment and even though consumers in this market are poor, they remain vibrant and represent great buying power. The high unemployment rate in South Africa puts pressure on the BoP, which is already struggling to attain a certain standard of living.

Euromonitor International (2017) states that South Africa, Nigeria, Kenya are among the top three largest BoP markets in Africa. StatsSA (2014) put the statistic of poor households' spending on an average of R8 485 a year on food. This equates to about 34% of their total household expenditure being spent on food. Within the South African BoP market segment, 50% are unemployed, over 50% live in peri-urban areas, and 40% of these households are recipients of government social grants (Simpson, 2017). Kelly (2017) reports that a large proportion of social spending goes towards Government's social grants in South Africa. Further, Kelly (2017) mentions that more than 17 million South Africans are recipients of social grants. A social grant is defined as financial support for a cohort of people who live in poverty and depend on the state for support (Kelly, 2017). This goes to show that low income earners are still hard

pressed for money. Brands not only compete with each other, but they also compete for consumer purchasing power (Khan & Samad, 2016).

Simpson and Lappeman (2017) point out that South African BoP market segment is significant, with up to 70% of the population falling into a low-income category. This equates to a total number of 34 million South Africans estimated to fall under the BoP market segment. Simpson and Lappeman (2017) posit that the BoP market which makes up 10.5 million South African households, earn less than R6000 per month. This study, therefore, sets South African households who have a monthly income of R6000 or less after tax as a benchmark. This benchmark is consistent with a study by Lappeman (2017) who researched monthly expenditure category fluctuations and trade-off in South African BoP households. Likewise, the UCT Unilever Institute of Strategic Marketing (2014) categorises households with an income of less than R6000 per month at the base of the economic pyramid. Thus, this segment offers some opportunities and challenges for companies.

Companies have ignored this aspirational large percentage of consumers on the premise that it is difficult to understand and reach this market because of the perception that BoP consumers do not have spending power (Prahalad & Hammond, 2002; Dodgson, Phillips & Gann, 2014). Consequently, companies have excluded this cohort in their marketing and branding efforts and have only put their focus on the middle and upper-income segments (Prahalad, 2012). Oodith and Parumasur (2017) and Prahalad and Hammond (2002) suggest that companies need to tap into the BoP market as profits can be made. StatsSA (2014) has confirmed that the South African BoP consumers spend a third of their income on food. This expenditure accounts to about 34% of their total household income. These are results of consumers at the low-income segment who are willing to spend on premium product brands because, with the little money they have, they desire good quality products and value for money (Oodith & Parumasur 2017). This shows that these consumers are aspirational and have a desire to not only fulfil their basic needs.

The Foundation for African Business and Consumer Services (2010) state that the absolute spending power at the BoP market in South Africa is at \$40 billion which is a third of the whole South African market. This represents massive opportunities for South African companies.

Familiar brands are seen to influence consumer buying behaviour at the BoP market positively (Allan, 2013). A study by Singh (2016) examined consumers at the BoP willingness to purchase branded products across three product categories, namely food, beauty products and durable goods, where purchase behaviour varies across different categories. The results for branded food items found that attitude is the predominant driver of purchase as well as perceived behavioural control and subjective norms. On branded FMCG products, the product appearance, price and brand, packaging, quality and ingredients were factors that influence purchase behaviour. Lastly, on branded durable products, familiarity and convenience were the leading factors of purchase, followed by appearance and price, as well as quality and brand name. Nyanga (2015) and Oodith and Parumasur (2017) identify the BoP market as a brand conscious segment, brands play an important role in the purchasing decisions they make. Oodith and Parumasur (2017) also conclude that consumers at the BoP are aware of the different brands competing with each other. They are able to distinguish between brands based on brand features such as packaging and the logo. They regard the brand name as a measure of quality and when trust is built, they become brand loyal and are willing to spend slightly more as they are value driven (Oodith & Parumasur, 2017). The next section discusses branding as a concept, brand equity as well as the socio-economic status, price sensitivity and sales promotion as mediating variables.

2.5 Branding

Different definitions have been given for the word “brand”. Table 4 shows the different definitions by various authors over the years.

Table 4: Definition of brand

Author and year	Definition
Aaker (1996)	“A set of assets (or liabilities) linked to a brand’s name and symbol that adds to (or subtracts from) the value provided by a product or service”

Keller (1998)	“A set of mental associations held by the consumer that add to the perceived value of the branded product or service”
Kotler (2003)	“A brand is a name, term, sign, symbol, or design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competitor”
Kapferer (2004)	“A name that influences buyers”
The American Marketing Association (2007)	“A name, term, sign, symbol, or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors”
Hammond (2008)	“Total emotional experience a customer has with a company and its product or service”
Kapferer (2012)	“A set of mental associations, held by the customer, which add to the perceived value of a product or service”
Kotler and Armstrong (2014)	“A brand is a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service”

Source: Researcher’s own compilation from literature reviewed (2018)

Based on the current existing definitions of a brand, this study adopts the definition of a brand as a name, term, sign, symbol, or design that allows the consumer to distinguish the company’s product offering from that of competitors. This is due to the competitive nature of the yoghurt category where there are numerous brands from which consumers can choose.

2.5.1 Branding and consumer behaviour

Branding is a significant factor as it impacts the decision by which the consumers make when choosing between alternatives. Value for money is the main purchase driver of brands for low income consumers across all product segments (Nyanga, 2015). Reputable brands are seen to influence low income consumers' purchase intention positively as consumers feel there is less risk due to the credibility of the brand (Allan, 2013). Chovanová, et al. (2015), on the impact of branding on consumer behaviour, reports that more than half of the respondents chose products based on a brand. Top of mind awareness comes to play therefore, it is very key that companies create awareness for their brands. Sarwar, et al. (2016) also investigated the effect of branding on consumer buying behaviour and found that branding is an important factor which affects consumer buying behaviour. Sarwar, et al. (2016) proved that there is a positive correlation between branding and buying behaviour of consumers.

Ashraf, Naeem and Shahzadi (2017) confirm the positive influence of branding on consumer buying behaviour. Srivastava (2015) also explains that branding creates a win-win situation for both the consumer and the organisation as value is created. A brand enables an organisation in gaining competitive advantage over its competitors and is also beneficial to the consumers' perception of the product (Jobber & Chadwick, 2013). The value of a brand based on consumers' perception and experience is determined by brand equity. Therefore, it is imperative for industry dairy players, such as Parmalat, to devise and implement the correct branding strategies in order to influence consumer buying behaviour. Brand equity and the various dimensions measured in this study are discussed in the next section.

2.6 Brand equity

Dibb, Simkin and Pride (2012) and Lamb, Hair and McDaniel (2013) define brand equity as the marketing and financial value of the brand. They state that consumers perceive the brand to have high quality, brand awareness and brand loyalty when a brand has high brand equity. Srivastava (2015), further defines brand equity as the added value that products and services receive from being a well-recognised brand. Brand association, brand loyalty, perceived quality and brand awareness, are the main dimensions of brand equity (Severi & Ling 2013; Mohan & Sequeira, 2016). Brand

equity has an important and positive influence on an organisation's overall performance and found that companies with greater brand equity are more likely to perform better than other companies (Mohan & Sequeira, 2016). In this study, brand equity is defined as the difference in consumer brand choice between Parmalat yoghurt and any other competitor branded yoghurt products of the same class. This definition sought to analyse Parmalat yoghurt brand versus other competing brands that are of the same class and have similar features, such as similar labelling on packaging. The basis of the brand equity dimensions used in this study stem from Aaker's brand equity model. Aaker's brand equity model consists of five dimensions namely; brand associations, brand awareness perceived quality, brand loyalty and other brand assets (Aaker; 1991). This study only measures brand associations, brand awareness, perceived quality, brand loyalty as this study builds on the study of Aydin and Ulengin (2015) who only measured the aforementioned four. Brand awareness, perceived quality, brand associations and brand loyalty guide brand development, management and measurement (Aaker & Joachimsthaler, 2000).

2.6.1 Brand equity and consumer buying behaviour

Various studies have looked at brand equity and its impact on consumer buying behaviour. Table 5 summarises the conclusions of various authors whose core focus was on consumable products.

Table 5: Brand equity studies

Author and year	Title	Conclusion
Moradi and Zarei (2011)	The impact of brand equity on purchase intention and brand preference-the moderating effects of country of origin image	Brand equity has a positive influence on brand preference and purchase intention, however the moderating role of country of origin image was not supported
Njuguna (2014)	The influence of brand equity on consumer choice in branded bottled	Brand equity identified as an important aspect of

	water among supermarket customers in Nairobi central business district, Kenya	consumer choice for FMCG products
Heidarian, Kariznoee and Bijandi (2015)	The effect of brand equity on consumer purchasing behaviour Case study: food famous brands in Mashhad Industrial Town	Brand experience, brand trust, brand satisfaction, brand image, perceived fit and brand loyalty identified as core aspects in consumer buying behaviour
Koapaha and Tumiwa (2016)	The effect of brand equity on consumer buying behaviour in Starbucks, Manado town square	Brand equity components including brand awareness, brand association, perceived quality, and brand loyalty impact consumer buying behaviour in Starbucks, Manado Town Square
Shah, Adeel, Hanif, Khan (2016)	The impact of brand equity on purchase intentions with moderating role of subjective norms	Brand equity has significant and positive impact on purchase intention of consumers
Kumar, Lakshmibala and Anand (2017)	Impact of brand equity on purchase intention: A study of consumers of health food drinks in Chennai using structural equation model	Brand awareness, brand association, perceived quality, brand trust and brand loyalty impact significantly on purchase intention of consumers

Source: Researcher's own compilation from literature reviewed (2018)

Drawing from the above conclusions, it is imperative for marketers to primarily focus on improving their brand's brand equity elements to build a positive brand equity to increase purchase intention of a brand. This would also have a positive implication on the company's profitability. The various brand equity elements which are critical are now discussed in more detail.

2.6.2 Brand awareness

Nguyen (2014) defines a consumer's awareness of the brand as the ability to recall, recognise the brand in multiple situations and being able to associate with it. Keller (2013) posits that a brand with great awareness allows for consumers to easily recognise and recall the brand. Building awareness of a brand is necessary to drive repeat purchase and also to link the brand and the category of the products in the minds of the consumer (Keller, 2013). Masika (2013) posits that through brand awareness, intention to purchase and brand attitude can be developed. Masika (2013) points out that brand awareness has the strongest influence on consumers purchase behaviour. Similarly, Callaway (2017) asserts that a buying decision can be impacted by the awareness of the brand. The ability of a consumer to recall the brand is important when faced with a buying decision. Therefore, it is important for yoghurt brands to maintain consistent and great brand awareness. As stated by Alijosiene, Gudonaviciene and Salamandic (2014), product manufacturers make the mistake of grouping together consumers who are aware of the brand and are less prone to price sensitivity with consumers who are not aware of the brand. A thorough understanding of the brand's level of awareness is extremely important for organisations as it is central to the decision making process of consumers, consumers must be able to recognise and recall the brand (Keller, 2013). This study, therefore, defines brand awareness as consumers' ability to recall and recognise the Parmalat brand among other yoghurt products.

2.6.2.1 Brand awareness in consumer buying behaviour of yoghurt among BoP consumers

According to Oodith and Parumasur (2017), consumers at the BoP market in South Africa recognise the different brands existing in the market. High brand awareness is important in a market where consumers are vulnerable and less likely trust brands they are unfamiliar with. According to Nyanga (2015), it is important to create brand

awareness in the BoP market as this would be making this cohort of consumers familiar with what the brand has to offer and thus making their lives better. Nyanga (2015) also suggests that part of why consumers at the BoP do not purchase certain brands is because they are unaware of them and the value or quality they offer. Furthermore, Variawa (2010) maintains that consumers at the BoP are exposed to product features of competitor brands and stimuli that relates to brands such as logos, colour, jingle and so forth. Likewise, Oodith and Parumasur (2017) conclude that even though consumers at the BoP have little education, they have the ability to differentiate brands, based on brand related stimuli.

In light of the literature above, evidently brand awareness is significant in consumers at the BoP decision-making process, and this conclusion can be applied to yoghurt purchases. According to Mohan (2014), brand awareness allows for the brand to have a greater chance of being part of the set of brands a consumer is considering from which to choose. In a category like yoghurt where there are a number of competing brands, consumers must be aware of the brand for it to be part of the consideration set in the purchase decision. If the brand awareness is high, the chances of a consumer choosing the brand are greater and they are likely to become brand loyal (Keller, 2013). Brand awareness is therefore seen to affect purchase intention and impacts on how consumers form brand associations and the strength thereof.

2.6.3 Brand associations

Farjam and Hongyi (2015) define brand associations as anything linked in a consumer's mind to a brand. Keller (2013) posit that attributes, benefits and brand attitude as brand association elements create a brand image in consumer's mind. For companies to increase brand equity, they need to focus on building positive associations with the brand (Mohan & Sequeira, 2016). In a category, such as yoghurt, where there are a number of options for consumers to choose from, brands need to reinforce an important attribute or product benefit association that would form part of product positioning. This study, therefore, defines brand association as anything linked in the consumers' mind of the Parmalat brand which may include the logo, colours, the jingle, and any other type of association.

2.6.3.1 Brand associations in buying behaviour of yoghurt among BoP consumers

Allan (2013) suggests that the influence of brand associations on consumers at the BoP markets is strong when evaluating alternative brands at lower price ranges. Consumers at the BoP market lean more towards strong brands that are known to have positive brand associations. Allan (2013) also cites Pitta, et al. (2008) as saying that brands matter to low-income consumers due to the consumer's product quality association with the brands. Thus, positive brand associations increase the perception of quality and value of the brand in the minds of low-income consumers. Brand quality associations are a competitive advantage for brands as marketers can leverage off them, especially when new products are introduced to the market (Allan, 2013). A study by Grigaliūnaitė and Grigali (2017) found that brand associations have a significant impact on consumers' purchase intentions of yoghurt products. They confirm that positive and genuine brand associations linked to yoghurt directly influences the purchase intention. A positive quality perception is equally important to the purchase intentions of consumers.

2.6.4 Perceived quality

Asshidin, Abidin and Borhan (2016: 640) define perceived quality as "a consumer's evaluation of a brand's overall excellence based on intrinsic (performance and durability) and extrinsic cues (brand name)". The perceived quality of the brand will have an influence in the buying behaviour of consumers of branded products (Nguyen, 2014). Perceived quality is regarded the main dimension of customer brand equity as it determines whether or not a consumer is willing to pay a premium price for the brand and it affects the choice of brand and purchase intention (Keller, 2013). Quality is critical in consumer purchase decision making, often consumers will compare price versus quality. Quality perceptions are important, especially when consumers do not know much about the product, their purchase decision will be impacted by the perceived quality of the brand (Kotler & Armstrong, 2014). Masika (2013) adds that perceived quality of consumers cannot easily be determined as this is based purely on the consumers' judgement of the brand and consumers differ in terms of their preferences. This study defines perceived quality as the consumer's overall quality

perception of the Parmalat brand versus other yoghurts brands on its ability to fulfill the need state.

2.6.4.1 Quality perceptions in consumer buying behaviour of yoghurt among BoP consumers

Nyanga (2014) asserts that consumers at the BoP desire well recognised brands of good quality, as quality matters amongst these consumers. Oodith and Parumasur (2017) agree that BoP consumers not only base their purchase decision on price and affordability but also on the value received from using a brand of good quality. Low income consumers are aspirational and have a preference for popular brands as they would give them recognition amongst their peers in the social scene (Nyanga, 2014). Saleem, Ghafar, Ibrahim, Yousuf and Ahmed (2015) state that a significant relationship between consumer purchase intention and the perceived quality of the brand exists. They also add that consumers at the BoP spend more where good quality is concerned. As consumer perceptions of quality changes over time, the need for marketers to track quality perception of their brands and its influence on price sensitivity becomes increasingly important. A good quality perception of a brand may also lead to an increase in brand loyalty as Andervazh, Shohani, Tamimi, Diyaleh and Alnasere (2016) found a positive relationship between perceived quality and brand loyalty.

2.6.5 Brand loyalty

According to Wilson and Persson (2017), brand loyalty is as an act of commitment to a brand by rebuying or engaging in repetitive purchase regardless of efforts made by marketers to influence the consumer into brand switching. Dibb, et al. (2012) and Lamb, et al. (2013) define brand loyalty as the strong will or motivation to choose one brand over another. Furthermore, Hoyer, Macinnis and Pieters (2012) add that a consumer repeatedly buys the same brand due to preference. Brand loyalty enables organisations to retain existing customers instead of spending money trying to acquire new customers. Keller (2013) believes that brand loyalty is significant for organisations as it results in repeat purchase. Bates (2016) posits that the brand awareness and affordability of the brand have a positive relationship with brand loyalty. Furthermore, brand loyalty can lead to positive word of mouth for the brand (Virvilaite, Tumasonyte & Sliburyte, 2015). Mohan and Sequeira (2016) implore organisations to focus on

improving loyalty of their brands to improve the brand's equity. Andai (2016) adds that when consumers become brand loyal, companies stand to benefit as value is derived and consumers are likely to share positive experiences of the brand in social spaces. This study defines brand loyalty as the act of repeatedly purchasing Parmalat yoghurt even in times of high price sensitivity, as opposed to switching to other yoghurt brands.

2.6.5.1 Brand loyalty in consumer buying behaviour of yoghurt among BoP consumers

The study by Nyanga (2014) shows that brand loyalty exists in the BoP market. The existence is minimal across product categories as this cohort is wary of price and value (Nyanga, 2014). Oodith and Parumasur (2017) confirm the existence of brand loyalty in the BoP market. They also add that the BoP consumers are more focused on fulfilling their primary needs. When consumers are more price sensitive, they cannot afford to be loyal to a brand that charges high prices (Oodith & Parumasur, 2017). Bates and Buckles (2018) reveal two strong relationships that influence brand loyalty positively in the BoP market. They identify a relationship between brand awareness and brand loyalty as well as a relationship between consumer's affordability and brand loyalty. Marketers need to increase the awareness of their brands in order to drive loyalty, furthermore, they need to make their offering affordable to BoP consumers (Bates & Buckles, 2018). The next section looks at socio-economic status and the impact on purchase intention.

2.7 Socio-economic status

Socio-economic status typically refers to the measure of an individual or household's educational level, social and economic position, benchmarking against others (Howe, 2012). This measure is based on various factors including the level of education, age, employment and income. According to Koc and Ceylan (2010), human behaviour differs according to different stimuli and factors such as income, price and economic changes such as inflation, play an important role. Human behaviour differs in social economic groups, for example, although all socio-economic groups spend a large amount of their income on food, it has been found that the level of socio-economic status has an influence on food expenditure and intention to purchase (Koc & Ceylan, 2010).

Ates and Ceylan (2012) suggest that there is a difference in socio-economic factors between urban and rural consumers, as the purchasing power of buyers is determined by socio-economic status. Quality has been identified as a significant dimension in both urban and rural consumers. However, the manner by which consumers identify with quality differs between urban and rural consumers. Rural consumers mostly rely on packaging as the way to identify a good quality product (Ates & Ceylan, 2012). This is consistent with the conclusion of Singh and Singh (2014), who identified packaging as a key factor rural consumer consider when making a purchase decision. It is therefore imperative for brands to put a focus on packaging as part of their marketing strategy as this can be used to target low income consumers. Although Aydin and Ulengin (2015) conclude that using socio-economic status as a mediating variable did not reveal any deviations in determining the impact of consumer based brand equity on purchase intention however, Bousbia, Boudalia, Chelia, Oudaifia, Amari, Benidir, Belkheir and Hamzaoui (2017) established that socio-economic status does have an effect on consumer behaviour with regards to dairy products, including yoghurt. The buying behaviour therefore, would be influenced. Davis, Blayney, Muhammad, Yen and Cooper (2010) reference Nayga (1996) on identifying factors such as income, to significantly impact on the consumption of dietary fibre intake in households upon examining the influence of socio-economic status and demographic factors on consumer's dietary fibre consumption. Due to the fact that yoghurt has a healthy lifestyle connotation, socio-economic status will have an impact on the purchase behaviour of consumers. Davis, et al. (2010) put forward that the consumer's income is a driving force behind yoghurt purchases. Mamun, et al. (2014) specify that price sensitivity significantly influences buying behaviour and this is discussed further in the next section.

2.8 Price sensitivity

Mamun, et al. (2014) define price sensitivity as the manner by which one reacts to price changes in a product. This typically describes an acceptable price range in which consumers are willing to purchase a product, the acceptable price range differs across customers. It is alleged that when purchasing power decreases, consumers become more price sensitive (Mamun, et al., 2014). Price sensitivity is a variable which describes how consumers react in situations of price changes. Price sensitivity is all dependent on the consumers' value perception of the product/ brand to be and the

money they are willing to pay for it. Consumers have different price point ranges which they deem acceptable and the maximum amount of money consumers are willing to spend on a particular product is different for every consumer. The way in which consumers perceive price changes and how they react indicates whether or not the market is price sensitive (Mamun, et al., 2014).

2.8.1 Price sensitivity among low income earners

Literature points out that when income levels are low, price sensitivity among consumers is high (Soba & Aydin, 2012). This is attributed to the fact that consumers of low income simply cannot afford to pay higher prices. Although low income consumers think in a similar way as consumers of higher income in terms of higher prices meaning an increase in quality, they will pick a lower priced product due to income constraints. Price sensitivity affects low income consumers more than consumers of high income (Soba & Aydin, 2012). Karnani (2013) confirms that consumers with limited purchasing power are price sensitive as a high percentage of their income is spent on food. Allan (2013) agrees that price sensitivity in the BoP market exists and also poses a significant challenge for organisations. Simanis and Duke (2014) highlight that consumers at the BoP may require lower price points than an organisation can accommodate however, when their income allows, consumers at the BoP are willing to pay a high price for a brand they trust (Oodith & Parumasur, 2017).

Consumers at the BoP are also found to be value-conscious, when the brand they prefer becomes expensive, they are highly likely to switch to cheaper brands (Oodith & Parumasur, 2017). Within any product category, low income consumers tend to purchase the product with the lowest price. Low income consumers, therefore, have a high price elasticity across all categories (Lusk & Tonsor, 2016). According to Davis, et al. (2010), the driving factors behind yoghurt consumption is income and price. The elasticity of prices demonstrate that yoghurt products are generally sensitive to price changes in the retail environment thus, consumers react by altering the demand of quantity. The demand of yoghurt is affected by consumers' income level. If consumers' income is reduced, the quantity of yoghurt demanded declines. (Davis, et al., 2010). Mohammed, Murova and Chidmi (2017) examined demand for yogurt in the trend of manufacturer brand and found that consumers are price sensitive and that the demand

for yoghurt is elastic. The price of yoghurt and the income of consumers impact the demand of yoghurt (Mohammed, et al., 2017).

2.9 Sales promotion

According to Familmaleki, et al. (2015), sales promotion is defined as multiple incentives used by organisations to encourage consumers to make a purchase. Chang (2017) defines sales promotion as a tactic for selling goods using discounts. Furthermore, Nakarmi (2018) defines sales promotion as a technique used to make a consumer buy more of a product. Literature describes sales promotion among low income consumers to increase customer interest towards the brand (Familmaleki, et al., 2015) Low income consumers are prone to buying a particular product when it is on promotion (Nyanga, 2014). Kumar and Joseph (2014) state that consumers at the BoP market demand promotional activity, such as discounts, product bundling and 'buy one get one free' deals.

Low income consumers are seen to prefer monetary sales promotions, such as 'buy one get one free' deals, price discounts and coupons over non-monetary, such as competitions and gifts. Monetary promotions that are commonly used include 'buy one get one free', discounts and coupons, and non-monetary sales promotions include in store point of sale and marketing collateral that draws the consumer's attention without involving any price discounts (Corsi, Loose & Lockshin, 2013). The preference of monetary sales promotions is due to the fact that this cohort is driven by value for money when making low involvement product purchases (Gbadamosi, 2009). Gbadamosi (2009) further identifies discounts such as 'buy one get one free', coupons and free samples as being the most effective sales promotion tools for low income consumers. When low income consumers identify promotional activity which is better for their budget, they will switch brands. Paying the same price whilst getting extra value is attractive to low income consumers (Kumar & Joseph, 2014)

Prinsloo (2017) explains that consumers who are geared towards price and promotion have resulted in consumers becoming extremely price sensitive. Lappeman, Kabi, Oglesby and Palmer (2017) highlight the importance of monitoring key competitor promotional activity in order for brands to stay competitive. Companies can benefit from using sales promotion as a tool. Companies are advised to have BoP specific

sales promotional budgets to encourage sales among consumers at the BoP (Sing, 2016).

2.10 Purchase intention

Purchase intention is a decision-making process which involves the reasoning behind the purchase of a particular product or brand over another (Shah, et al., 2012). According to Egorova, Grudieva, Morinez, Kube, Santos, Da Costa, and Antranikian (2007), purchase intention is an instance where a customer chooses a particular brand under certain conditions. There is a relationship between consumer behaviour and purchase intention. Purchase intention is significantly related to brand equity (Amegbe, 2016). Tharmi and Senthilnathan (2011) found that brand equity has a positive influence on consumer purchase intention. This means that the purchase intention of consumers, when it comes to perishable goods can be predicted, based on the customers' level of brand equity. Findings on factors influencing purchase intention of yoghurt by Amarukachoke (2015) show the relationship between brand equity and purchase intention to be positive. Allan (2013) found that in the BoP market, familiar brands positively influence consumer chances of making a purchase due to the perceived risk being reduced and the credibility of the brand being an indicator of good quality. Consumer speculation on brand credibility and price–quality as indicators of good quality prove how important quality is for the BoP market as perceived risk is lowered, thus increasing the probability of making a purchase (Allan, 2013). The next section discusses consumer behaviour, consumer buying behaviour and the consumer decision making model.

2.11 Consumer behaviour

According to Jisana (2014), a consumer is any individual who involves themselves in the process of consumption. Vainikka (2015) defines consumer behaviour as a process whereby a consumer goes on a journey to make a purchase of a product to fulfil their needs. Consumers make purchases either for their own consumption or for the needs of their families. Consumer behaviour involves the steps a consumer takes when making a purchase decision (Jisana, 2014). It gives us a clear picture of how consumers make the decision to spend, for example, their money and time on products that meet their needs. According to Vainikka (2015), every aspect of our lives involves consumption of products and services, therefore, consumer behaviour can

be considered to be everything. Encompassed in consumer behaviour are certain factors which have an effect on the purchasing decisions of consumers (Lautiainen, 2015).

According to Prasad and Halpeth (2015), consumer behaviour is highly dynamic and is continuously evolving. This requires marketers to have a deep knowledge of consumer behaviour in order to employ the correct marketing and branding strategies. The consumption patterns of consumers change over time and so do behavioural patterns. Prasad and Halpeth (2015) stress the forever changing needs and expectations of consumers, therefore, in order for brands to succeed and to survive in this dynamic environment, marketers need to have a deep understanding of consumer behaviour.

The branding strategies that marketers devise and implement need to keep in mind the changing nature of consumer behaviour. Branding strategies need to be flexible and evolve simultaneously with the behavioural changes of the consumers and the environment. (Prasad & Halpeth, 2015). Chovanová, et al. (2015) concur, they add that with the changing market conditions, the role of marketers is more important than ever. It is pertinent for marketers to constantly monitor and pay attention to the behaviours of their consumers and to be flexible in meeting the needs and desires. A deep understanding of the target market is required before any branding strategy execution. Research on consumer buying behaviour must be done on a regular basis in order to be up to date with the latest consumer insights. Understanding consumer buying behaviour is imperative as it aids marketers with how to do their brand planning and how to remain relevant in their industries.

2.11.1 Consumer buying behaviour

The definition formed by Kotler and Keller (2011), describes consumer buying behaviour as the study of the manner in which consumers buy goods or services and the experiences in fulfilling their needs and wants. Ramya and Ali (2016) refer to consumer buying behaviour as the process where consumers choose, buy and use a product or service to fulfil their need or want. In the challenging environment brands survive in, Ramya and Ali (2016) point out the importance of understanding buying

behaviour of consumers. In having a better understanding of what drives the buying decisions of consumers, marketers are able to develop strategies that are more aligned to their target market's needs, thus communicating with their consumers more efficiently (Ramya & Ali, 2016).

There are certain factors which affect the way in which consumers make buying decisions. There are instances where making a buying decision is quick and easy, however in some cases, it can be a very extensive and time-consuming task. The product's level of involvement is a significant component when consumers are making a decision of how important the purchase is and how much research needs to be done before making the purchase (Pratap, 2017). Tanner and Raymond (2012) distinguish between two product level involvements, namely, high involvement products and low involvement products. High involvement products are not purchased frequently, they are complex, and they require a lot of energy from the consumer as there is a higher risk involved. Low involvement products are purchased on a more frequent basis, they are less complex, and less risk is involved. Low involvement products are less complex when compared to those of high involvement (Tanner & Raymond, 2012). Yoghurt is categorised as a low involvement product as there is no extensive thought process involved in making yoghurt purchases.

2.11.2. Consumer buying behaviour of low-income earners

Singh and Singh (2014) identify a few factors which impact the buying decisions of low-income consumers, including brand, price, quality, warranty, advertisement, packaging, friends and family member's recommendation. Literature reveals that the effect of these factors differs within the low-income segment, depending on age and level of income (Singh & Singh, 2014). When consumer income increases, buying behaviour also changes (Ahmed, et al., 2016). Ahmed, et al. (2016) specify that consumers at the BoP market are cash strapped and mindful of their spending (Ismail & Baloch, 2015). They will seek value for their money (Nyanga, 2014). Buil, Martínez and Chernatony (2013) reveal that brand equity has a positive effect on consumer buying behaviour, therefore, brand building is important as a consumer response to the brand may be as a result of a positive brand equity. Kamungozi (2015) posits that brand is important in the purchase of yoghurt among South African BoP consumers. When it comes to the purchase of yoghurt, consumers make the decision about which

yoghurt brand to buy before they head to the store as they are mostly loyal to the brand of their preference. This just confirms the importance of branding in the yoghurt industry (Kamungozi, 2015).

2.12 Conceptual framework and hypotheses development

The conceptual model is adapted from a study by Aydin and Ulengin (2015) which aimed to unpack the potential impact of consumer-based brand equity on purchase intention of consumers using gender and socio-economic status as mediators. The study revealed that consumer-based brand equity affects consumers' purchase intention. Purchase intention was found to be consistent across different socio-economic status groups, however consumers with a lower socio-economic status score were found to be less likely to purchase brands when compared to consumers with a higher socio-economic status score.

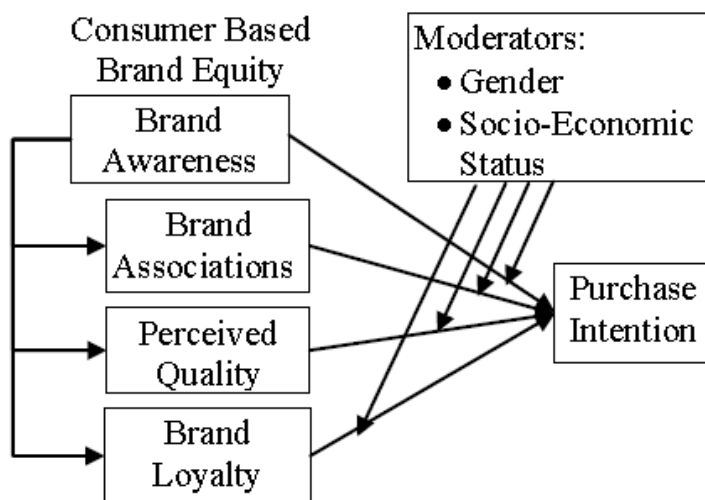


Figure 3: Conceptual model

Source: Aydin and Ülengin (2015)

The mediators of this study include socio-economic status, price sensitivity and sales promotion. The independent variable is brand equity, which is treated as a multi-dimensional variable. The brand equity dimensions measured in this study include; brand associations, brand awareness, perceived quality, brand loyalty as this study builds on the study of Aydin and Ulengin (2015). Brand awareness, perceived quality, brand associations and brand loyalty guide brand development, management and

measurement (Aaker & Joachimsthaler, 2000). Purchase intention of yoghurt is the dependant variable.

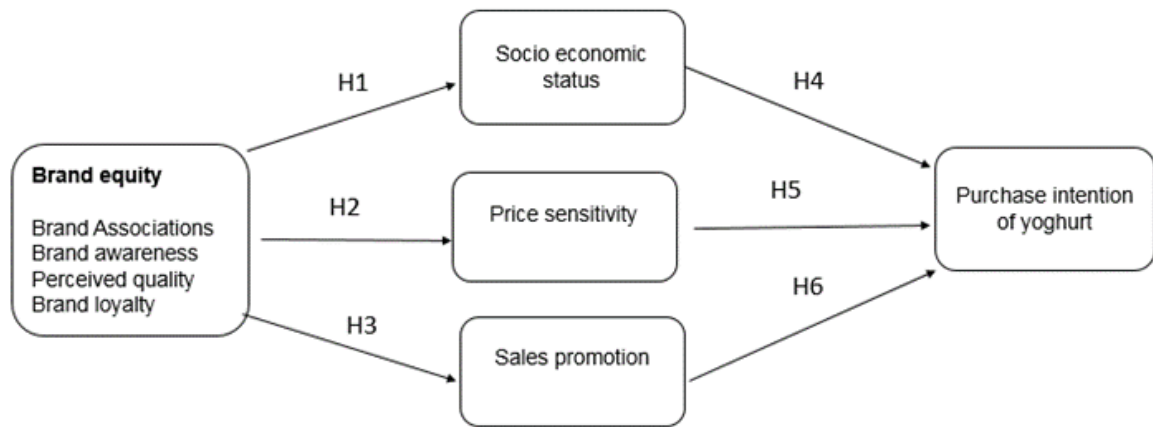


Figure 4: Conceptual model

Source: Researcher's own, adapted from Aydin and Ulengin (2015)

2.12.1 Brand equity and socio-economic status

The consumers' level of socio-economic status has an effect on how they perceive the quality of the brand. In the dairy industry, consumers view quality as a significant factor when making a purchase decision, and perceived quality has a positive effect (Emami, 2018). For brand equity to be built, awareness for the brand needs to be created which then leads to positive brand associations and ultimately increasing brand loyalty (Ahirrao & Patil, 2018). The views and the perceptions of a brand among low income consumers differ depending on socio-economic status (Brijball, 2003). The majority of consumers with a low socio-economic status view pricing as an indication of good quality in most instances (Brijball, 2003). According to Keller (2008), brand awareness is also powerful, especially when consumers are making a low involvement product decision, there is a high chance that they will choose the brand that they are most familiar with. A significant difference exists in the level of brand awareness among consumers depending on their socio-economic status (Domingo, Lao & Manalo, 2015). Thus, this study hypothesises that:

H1: Brand equity has an influence on socio-economic status amongst BoP consumers

2.12.2 Brand equity and price sensitivity

Clayton and Heo (2011) state that a relationship between price elasticity of consumers and brand equity exists. Price sensitivity is a key element that affects consumer's preference for brands (Clayton & Heo, 2011). Brand equity has an impact on the consumers' willingness to pay a higher price for a product, thus a strong brand equity reduces price sensitivity among consumers (Amegbe, 2016). Brand loyalty is a significant component of brand equity and brand loyal consumers are insensitive to price changes whereas those that are not loyal are price sensitive (Kanghyun & Thanh, 2011). Erdem, Swait and Louviere (2002) state that when the brand associations are positive, consumers are willing to pay a higher price. Brand trust, perceived quality, durability and the experience with the brand drive brand loyalty in the BoP market (Nyanga, 2014). When consumers are not brand aware, they perceive price as the only factor when making a decision and thus are more price-sensitive (Alijosiene, et al., 2014). A credible brand reduces consumer price sensitivity (Erdem, 2002). Price impacts positively on the brand equity elements of dairy products (Emami, 2018). Therefore, this study hypothesises that:

H2: Brand equity has an influence on price sensitivity amongst BoP consumers

2.12.3 Brand equity and sales promotion

According to Keller (2009), there is an expectation for sales promotions to have an ability to create positive brand equity due to the influence of brand associations which are key to creating brand equity. Sales promotion can be beneficial in differentiating a brand from its key competitors and in turn, can have a positive impact on brand equity (Rahmani, Mojaveri & Allahbakhsh, 2012). Past studies have found that the relationship between sales promotion and brand equity is insignificant (Buil, de Chernatony & Martínez, 2011; Pierre, Haythem & Dwight, 2011). Pierre, et al. (2011) examined the impact of brand personality and sales promotions on brand equity and found that sales promotions have a negative impact on brand equity. Buil, et al. (2011) looked at the effect of advertising and sales promotions on brand equity. The study revealed that promotions that relate to money impact negatively on perceived quality, however, non-monetary promotions were seen to impact positively on brand

associations. Although past literature paints a negative relationship between sales promotion and brand equity, the study of Tibebe and Singh (2016) found that sales promotion positively affects the building of brand equity by impacting brand awareness, brand associations and perceived quality. Non-monetary sales promotion is also found to positively affect the creation of brand equity, which is consistent with findings from Buil, et al. (2011). The influence of sales promotion on brand equity is most significant on brand loyalty and perceived quality (Emami, 2018). As argued above, this study hypothesises that:

H3: Brand equity has an influence on sales promotion amongst BoP consumers

2.12.4 Socio-economic status and purchase intention

Socio-economic status can be used to demine if consumers have the ability to make a product purchase (Torres, Canada, Sandobal & Alzate, 2017). Between rural and urban populations, socio-economic differences affect yogurt purchases (Ates & Ceylan, 2010). Koç and Ceylan (2012) report that consumption patterns differ between income levels therefore, socio-economic status has an impact on the buying behaviours of low-income consumers. Domingo, Lao and Manalo (2015) also identify a relationship between socio-economic status and buying behaviour. Kumar, Kumar and Narayana (2016) put forth that socio-economic status has an impact on consumer preferences when making a purchase decision. This was attributed to the purchasing power of these consumers (Ates & Ceylan, 2010).

Two studies have analysed the moderating role of socio-economic status on purchasing behaviour. Torres, et al. (2017) used socio-economic status as the moderating variable in their study of the moderating effect of socio-economic factors and educational level on electronic purchasing in Colombia and found a positive moderating effect on electronic purchasing. Aydin and Ulengin (2015) found that using socio-economic status as a moderator to determine the effect of consumer-based brand equity on purchase intention had no effect, but depending on the level of socio-economic status, the desire to purchase brands may vary. Furthermore, it was found that between different socio-economic status groups, purchase intention differs significantly (Aydin & Ulengin, 2015). The study indicates that consumers with a lower socio-economic status score are less likely to purchase brands as opposed to consumers with a higher socio-economic status score. Ates and Ceylan (2010)

concludes that there are socio-economic differences between high and low-income consumers that affect their way in which they make purchases. Low-income consumers focus on the packaging of the yoghurt when making a purchase (Ates & Ceylan, 2010). Thus, this study hypothesises that:

H4: Socio-economic status has an influence on purchase intention of yogurt

2.12.5 Price sensitivity and purchase intention

Mamun, et al. (2014) state that price has the most influence when consumers are making a product purchase. Consumers have different reactions towards price increases and decreases. A positive relationship between consumers' perception of price and purchase intention exists (Munnukka, 2008). Salamin and Hassan (2016) confirm the existence of a positive and significant relationship between price and consumer purchase behaviour. If consumers find a product at a suitable price, then they are willing to make a purchase. When the perceived price of the product is high, consumers see that as a financial loss which then results to the purchase intention being minimal (Mamun, et al., 2014).

According to Nyanga (2014), establishing loyalty as a component of brand equity amongst low-income consumers is key to driving purchase intention and for consumers to still choose the brand in times of high price sensitivity. Mamun, et al. (2014) put forth that consumers are willing to purchase a product again if it delivers on their expectations, thus loyalty is created. Unahanandh and Assarut (2013) examined the purchase intention of dairy products among Thai consumers. A relationship between price and purchase intention as variables was proposed and it was found that of the consumers who purchase dairy products such as yoghurt, price sensitivity is determined by the level of involvement thus, price has an effect on purchase intention (Unahanandh & Assarut, 2013). According to Davis, et al. (2010) price and income drive the purchase of yoghurt products. They suggest that when retailers change their prices, the purchase of yoghurt products is affected due to their sensitivity. There is likely to be a change in demand in times of sudden increase or decrease of prices (Davis, et al., 2010). Therefore, this study hypothesises that:

H5: Price sensitivity has an influence on purchase intention of yogurt

2.12.6 Sales promotion and purchase intention

Sales promotion is critical in the purchase intention of consumers (Chang, 2017). Gbadamosi (2009) suggests that low-income consumers' purchase decisions for low involvement products are motivated by value for money. His study concludes that low-income consumers purchase certain brands due to a habit they have developed which is favoured by sales promotions (Gbadamosi, 2009). Sales promotion affects the brand or product the consumer will choose to buy. Pauwels, Hanssens and Siddarth (2002) put forward that sales promotion has an impact on consumer buying behaviour. A positive and significant relationship is identified between sales promotion and purchase intention (Akhter, Rizwan, Shujaat & Durrani, 2014). Promotional activity encourages consumers to make a purchase (Akhter, et al., 2014). Santini, Sampaio, Perin and Vieira (2015) also reveal the positive influence of sales promotion on consumer purchase intention. Sales promotion influences consumer buying behaviour by increasing demand for the product and encourages consumers to make a purchase. The purchases of low-income consumers are encouraged by sales promotion (Santini, et al., 2015). Amarukachoke (2015) in his study of factors influencing purchase intention towards cup yoghurt, establish a positive relationship between sales promotion and purchase intention of yoghurt. As argued above, this study hypothesises that:

H6: Sales promotion has an influence on purchase intention of yogurt

2.13 Conclusion of the chapter

This chapter discussed literature pertaining to the South African yoghurt market, BoP market, branding and brand equity in relation to consumer buying behaviour of low-income consumers. The mediating variables of socio-economic status, price sensitivity and sales promotion have also been discussed. The South African yoghurt market has been growing by 7% over the past 10 years (Bmi, 2012). A study done by Insights Survey (2016) reported that in 2015, a total of 28% of yoghurt consumers used in the study had at least one serving in the past week, 43% had between two and three servings whilst 29% had purchased four or more. This demonstrates that yoghurt is a regularly consumed product in South Africa. Past literature maintains that companies make the mistake of assuming consumers at the BoP market have no significant buying power however, such assumptions do not take into account the market size. Companies can benefit greatly and can be very successful if they employ BoP specific marketing strategies to serve the needs of this market. Researchers acknowledge the

importance of companies improving their brand's brand equity to build a positive brand equity which increases the purchase intention of yoghurt. Based on literature, there is a significant relationship between brand equity and purchase intention of yoghurt. Literature also demonstrates the relationship between socio-economic status, price sensitivity, sales promotion and brand equity among low-income consumers. In the next chapter, an analysis of the research methodology is done. Details of how the data was collected and how these components were measured is discussed.

CHAPTER 3. RESEARCH METHODOLOGY

3.1 Introduction

Pandey (2015) defines research methodology as a formal and detailed process of doing an analysis scientifically. This chapter discusses the methodology used for this study. An overview of the cohort of people chosen for this study and the selected research methods is reviewed. The various research methodologies used include the research philosophy, research method and design, sampling method, research instruments, data collection procedure, data analysis, reliability and validity are discussed. The ethical considerations that were considered is also covered, as well as limitations.

3.2 Research paradigm

According to Antwi and Hamza (2015) the term paradigm originating from the Greek word 'paradeigma' means pattern. They cite Kuhn (1962) as the first to use paradigms to set out a conceptual framework which was distributed among a group of scientists as a convenient tool to carry out research (Antwi & Hamza, 2015). Schwandt (2001:183) defines a paradigm as a "shared world view that represents the beliefs and values in a discipline and that guides how problems are solved". Furthermore, Neuman (2006:81) defines paradigm as "a general organizing framework for theory and research that includes basic assumptions, key issues, models of quality research, and methods for seeking answers". Creswell (2014) discusses four research paradigms, namely, postpositivist, constructivist, transformative, and pragmatic.

In addition, research paradigms are differentiated by two main philosophical dimensions, namely, ontology and epistemology (Saunders, Lewis & Thornhill, 2009). The view of how a researcher perceives reality is referred to as Ontology while epistemology concerns itself with knowledge (Saunders, et al., 2009). This study examines the impact of branding on the buying behaviour of consumers at the BoP with the mediating influence of socio-economic status, price sensitivity and sales promotion. Creswell (2014) points out that the postpositivist approach is more suitable for quantitative studies as a quantitative study involves the measurement of constructs to uncover certain facts, furthermore, post positivism involve the testing of hypotheses.

Based on the above discussion, following an ontological philosophical dimension, this study employed a postpositivism paradigm for the testing of hypotheses.

3.3 Research approach

Creswell (2014) defines research approach as the plans and the procedures that the researcher follows in the collection, analysis and interpretation of data. Creswell (2014) points out three research approaches available to researchers as follows;

- Qualitative research explores and gains an understanding of how respondents feel about a human or social problem. The participants are present when data is collected, analysed intensively without the use of numbers. This method serves to answer a research question
- Quantitative research is an approach which is suitable for a postpositivist paradigm. This approach involves the testing and analysis of relationships between constructs. All data collected is quantified. This results in the approving or disproving of hypotheses
- Mixed methods research is a combination of both qualitative and quantitative data. This allows for a deeper understanding of the research problem which would be difficult to analyse and understand if only one of the approaches were used.

In light of the above discussion, a quantitative approach was utilised as this study employed a postpositivist paradigm and there was testing of hypotheses. A quantitative research approach was appropriate to test the assumptions of the relationship between the constructs. Variawa (2010), Govender (2015), and Lappeman (2017) used this approach in the context of BoP studies in the South African market. The main advantages of using quantitative research is that it allows hypotheses to be tested (Creswell, 2014). A quantitative research approach utilises a statistical software such as SmartPLS as tool for saving time and resources (Almeida Faria & Queirós, 2017). When collecting and analysing data, the quantitative approach makes use of numbers and figures (Bryman, 2001).

Collection of data is done systematically (Almeida, et al., 2017). Putting forward objectivity as an assumption, quantitative researchers assume that there is a reality to be examined (Antwi & Hamza, 2017). Furthermore, this research approach also allows

for a larger sample size and therefore, conclusions drawn are generalisable (Rahman 2016). Rahman (2016) acknowledges that there is no direct contact between the researcher and the respondents during data collection. Due to the research being done in a highly controlled setting, the respondents' experiences and perspectives are overlooked. This is the reason why quantitative studies are objective.

3.4 Research design

According to Bryman (2012), a research design is the framework the researcher follows for collecting and analysing data. The research design includes all the assumptions that the researcher will make in terms of collecting and analysing the data (Creswell, 2009). Yin (2015) adds the collection of data and conclusions drawn are linked to the studies research questions. Malhotra (2010) explains that research designs are usually descriptive, exploratory or causal. The problem that needs to be solved, research questions and hypotheses to be tested are what makes each of these designs different.

Descriptive research is useful when the researcher wants to describe a group of individuals or a set of variables or characteristics, so essentially it makes use of data (Bryman, 2012). Descriptive research can make use of cross-sectional or longitudinal design. The two aforementioned designs differ in terms of the time the researcher takes to contact the sample population. In a cross-sectional design, information is collected at a single point of time whereas in longitudinal design, the sample is contacted over different periods. Exploratory research is suitable when a researcher has limited information about the area of research and wishes to examine a phenomenon and explore its dimensions, including how it relates to other factors. Lastly, causal research examines the effect of something on another item. The opportunity for the researcher is that they are able to examine the interaction of the independent and dependent variables and the exact influence of each on the other.

In light of the discussion above, this study employed a descriptive research design. Descriptive research is best suited as this study is based on known knowledge. A single cross-sectional design was adopted. According to Yu, Shi, Zhang and Tang (2015), a cross-sectional design is suitable when a researcher seeks to test the

relationship between variables. Setia (2016) further states that cross-sectional design is normally quicker and relatively inexpensive to carry out and due to the inclusion and exclusion criteria applied in the study, participants can only be contacted once. Panda (2016) further reiterates the aforementioned in his study where he states that a longitudinal design would have taken much longer and there would have been a high probability of a participant being contacted twice.

According to Creswell (2003), surveys and experiments are used to collect data in a quantitative study. O'Leary (2014) defines surveying as the collection of data utilising a self-administered questionnaire. This study followed a survey method where participants answered questions administered through questionnaires. The cost efficiency and high representativeness of the population are the two most significant aspects of using the survey method (Almeida, et al., 2017). Cohen, Manion and Morrison (2013) explain that a questionnaire is an instrument used for data collection. A questionnaire is the most used research instrument in quantitative studies (Creswell, 2009). O'Leary (2014) highlights some key advantages of using a questionnaire including that the researcher is able to reach a large number of participants who then become a representation of the population, the researcher can do some comparisons and the results can be quantified. Jones, Baxter and Khanduja (2013) raise a concern of surveys being costly at times, and there can be discrepancies in accuracy and validity.

3.5 Research methods

The following section outlines the target population, sample size and sampling method adopted for this study.

3.5.1 Target population

According to Bryman (2012), a population is the section of the universe which is selected for a research study. Alvi (2016) defines the target population as referring to all the people meeting the selection criteria of the study. Furthermore, Neuman (2014) defines a target population as a group of people from which the researcher seeks to draw information. Bryman (2012) highlights that the population the researcher will target is where the sample will be drawn, and the data collected will then be generalised to the population as a whole. The BoP market in South Africa is made up

of 10.5 million South African households, earning less than R6000 per month. The target population for this study therefore, were BoP consumers earning less than R6000 per month after tax. This is consistent with Simpson and Lappeman (2017); UCT Unilever Institute of Strategic Marketing (2014) who set South African households who have a monthly income of R6000 or less after tax as a benchmark. The respondents were drawn from Soweto. According to StatsSA (2017), South African low-income consumers are mostly resident in townships. Soweto is a township in South Africa. Soweto is the biggest township in South Africa with an estimated population of 1.5 million (Population of 2019). A large number of people living in Soweto are extremely poor (StatsSA, 2017). It is estimated that roughly 19% of the people living in Soweto do not have an income at all (StatsSA, 2017). Soweto has proved to be a viable area for market research as a few authors have done research in this area, including Spengler (2014), Patsika (2015), Eicker and Cilliers (2016) and Makhitha (2016).

3.5.2 Sample frame

Saunders, et al. (2012), define a sample as a sub-group of the whole population. Neuman (2014) defines sample size as the number of individuals represented in the sample. Burns and Bush (2010) state that the size of the sample affects the findings being an accurate representation of the population. Therefore, the bigger the sample size, the more representative it is of that particular population (Saunders, et al., 2009). Factors such as the time the researcher is willing to invest, the money they are willing to spend and also the statistical analysis adopted for the study affects the sample size (Hair, 2006; Saunders, et al, 2009). This study used a historical evidence approach to establish the sample size (Zikmund, 2000). The sample size of 289 was chosen which is consistent with other studies done in the BoP market, including Variawa (2010) who had a sample size of 300, Allan (2013) with a sample size of 200, and Govender (2015) with a sample size of 384. A total of 289 questionnaires were distributed in Soweto. The sample was drawn from Shoprite and Usave stores in Soweto. The sample size of 289 was substantial for the researcher to draw generalisable conclusions. The profile of the respondents were low-income consumers of yoghurt, earning R6000 or less monthly, living in Soweto.

3.5.3 Sampling methods probability vs non-probability

Zeeman (2013) explains two main types of sampling designs used in research, namely probability and non-probability sampling. Individuals have an equal chance of being part of the research in probability sampling, whereas in non-probability sampling, it is quite the opposite, the sample is not chosen by means of random selection. The researcher uses subjective methods to decide who to include in the sample (Neuman, 2014). According to Saunders, et al. (2012), in the absence of a full list of a population, a non-probability sampling method can be utilised. There are five different types of non-probability sampling methods, namely, quota sampling, convenience sampling, snowball sampling, self-selection sampling and purposive sampling (Bremer, 2017). In this study, the non-probability sampling method has been utilised. Convenience sampling has been used as the target population is defined by a broad category, the BoP consumers, and it is cost effective, quick and easy to approach the participants (Alvi, 2016). The disadvantage of using the convenience sampling method is that it leaves room for sampling error; the sample may not be a true representation of the population (Alvi, 2016).

3.6 Data collection techniques

Both primary and secondary data collection was conducted for this study. Primary research refers to collection of data first hand for the investigation of a problem. Secondary data refers to data that has already been published and is accessible for use (Salkind, 2010).

The questionnaires were distributed at random to the people of Soweto who purchase yoghurt products.

3.6.1 Primary research

According to Driscoll (2011), primary research is when a researcher uses unprocessed data to solve a research problem that is new. A sample size of 289 was drawn to collect data utilising a self-administered questionnaire to people of Soweto who consume yoghurt products. 289 questionnaires were completed for this study.

3.6.2 Secondary research

Secondary research is information that has been published and is available for researchers to use (Johnston, 2014). Google Scholar search engine was mostly used along with academic journals from various databases, including Emerald and J-stor accessed through the UCT library website. The website of StatsSA, Euromonitor and yoghurt manufacturers were also used, including Parmalat, Danone, Clover and Darling Romery.

Table 6: Primary and secondary data

Primary	Secondary
289 questionnaires	Academic journals
	StatsSA website
	Euromonitor Website
	Parmalat website
	Danone website
	Clover website
	Darling Romery website

Source: Researcher's own compilation (2018)

3.7 Research instrument and measurement items

According to Babbie (2015), the research instrument is a tool comprising questions designed to get specific information from the research respondents which the researcher then analyses. Wilkinson and Birmingham (2003) state that mistakes can be made when designing the questionnaire and the design ultimately affects the reliability and validity of data collected. The researcher can improve the design of the questionnaire in order for it to be more valid and reliable and also for respondents to complete it with ease by:

- Having a clear explanation of what the research is about
- Designing the questions carefully
- Questionnaire to be clearly laid out
- Conducting a pilot test

The questionnaire of this study clearly stated that respondents remain anonymous. A covering letter explained the purpose of the research and included the relevant information and instructions the respondents needed to know in order to complete the questionnaire.

The questionnaire was divided into six sections. Section A focused on brand equity elements, including brand associations, brand awareness, perceived quality and brand loyalty. Section B evaluated the mediating role of socio-economic status. Section C evaluated the mediating role of price sensitivity. Section D evaluated the mediating role of sales promotion and section E measured purchase intention. Lastly, Section F consisted of the general, profile and demographic information of the participants. This included gender, age, income and level of education. All the questions asked in this questionnaire related to the Parmalat yoghurt brand.

Twelve multi-dimensional brand equity items were adapted from Singh and Islam (2017). BE1, BE2 and BE3 measured brand awareness. BE4, BE5 and BE6 measured perceived quality. BE7, BE8 and BE9 measured brand loyalty. BE10, BE11 and BE12 measured brand associations. Three socio-economic status measurement items were adapted from van Schalkwyk, Maziriri and Mokoena (2017). SS1, SS2 and SS3 measured socio-economic status. In addition, three price sensitivity measurement items were adapted from Mumcu and Kimzan (2015). PS1, PS2 and PS3 measured price sensitivity. Furthermore, three sales promotion measurement items were adapted from Akhter, et al. (2014). SP1, SP2 and SP3 measured sales promotion. Lastly, three measurement items for purchase intention adapted from Yang, Al-Shaabani and Nguyen (2014). PI1, PI2 and PI3 measured purchase intention. The measurement items were tested using a five-point Likert scale, ranging from (1) strongly disagree to (5) strongly agree.

3.7.1 Pilot test

According to Creswell (2014), pilot testing is important to determine if the scores of the instrument are valid and to make improvements on the questions, format and scales. This study conducted a pilot test for the detection of any mistakes; to ensure that the questions were well understood, the vocabulary used and the overall design of the questionnaire was well received by the respondents. Ten respondents were used to pre-test the questionnaire. The questionnaire was well understood by the respondents

and there was no need to make any changes. Running a pilot test is important as the data collected can be used to test reliability and validity of the measurement scales (Hardy & Bryman, 2004).

3.8 Data collection process

A total of 289 questionnaires were distributed for this study. The questionnaire included screening questions such as, “Do you purchase Parmalat yoghurt products?” and “Do you earn less than R6000 a month?” to ensure that the right respondents complete the questionnaire. The respondents were targeted inside Shoprite by the yoghurt aisle in Soweto. The researcher was physically present on the day of data collection along with the research team. The researcher held briefing sessions with the research team to make sure that the requirements of the questionnaire were understood; this ensured that the research team was fully aware of what was required from the respondents, so they could brief them accordingly. Data was collected on a month-end Saturday when there was high foot traffic.

3.9 Data analysis

According to Vosloo (2014), data analysis is a process that brings order, structure and meaning to the data that has been collected. This process is described as complex and time-consuming, but also as an insightful process. The use of statistical methods is required for a quantitative study in order to do an analysis of the data, thus proving or rejecting the hypotheses that are being tested (Bhattacharjee, 2012; Saunders, 2012). Firstly, a self-administered questionnaire was used to collect the data and then it was coded into Microsoft Excel to allow it to be imported into the statistical software. For statistical analysis, SmartPLS software for the Structural Equation Modelling (SEM) technique is used. According to Sander and Lee (2014), SmartPLS is an instrumental tool for calculating, creating and validating research models. The model allows for an explanation of causal mechanisms and validates theoretical hypotheses. SmartPLS has become as a very powerful tool and has been found more in studying causal models that involve a number of constructs with numerous indicators (Chinomona & Surujal, 2012).

3.9.1 Structural equation modelling

Stein, Morris, and Nock (2012) define SEM as a statistical technique that allows researchers to create models for academic purposes in order to prove associations or relationships between constructs. Gunzler and Morris (2015) add that SEM is an approach where data is analysed in the existence of an error in the measurement and causal relationships which are complex. Washington, Karlaftis and Mannering (2003) mention that the strength of SEM lies in its versatility and its ability to draw key facts. SEM is the statistical technique that has been utilised in this study to test the hypothesised relationships. According to Chinomona (2011), SEM as a statistical technique, consists of elements such as regression analysis, factor analysis and simultaneous equation modelling.

Further to SEM, a secondary approach was used in this study which is the Partial Least Squares approach (PLS). Hensler, Ringler and Sinkovics (2009) state that the Partial Least Squares Structural Equation Modelling (PLS-SEM) approach is commonly used in research studies, including marketing related research and also research studies which involve the study of consumer behaviour. Hensler, et al., (2019) further state that the advantage of using PLS is due to its ability to estimate extremely complex models with a number of variables and it also allows for statistical data of small sample sizes to be analysed where normal distribution of data is not present. The PLS- SEM approach is suitable for this study as it was marketing related and involved the study of consumer behaviour (Hensler, et al., 2009).

3.10 Reliability and validity

Creswell (2013) outlined that reliability and validity are significant in characterising the strength of the results. When using SmartPLS, establishing the reliability and validity completes the analysis of the structural model.

3.10.1 Validity

According to Heale and Twycross (2015), validity refers to how accurately constructs in a quantitative study are measured. Convergent and discriminant validity is used to measure validity.

3.10.1.1 Convergent validity

Wong (2013) posits that to establish convergent validity, each construct Average Variance Extracted (AVE) must be evaluated. Validity is demonstrated by loadings greater than 0.7 (Wong, 2013). Wong (2013) further states AVE greater than 0.5 as a threshold deems the convergent validity confirmed.

3.10.1.2 Discriminant validity

Sarstedt, Ringlee, Smith, Reams and Hair (2014) describe discriminant validity as the extent by which a construct differs from others in the model in terms of the linkage and how the measurement items represent a construct. According to Henseler, Ringle and Sarstedt (2015), approaches that are commonly used to evaluate discriminate validity include the cross loadings and the Fornell-Larcker criterion. A more recently developed approach which is more effective than the aforementioned, being the Heterotrait-Monotrait Ratio of Correlations (HTMT) approach. The HTMT approach is more effective as it is more sensitive and is able to detect when the discriminant validity is weak. This study adopted the HTMT approach which was a more effective approach in identifying discriminant validity.

3.10.2 Reliability

Reliability refers to a measurement scale consistency (Heale & Twycross, 2015). This study used SmartPLS software to measure reliability using Cronbach Alpha (CA) and Composite Reliability (CR). The pilot test done for this study allowed for the detection of any possible inconsistencies and mistakes, furthermore, the researcher ensured that the study was reliable by adapting measurement items from past studies for the questionnaire. Wong (2013) suggests that in order for a study to be reliable, CA and CR should be equal or greater than 0.7, therefore this study used 0.7 as the threshold.

3.11 Structural model

For the quality testing of the structural model, the path coefficient and Rsquare is used in this study. The relationships between the constructs are incorporated in the inner model (Hair, Sarstedt, Hopkins & Kuppelwieser, 2014). According to Hsu (2008), an estimation of the path coefficient and the Rsquare needs to be done in order for the research model to be tested, the path coefficients indicate how strong the relationship

between the dependant and independent variables are and the Rsquare values indicate the amount of variance determined by the independent variables.

The assessing of the path coefficient is done by means of bootstrapping (Hair, et al., 2011). Hair, et al. (2014) describe bootstrapping as a technique of resampling where a large number of sub-samples are drawn and models are estimated for each sub-sample, all are drawn from the original data. This allows for the calculation of the significance using t-values. By using the bootstrapping technique, the weight and loading for each indicator is determined in order to evaluate the significant (Hair, et al., 2014). Only the indicators which have a significant weight and loading contribute to the theory and those that are insignificant should not be kept.

The values of the path coefficient vary, some are strongly positive while others are strongly negative (Hair, et al., 2014). Bootstrapping on SmartPLS allows for the assessing of the standard error and significance. Values of 0.70, 0.50 and 0.25 describe Rsquare which means substantial, moderate and weak respectively. Hair, Sarstedt, Ringle and Mena (2012) add that the context of the study will determine how the Rsquare value is viewed, for example, with regards to consumer behaviour studies, a Rsquare value of 0.20 is considered high (Hair, et al., 2012).

3.11.1 Model fit

According to Chinomona (2014), the purpose of the model fit is to determine if the data collected fits the measurement model well. The model was measured by use of the model fit assessment using SmartPLS. The model fit is calculated through three indices namely, (1) Standardised Root-Mean Square Residual, (2) Chi- square value and (3) Normed Fit Index as follows;

Table 7: Model fit indices

Fit indices	Abbreviation	Acceptable level
Standardised root-mean square residual	SRMR	< 0.08
Chi- square value	χ^2/df	< 3
Normed- fit index	NFI	> 0.90

Source: Hu and Bentler (1999); Chinomona (2014)

3.12 Mediator testing

This study used Akram, Merunka and Akram's (2011) approach to testing the mediators. Four steps were taken, step one looked at the relationship between the independent and dependant variable excluding the mediators, step two assessed the existence of relationships between the independent variable and the mediators, step three determined the significance of the mediator on the dependant variable and lastly, step four looked at the model holistically to determine whether or not the relationships between the dependant and independent variables have been impacted when the mediator is included.

3.13 Ethical considerations

According to Gajjar (2013), ethics can be defined as a method, procedure or standard of conduct. Resnik (2015) acknowledges ethics as a manner of deciding how to behave and for analysing complicated issues. Anwar (2016) highlights the importance of ethics in research. He states that ethics can be used as a guideline by researchers as to how they should do their research to ensure that nobody is harmed in the process.

Resnik (2015) discusses the importance of adhering to ethics when conducting research:

1. Ethical norms allow for minimising of mistakes and promotion of the truth.
2. Values which are important when doing collaborative work are promoted.
3. The researcher can get more support from the participants as a result of integrity.

In light of the above discussion, the researcher adhered to the ethics requirements of the University of Cape Town and an ethics clearance was obtained. The participating respondents were informed about the foundation for the research. Participation in the research was completely voluntary, participants had the choice to participate or not. Participants were also ensured that all information they provided for the purpose of the study would be kept under a highest level of confidentiality. Participants were also made aware that the data would only be used for academic and research purposes only. Information would not be given or sold to any third party. The identity of each

respondent was protected and the completed questionnaires are safely kept and will not be distributed to unauthorised personnel. Respondents were not required to insert any private information. In addition, the questionnaire had a cover page which gave detail of what the research was about, how long it would take and that they were allowed to opt out at any given point. Furthermore, the researcher was present in case they had any other questions.

3.14 Limitations of the study

The first limitation of this study is attributed to the fact that this study is quantitative and descriptive in nature. The results cannot be generalisable and the respondents had a limited option of responses, based on the selection made by the researcher.

Secondly, utilising non-probability sampling method alludes to the fact that the sample was not a true representation of the population statistically (Saunders, et al., 2012), therefore, the results cannot be generalised to the population as a whole.

Thirdly, the study was done in Soweto only, thus excluding the other rural, informal settlements and peri-urban areas that could possibly best fit the criteria of the South African BoP market.

3.15 Conclusion of the chapter

This chapter reviewed the postpositivism worldview which is consistent to quantitative research adopted for this study. This study followed a quantitative research design using self-administered questionnaires. The data analysis, PLS-SEM as well as validity and reliability were presented. The ethics and limitations were also discussed. The next chapter analyses the data and presents the results.

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

This chapter is a presentation of the descriptive statistics of the research and tables derived from using SmartPLS. The assessment of validity and reliability along with the path modelling and lastly, the hypotheses tested, are presented.

4.2 Descriptive statistics

According to Satake (2015), descriptive statistics typically describes the relationship between variables in a sample. Descriptive statistics summarises the data collected. The completed questionnaires by the respondents were analysed using SmartPLS. Table 8 shows the demographic profile, including gender, age, marital status, education and monthly household income.

4.2.1 Profile of research respondents

Table 8: Demographic profile of respondents

Demographics		Percent
Gender	Male	40.5
	Female	54.7
	Prefer not to answer	4.8
	Total	100
Age	18- 29	33.2
	30- 39	35.3
	40- 49	20.8
	50 +	10.7
	Total	100
Marital status	Single	50.8
	Married	30.5
	Divorced	12.8
	Widowed	5.9
	Total	100
Education	Less than Matric	14.5
	Matric	35.6
	Certificate from college/ tertiary institution	22.5
	Diploma	16.3
	University qualification	9.3
	University post graduate qualification	1.8
	Total	100
	Less than R 1000	14.8

Monthly household income	R 1 000 - R 3 000	38.1
	R 3 000 - R 6 000	47.1
	Total	100

Source: Calculated from questionnaire results (2018)

Table 8 presents the respondents demographic profiles. With regards to gender as tabulated above, males accounted for 40.5% (n=117) of the research respondents, females accounted for 54.7% (n=158) of the research respondents and 4.8% (n=14) of the research respondents preferred not to answer. In terms of age, research respondents were categorised into four groups. 35.3% (n= 102) fell in the 30- 39 year age group followed by 33.2% (n= 96) who fell in the 18- 29 year age group, 20.8% (n=60) fell in the 40- 49 and lastly, 10.7% (n=31) fell in the 50 + year age group.

Of the respondents, the largest percentage at 50.8% (n=147) were single, 30.5%(n=88) married, 12.8% (n=37) divorced and 5.9% (n=17) widowed. As tabulated, a marital status measurement item was included in this study ; this sought to understand how many of the respondents are married or single. This study categorised respondents into five groups. The majority of the respondents are single, which accounted for 50.8% (n=147). This was followed by those who are married, accounting to 30.4% (n=88), while 12.8% (n=37) of the respondents are divorced and lastly, widowed respondents accounted for the the lowest representation of this study at only 5.9% (n= 17).

The education measurement item categorised respondents into six categories. Shown in table 8, most of the respondents only have a matriculation 35.6% (n= 103). 14.5% (n= 42) of the respondents have less than a matriculation. This is an indication that 50.1% (n=145) which accounts for half of the respondents in this study have not furthered their studies beyond a matriculation certificate. BoP literature, which suggests that consumers of this segment are not well educated, supports these findings. 22.5% (n= 65) of the respondents indicated that they have a certificate from college or a tertiary institution. 16.3% (n=47) indicated that they have a diploma whilst 9.3% (n=27) and 1.8% (n=5) of the respondents have a university qualification and a university postgraduate qualification, respectively. The last measurement item shown in table 8 is monthly income. The findings show that most of the respondents fall between the R3000- R6000 income bracket, making up a total of 47.1% (n=136). This is followed by 38.1% (n=110) respondents falling into the R1000-R3000 income

bracket. Lastly, 14.8% (n=43) respondents earn less than R1000. All the respondents fall within the threshold of R6000 which was the selection criterion used.

4.2.2 Questionnaire descriptive statistics

The following section presents the descriptive analysis results from the measurement items of the study. The names of the constructs are listed and for each construct the mean value, standard deviation, the five-point Likert scale items are displayed. The graphs or tables illustrate each of the measurement items. The measurement items are illustrated in the following order, brand equity (BE), socio-economic status (SS), price sensitivity (PS), sales promotion (SP) and purchase intention (PI).

Brand equity

The graphical representation of each measurement item

“I have heard of the Parmalat brand”

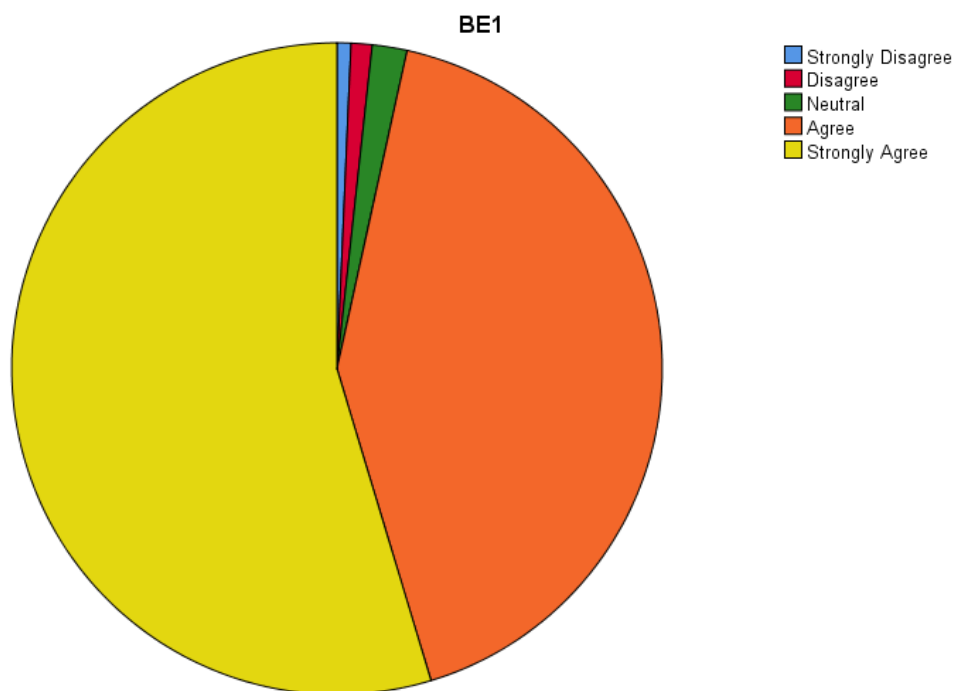


Figure 5: Brand equity Q1

Source: Calculated from questionnaire results (2018)

As indicated in figure 5, 54.7% (n=158) respondents strongly agree that they have heard of the Parmalat brand. This shows that Parmalat is a well-recognised brand in the BoP market. Consequently, 41.9% (n=121) respondents indicated that they agree with the statement. 1.7% (n=5) of the respondents remained neutral whilst 1% (n=3) and 0.7% (n= 2) respectively disagreed and strongly disagreed with the statement.

“I am aware of the Parmalat brand”

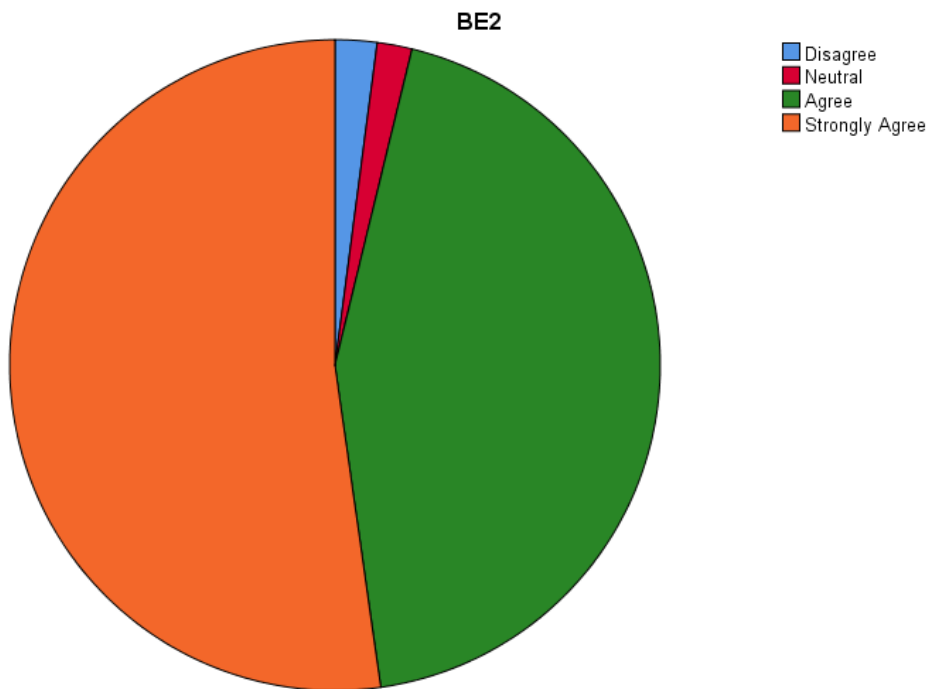


Figure 6: Brand equity Q2

Source: Calculated from questionnaire results (2018)

As indicated in figure 6, 52.2% (n=151) respondents strongly agree that they are aware of the Parmalat brand. This confirms that consumers at the BoP market are well aware of the Parmalat brand. This is closely followed by 43.9% (n= 127) respondents agreeing with the statement. This amounts to a total of 96.1% (n= 278) respondents strongly agreeing and agreeing with the statement. The remaining 3.9% (n= 11) disagree and are neutral. 2.1% (n=6) and 1.8 (n=5) respectively, disagree and are neutral to the statement.

“When I think of yoghurt, Parmalat is the first to come to mind”

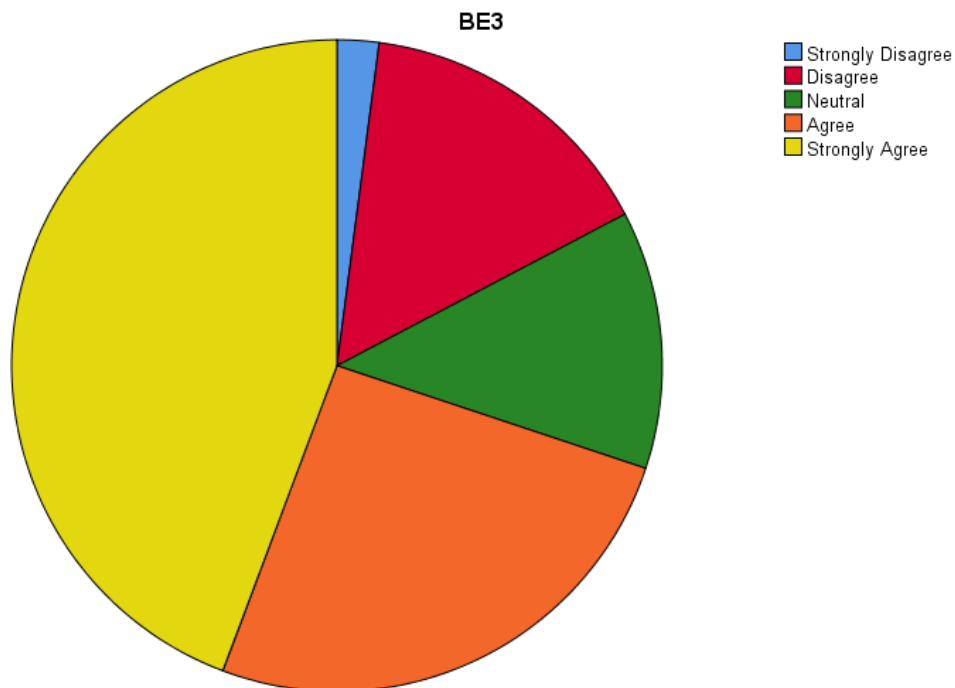


Figure 7: Brand equity Q3

Source: Calculated from questionnaire results (2018)

The majority of the respondents, 44.3% (n=128), strongly agree that when they think of yoghurt, Parmalat is the first brand to come to mind. This shows that Parmalat is top of mind when consumers at the BoP market are faced with a yoghurt purchase decision. Consequently, 25.6% (n=74) respondents indicated that they agree with the statement. 15.2% (n=44) of the respondents disagree with the statement. 12.8% (n=37) of the respondents remained neutral whilst 2.1% (n=6) respondents strongly disagreed with the statement.

“The likelihood that Parmalat is reliable is very high”

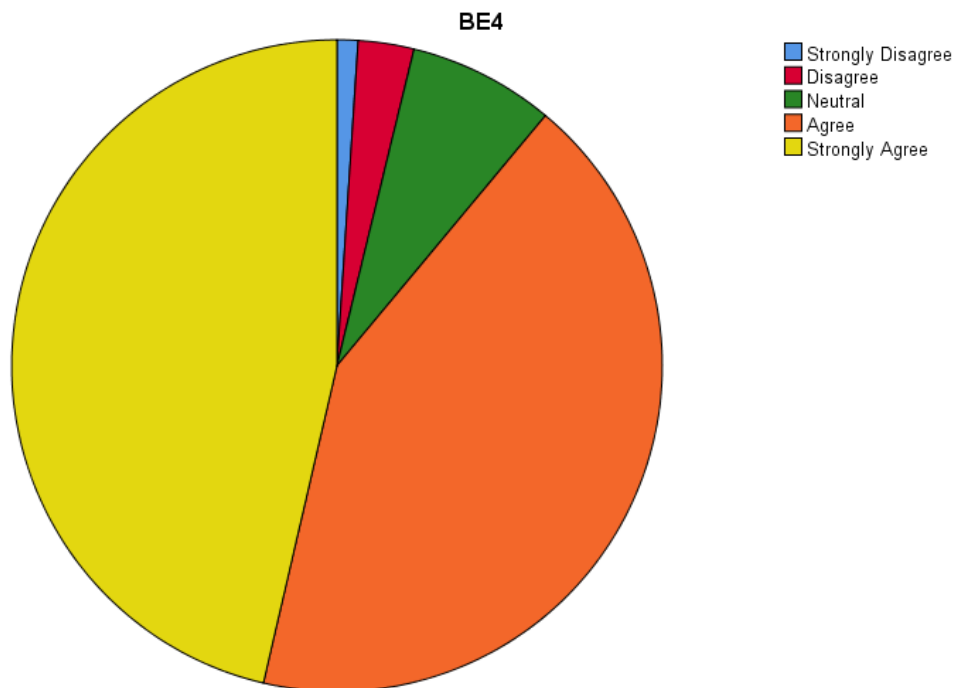


Figure 8: Brand equity Q4

Source: Calculated from questionnaire results (2018)

As indicated in figure 8, 46.4% (n=134) respondents strongly agree that the likelihood that Parmalat is reliable is very high. This confirms that consumers at the BoP market have a high reliability perception of the Parmalat brand. This is closely followed by 42.6% (n= 123) respondents agreeing with the statement. This amounts to a total of 89% (n= 257) respondents strongly agreeing and agreeing with the statement. 7.2% (n=21) remained neutral whilst 2.8% (n=8) and 1% (n=3) disagree and strongly disagree with the statement respectively.

“The quality of the Parmalat brand is very high”

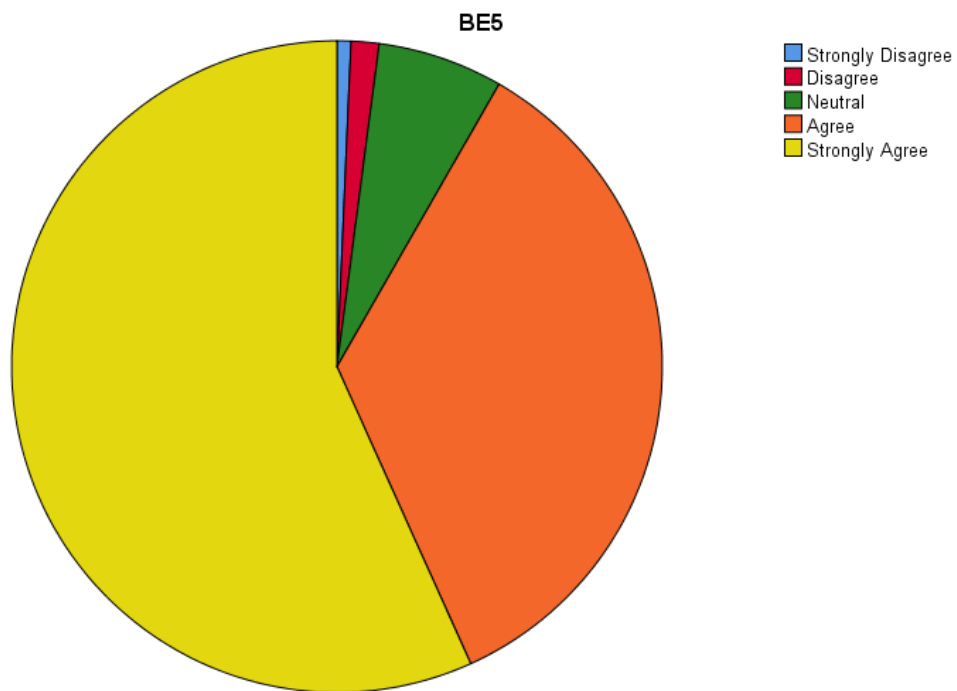


Figure 9: Brand equity Q5

Source: Calculated from questionnaire results (2018)

A large number of respondents indicated that they strongly agree with the statement 56.7% (n=164). This shows that Parmalat has a high-quality perception among consumers at the BoP market. Consequently, 34.9% (n=101) respondents indicated that they agree with the statement. 6.2% (n= 18) respondents remained neutral. Only 1.4% (n=4) and 0.8% (n=2) disagreed and strongly disagreed with the statement respectively.

“Parmalat is a quality leader within the yoghurt category”

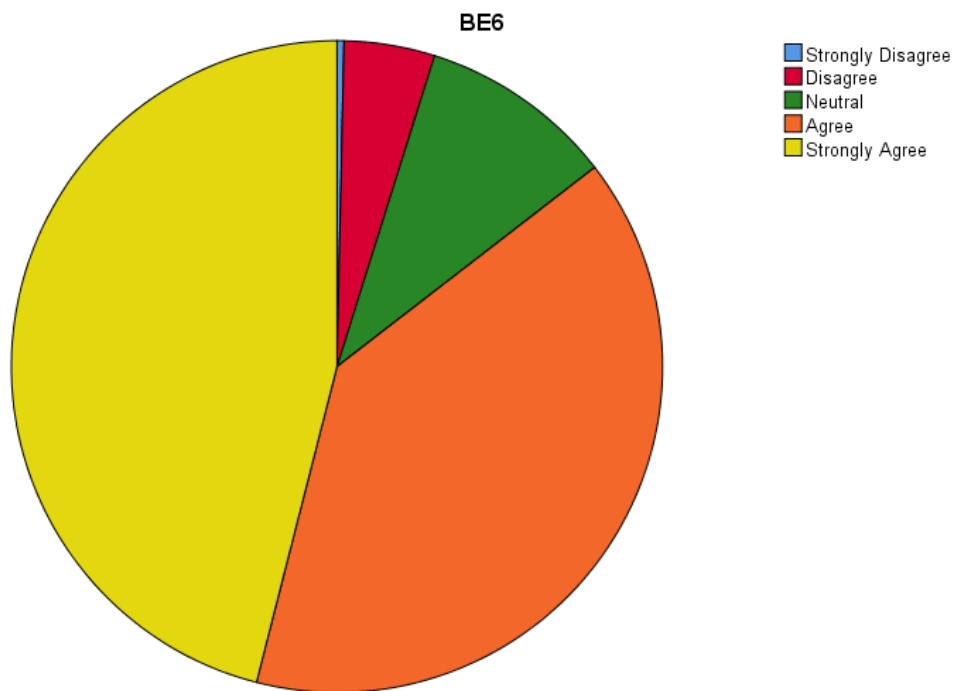


Figure 10: Brand equity Q6

Source: Calculated from questionnaire results (2018)

46% (n=133) respondents strongly agree that Parmalat is a quality leader within the yoghurt category. This reiterates the quality perception consumers at the BoP have of the Parmalat brand. 39.4% (n= 114) respondents agree to the statement. 9.7% (n= 28) respondents remained neutral. 4.5% (n=13) and 0.4% (n=1) disagreed and strongly disagreed with the statement respectively.

“I would recommend Parmalat yoghurt products to others”

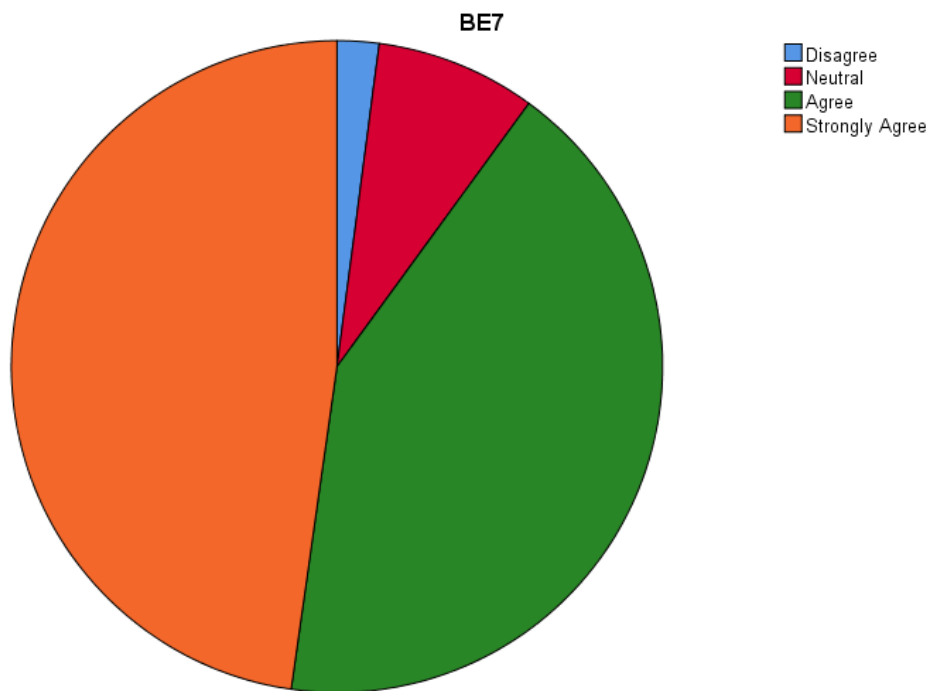


Figure 11: Brand equity Q7

Source: Calculated from questionnaire results (2018)

As indicated in figure 11, 47.8% (n=138) respondents strongly agree that they would recommend Parmalat yoghurt products to others. This confirms the comfort BoP consumers have in recommending the Parmalat brand to others. This is closely followed by 42.2% (n= 122) respondents agreeing to the statement. Only 8% (n=23) respondents remained neutral whilst 2% (n=6) disagree.

“Parmalat yoghurt products would be my first choice”

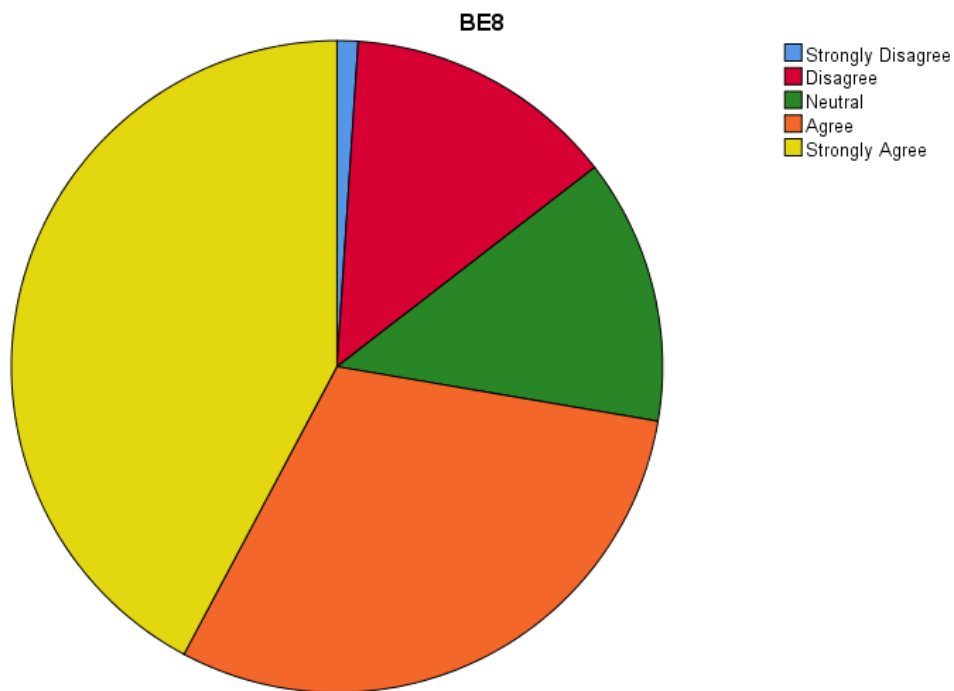


Figure 12: Brand equity Q8

Source: Calculated from questionnaire results (2018)

The majority of the respondents, 42.3% (n=122), strongly agree that Parmalat yoghurt products would be their first choice. This shows that consumers at the BoP consider the Parmalat brand when faced with a yoghurt purchase decision. Consequently, 30.1% (n=87) respondents indicated that they agree with the statement. 13.5% (n=39) of the respondents disagree with the statement. 13.1% (n=38) of the respondents remained neutral whilst only 1% (n=3) respondents strongly disagreed with the statement.

“I will not buy other brands if Parmalat is available at the store”

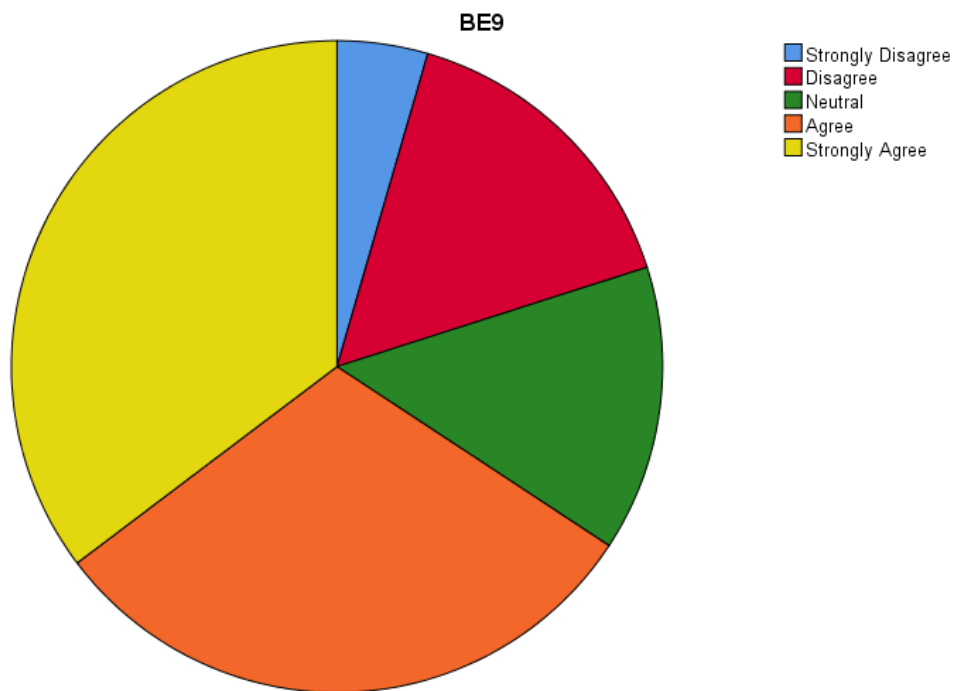


Figure 13: Brand equity Q9

Source: Calculated from questionnaire results (2018)

As indicated in figure 13, 35.3% (n=102) respondents strongly agree that they will not buy other brands if Parmalat is available at the store. This is an indication of the consumers' loyalty to the Parmalat brand. This is closely followed by 30.4% (n= 88) respondents agreeing to the statement. 15.6% (n=45) of the respondents disagree with the statement. 14.2% (n=41) of the respondents remained neutral whilst only 4.5% (n=13) respondents strongly disagreed with the statement.

“I can quickly recall the logo of Parmalat”

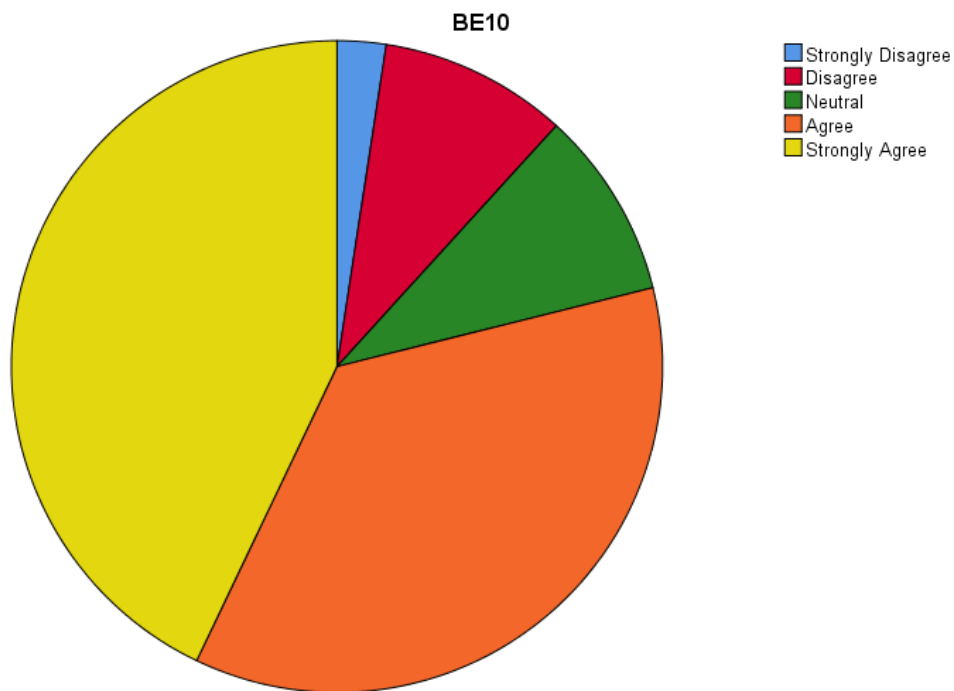


Figure 14: Brand equity Q10

Source: Calculated from questionnaire results (2018)

42.9% (n=124) respondents strongly agree that they can quickly recall the logo of Parmalat. This confirms the association that BoP consumers have with the Parmalat brand. 36% (n=104) respondents agree with the statement. 9.3% (n=27) respondents remained neutral, 9.3% (n=27) disagreed and 2.5% (n=7) strongly disagreed with the statement.

“Parmalat is a very good brand”

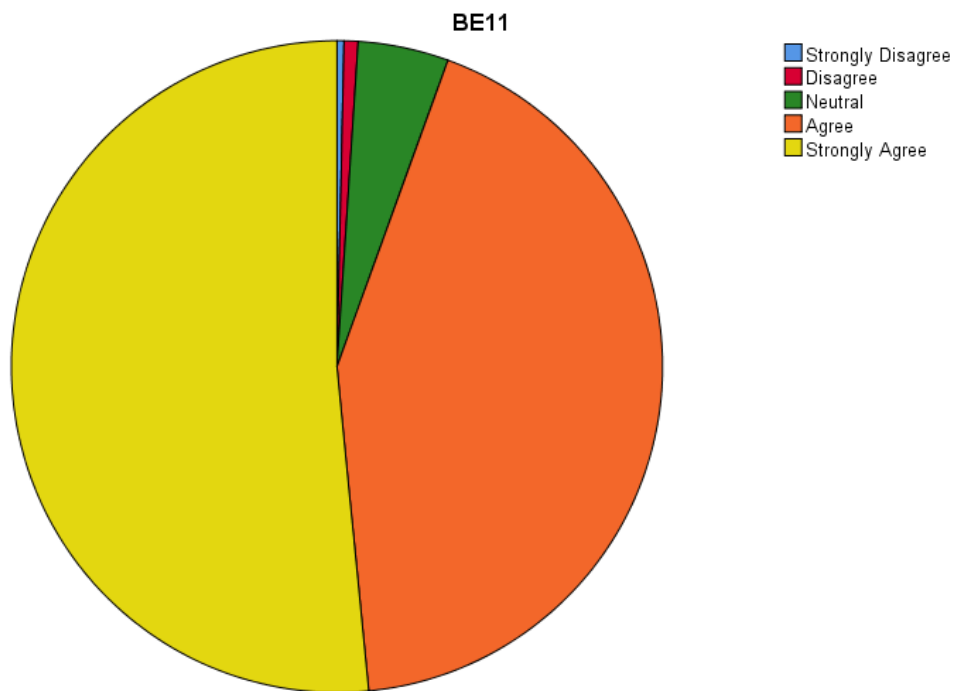


Figure 15: Brand equity Q11

Source: Calculated from questionnaire results (2018)

A large number of respondents indicated that they strongly agree with the statement 51.6% (n=149). This shows that Parmalat is seen as a very good brand. It has good brand associations. Consequently, 42.9% (n=124) respondents indicated that they agree with the statement. 4.5% (n=13) respondents remained neutral. Only 0.7% (n=2) and 0.3% (n=1) disagreed and strongly disagreed with the statement respectively.

“Parmalat is an extremely likeable brand”

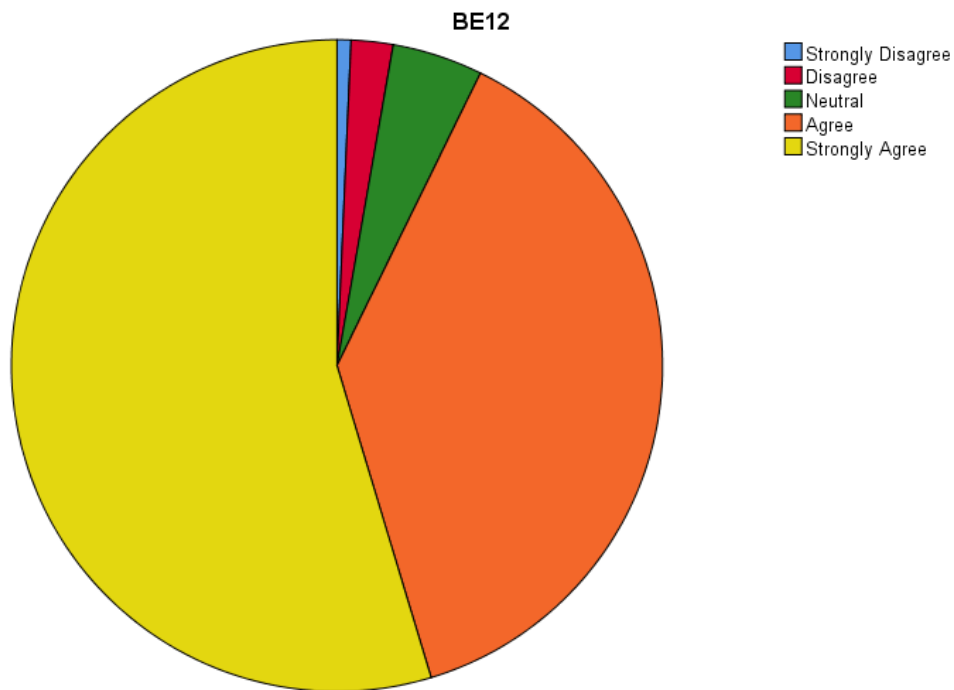


Figure 16: Brand equity Q12

Source: Calculated from questionnaire results (2018)

As indicted in figure 16, the majority of respondents, 54.7% (n=158), strongly agree that Parmalat is an extremely likeable brand. This confirms the positive brand associations Parmalat has. 38.1% (n=110) respondents agree with the statement. 4.5% (n=13) respondents remained neutral whilst 2.1% (n=6) disagree and 0.6% (n=2) strongly disagree with the statement respectively.

Socio-economic status

Table 9: Socio-economic status

Construct	Item	Mean value	Std Dev.	1	2	3	4	5	Total

“Before buying any Parmalat yoghurt products from a store I think of how my friends, family members and peers would react”	SS1	0.084	1.420	64 22.1%	58 20.1%	35 12.1%	87 30.1%	45 15.6%	289 100%
“I actively seek advice from friends, family member and peers before buying Parmalat yoghurt products”	SS2	0.086	1.468	62 21.5%	63 21.8%	28 9.7%	78 27.0%	58 20.0%	289 100%
“I am usually influenced by the expectations of my friends, family member and peers”	SS3	0.080	1.356	69 23.9%	50 17.3%	46 15.9%	96 33.2%	28 9.7%	289 100%

Source: Calculated from questionnaire results (2018)

Table 9 indicates that 30.1% (n=87) and 15.6% (n=45) respondents agree and strongly agree that before buying any Parmalat yoghurt products from a store they think of how their friends, family members, and peers would react. Thus 45.7% (n=132) respondents strongly agree and agree with this statement. This is closely followed by 22.1% (n=64) and 20.0% (n= 58) respondents respectively, strongly disagreeing and disagreeing with the statement. Thus 42.2% (n=122) respondents strongly disagree and disagree with the statement. 12.1% (n=35) respondents indicated to be neutral.

27% (n=78) and 20.1% (n=58) respondents agree and strongly that they actively seek advice from friends, family members, and peers before Parmalat buying yoghurt .Thus 47.1% (n=136) respondents strongly agree and agree with this statement. This is closely followed by 21.8% (n=63) and 21.5% (n=62) respondents disagreeing and strongly disagreeing with the statement respectively. Thus 43.3% (n=125) respondents strongly disagree and disagree with the statement. 9.7% (n=28) respondents indicated to be neutral.

The majority of the respondents indicated that they agree with the statement, 33.2% (n=96). They are usually influenced by the expectations of friends, family members and peers. However, this was closely followed by 23.9% (n=69) respondents indicating that they strongly disagree. 17.3% (n=50) respondents indicated that they disagree with the statement. 15.9% (n=46) respondents remained neutral while 9.7% (n=28) respondents indicated to strongly disagree with the statement.

Price sensitivity

The graphical representation of each measurement item

“I’m willing to make an extra effort to find a low price when making yoghurt purchases”

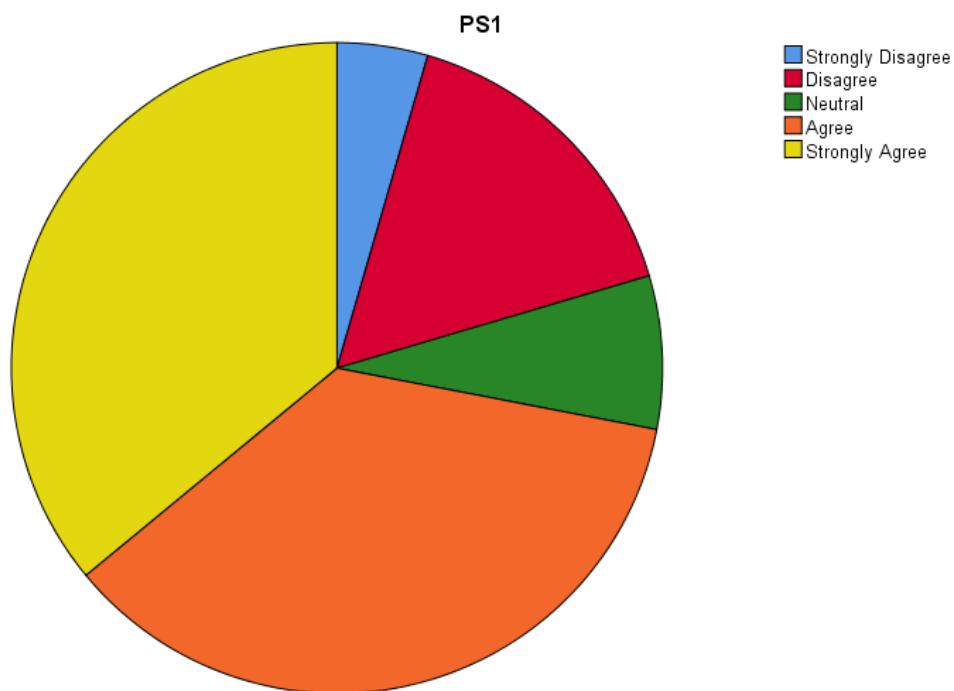


Figure 17: Price sensitivity Q1

Source: Calculated from questionnaire results (2018)

A large number of respondents indicated that they strongly agree 36% (n=104) and agree 36% (n=104) with the statement. This accounts for 72% (n= 208) of respondents strongly agreeing and agreeing with the statement. This indicates that consumers at the BoP are willing to make an extra effort to find a low price when making yoghurt

purchases, thus a large percentage are price sensitive which is supported by literature. 15.9% (n=46) respondents indicated that they disagree with the statement. 7.6% (n=22) respondents remained neutral. Only 4.5% (n=13) respondents strongly disagree with the statement.

“I am sensitive to differences in prices within the yoghurt category”

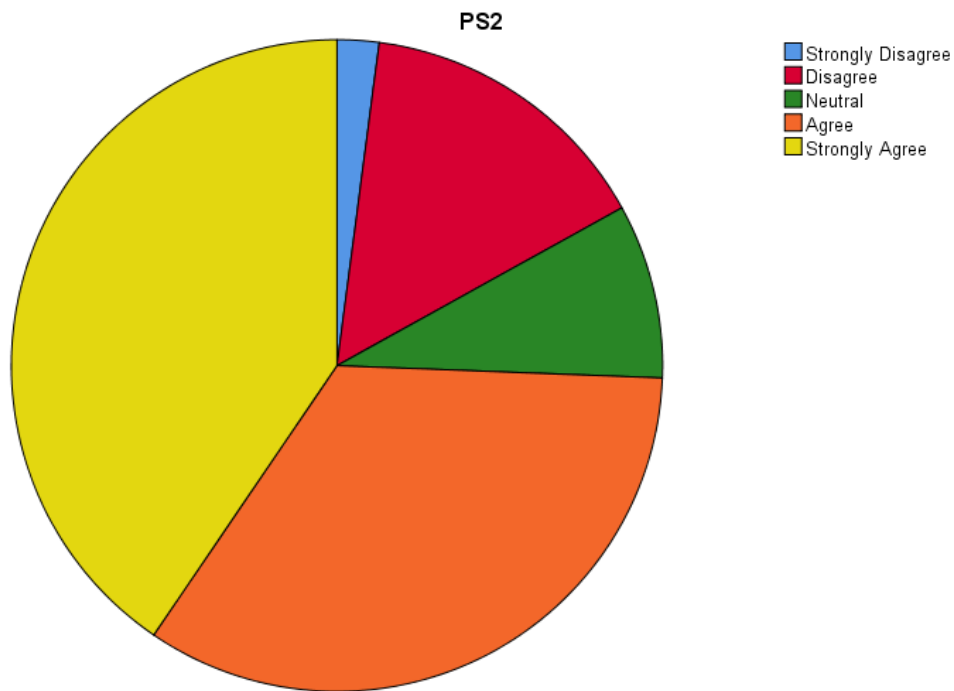


Figure 18: Price sensitivity Q2

Source: Calculated from questionnaire results (2018)

40.5% (n=117) respondents strongly agree that they are sensitive to differences in prices within the yoghurt category. This is closely followed by 33.9% (n=98) respondents who indicated that they agree. Again, this shows how price sensitive consumers at the BoP market are. A small percentage of 14.8% (n=43) respondents disagree. 8.7% (n=25) respondents indicated to be neutral while only 2.1% (n=6) respondents strongly disagree with the statement.

“I will change the yoghurt brand I had planned to buy in order to take advantage of a lower price”

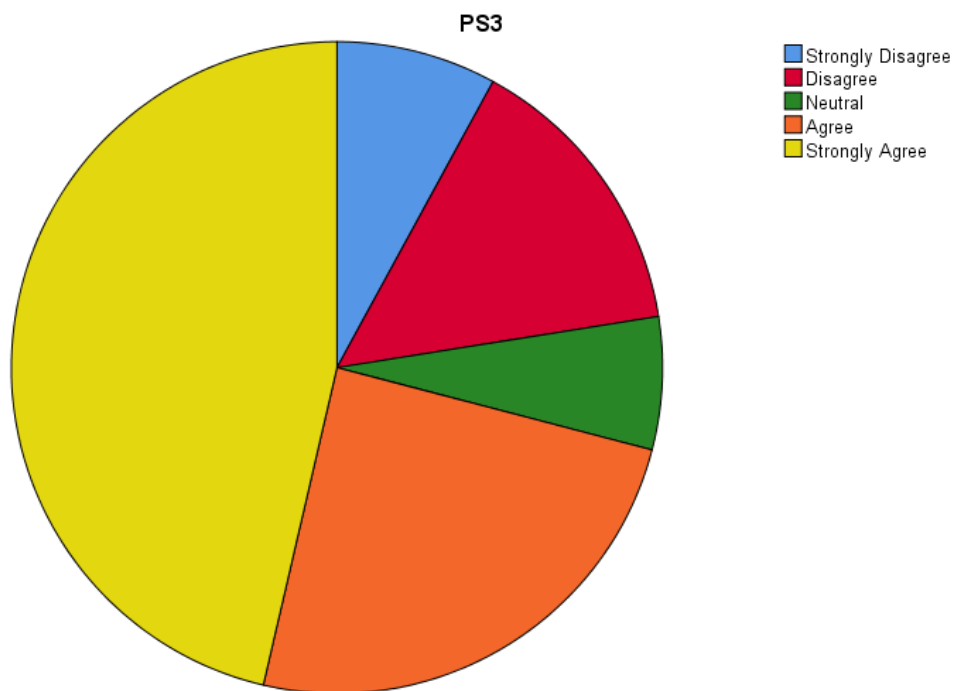


Figure 19: Price sensitivity Q3

Source: Calculated from questionnaire results (2018)

Most of the respondents indicated that they agree with the statement, 46.4% (n=134). They will change the yoghurt brand they had planned to buy in order to take advantage of a lower price. 24.6% (n=71) respondents indicated that they agree. This confirms the impact of price when consumers at the BoP market are faced with a purchase decision. 14.5% (n=42) and 8% (n=23) respondents indicated that they disagree and strongly disagree with the statement. 6.5% (n= 19) respondents remained neutral.

Sales promotion

The graphical representation of each measurement item

“When making yoghurt purchases, I have a positive attitude towards discounts and I respond positively to sales promotion”

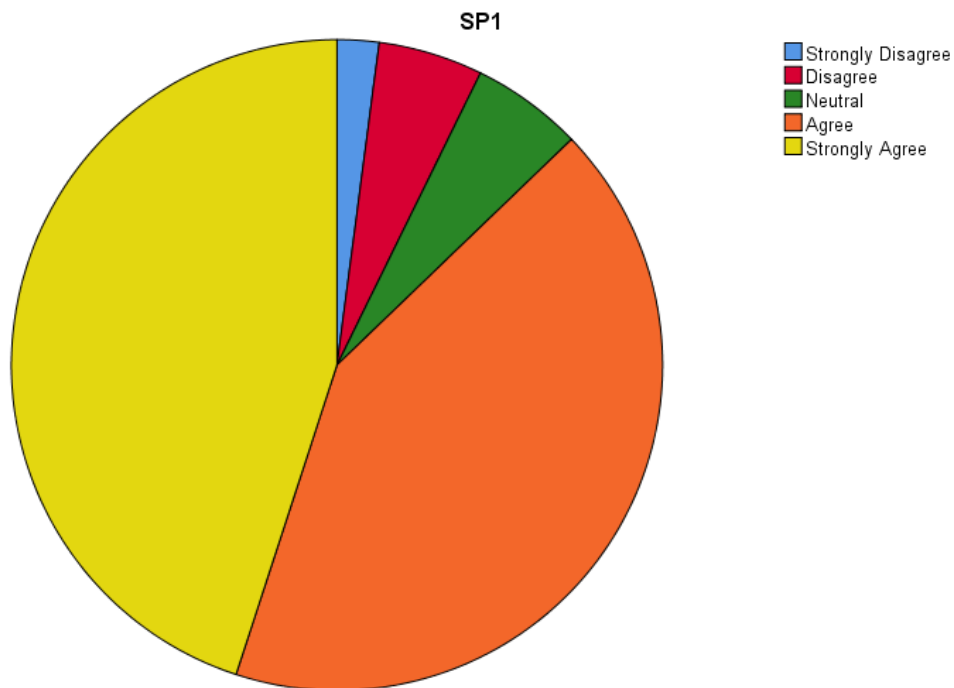


Figure 20: Sales promotion Q1

Source: Calculated from questionnaire results (2018)

As indicated in figure 20, the majority of respondents 45% (n=130) strongly agree that when making yoghurt purchases, they have a positive attitude towards discounts and they respond positively to sales promotion. This confirms the importance of sales promotion in the market. This is closely followed by 42.2% (n= 122) respondents who agree with the statement. 5.5% (n= 16) respondents remained neutral while 5.2% (n=15) disagree and 2.1% (n=6) strongly disagree with the statement respectively.

“Sales promotion has a positive impact on my purchase intention of a yoghurt brand”

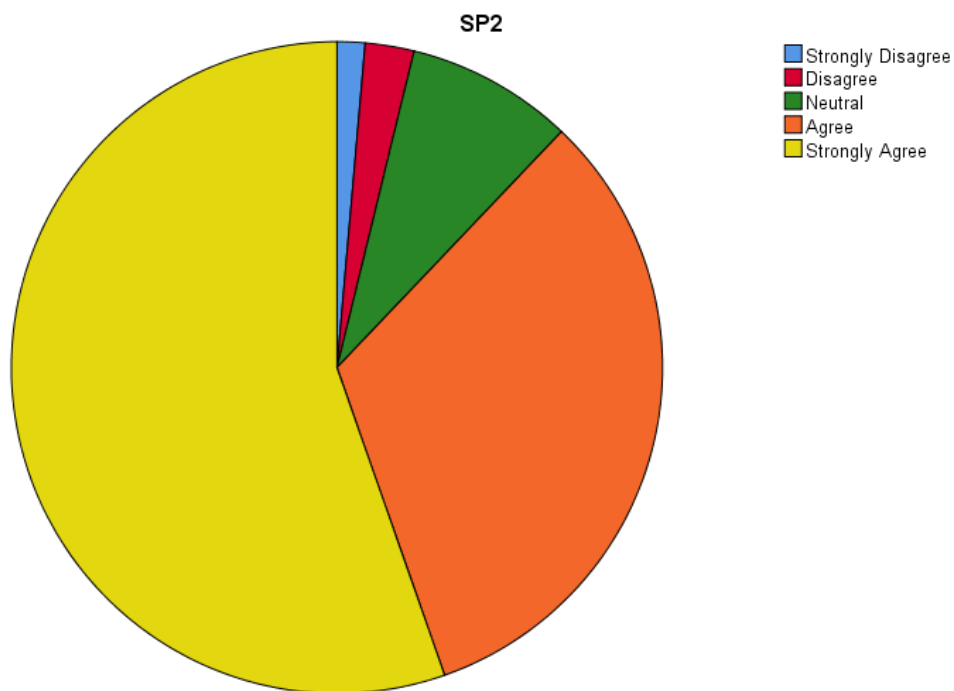


Figure 21: Sales promotion Q2

Source: Calculated from questionnaire results (2018)

55.4% (n=160) respondents indicated that they strongly agree that sales promotion has a positive impact on their purchase intention of a yoghurt brand. 32.5% (n= 94) respondents agree with the statement. Thus, the likelihood that consumers at the BoP market will buy a yoghurt brand when it is on promotion is very high. 8.3% (n= 24) respondents remained neutral. 2.4% (n=7) disagree and 1.4% (n=4) strongly disagree with the statement respectively.

“Promotional In store display has a positive impact on my purchase intention of a yoghurt brand”

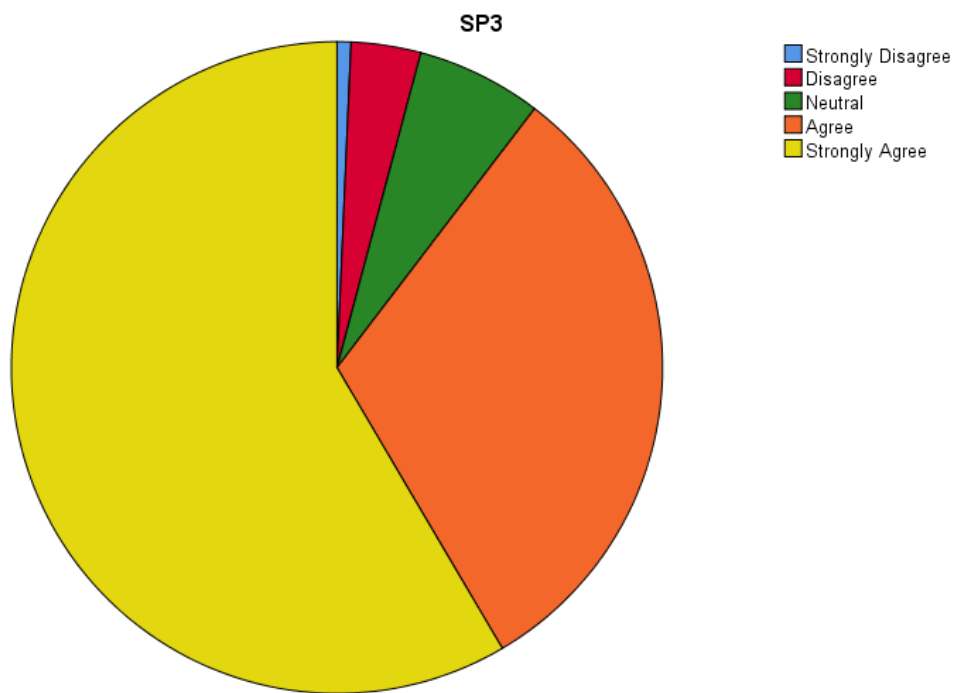


Figure 22: Sales promotion Q3

Source: Calculated from questionnaire results (2018)

A large number of respondents strongly agree with the statement 58.5% (n=169). This is followed by 31.1% (n=90) consumers who agree with this statement. This highlights the importance of promotional in-store displays and the positive impact these have on consumers at the BoP purchase intention of a yoghurt brand. 6.2% (n=18) respondents remained neutral. Only 3.5% (n=10) and 0.7% (n=2) disagreed and strongly disagreed with the statement respectively.

Purchase intention

Table 10: Purchase intention

Construct	Item	Mean value	Std Dev.	1	2	3	4	5	Total
“I often like to purchase Parmalat yoghurt”	PI1	0.051	0.860	1	18	35	136	99	289
				0.3%	6.2%	12.1%	47.1%	34.3%	100%

“I am more likely to purchase Parmalat yoghurt next time I am going shopping”	PI2	0.053	0.907	2 0.7%	18 6.2%	29 10.0%	110 38.1%	130 45.0%	289 100%
“I am willing to pay extra for Parmalat yoghurt”	PI3	0.086	1.456	43 14.9%	62 21.5%	45 15.6%	53 18.3%	86 29.8%	289 100%

Source: Calculated from questionnaire results (2018)

Table 10 shows that most of the respondents indicated that they agree with the statement, 47.1% (n=136). This confirms that consumers at the BoP market often like to purchase Parmalat yoghurt. 34.3% (n=99) respondents indicated that they agree. 12.1% (n=35) respondents remained neutral. Only 6.2% (n=18) and 0.3% (n=1) respondents indicated that they disagree and strongly disagree with the statement respectively. A large number of respondents 45% (n=130) strongly agree that they are more likely to purchase Parmalat yoghurt next time they go shopping. This shows that consumers have a high intention to purchase yoghurt products. This is closely followed by 38.1% (n=110) respondents who agree with the statement. 10% (n=29) respondents remained neutral while 6.2% (n=18) disagree and 0.7% (n=2) strongly disagree with the statement respectively. 29.8% (n=86) respondents indicated that they strongly agree that they are willing to pay extra for Parmalat yoghurt. 21.5% (n=62) respondents disagree with the statement. 18.3% (n=53) respondents remained agree, 15.6% (n=45) remained neutral and 14.9% (n=43) strongly disagree with the statement. They are not willing to pay extra for the Parmalat brand.

4.3 Structural equation modelling results

SEM is the statistical technique that was utilised in this study to test the hypothesised relationships. This study conducted a confirmatory factor analysis (CFA) as the questionnaire contained measurement items adapted from past studies to check for consistency in light of studies that may be done in the future.

Two stages in SEM was followed, firstly the assessing of whether or not the measurement model is suitable by assessing the item and constructs' reliability. Once the measurement model has been assessed, the validity is measured utilising convergent and discriminant validity. Secondly, the path modelling and hypothesis testing took place. This was conducted using SmartPLS. Table 11 presents the results.

4.4 Reliability and validity assessment

4.4.1 Measurement accuracy statistics

The following section discusses the conceptual model variables including brand equity (BE), socio-economic status (SS), price sensitivity (PS), sales promotion (SP), and purchase intention (PI) on the basis of their reliability and validity. This study firstly assesses the outer loadings. According to Henseler, et al. (2009), outer loadings of 0.70 or higher are considered extremely satisfactory, however, Hair, Ringle and Sarstedt (2011) state that an outer loading value of 0.5 is also acceptable. All outer loading less than 0.5 must be dropped. BE1 was deleted as it had an outer loading value of 0.497.

Table 11: Measurement accuracy statistics

Research constructs		Mean value		Std. Dev		CA	CR	AVE	Outer Loadings
Brand equity	BE2	0.038	0.050	0.640	0.859	0.903	0.915	0.479	0.688
	BE3	0.069		1.170					0.689
	BE4	0.047		0.806					0.745
	BE5	0.043		0.735					0.503
	BE6	0.049		0.838					0.763
	BE7	0.042		0.718					0.634
	BE8	0.064		1.091					0.683

	BE9	0.071		1.213					0.763
	BE10	0.062		1.055					0.675
	BE11	0.038		0.649					0.799
	BE12	0.043		0.739					0.788
	SS1	0.084		1.420					0.926
Socio-economic status	SS2	0.086	0.083	1.468	1.414	0.676	0.756	0.522	0.941
	SS3	0.080		1.356					0.818
	PS1	0.071		1.206					0.864
Price sensitivity	PS2	0.066	0.072	1.130	1.228	0.861	0.915	0.782	0.910
	PS3	0.079		1.348					0.878
	SP1	0.054		0.922					0.921
Sales promotion	SP2	0.050	0.051	0.846	0.861	0.881	0.925	0.804	0.839
	SP3	0.048		0.814					0.698
	PI1	0.051		0.860					0.572
Purchase intention	P12	0.053	0.063	0.907	1.074	0.796	0.863	0.679	0.602
	PI3	0.086		1.456					0.936

Source: Calculated from questionnaire results (2018)

As shown in table 11, these are the indicators of the study that are used for analysis and also for the quality assessment of the constructs.

The second step in this study is to assess the measurement model in terms of its quality. According to Hair, et al. (2011), the reliability and validity of the measurement model is assessed in order to determine the quality. The assessment tools to measure reliability are CA and CR and AVE and HTMT were used to assess validity.

4.4.2 Reliability

According to Hair, et al. (2011), CA and CR are the appropriate tools to test reliability. Hair, et al. (2011) posit that the CR value should be 0.70 and above. Zikmund and Babin (2012) suggest that the CA value should be 0.60 and above. If the CA and CR values are less than the aforementioned thresholds, then reliability has not been achieved. Hair, et al. (2011) further state that when using SmartPLS, CR is more suitable at testing reliability, however in this study both CA and CR values have been evaluated. The SmartPLS outputs of this study are all above 0.70 for both CA and CR therefore reliability has been achieved. As presented in table 11, the highest CA value is for brand equity (0.903), followed by socio-economic status (0.881). Price sensitivity and sales promotion have CA values of 0.861 and 0.796 respectively. The lowest CA value is for purchase intention (0.676). The highest CR value is for socio-economic status (0.925), closely followed by brand equity (0.915) and price sensitivity (0.915). Sales promotion has a CR value of (0.863) and the lowest value is for purchase intention (0.756).

4.4.3 Validity

Validity has been tested using convergent and discriminant validity.

4.4.3.1 Convergent validity

Hair, et al. (2011) state that AVE values should be at least 0.50 for convergent validity to be achieved. However, according to Fornell and Larcker (1981), a score of 0.4 is acceptable. Convergent validity is still sufficient if the AVE score is less than 0.5 but the CR value higher than 0.6 (Fornell & Larcker, 1981). Table 11 shows that all variables meet the AVE criteria of 0.40. Brand equity has an AVE value of 0.479. Socio-economic status had the highest AVE value (0.804), followed by price sensitivity (0.782), sales promotion (0.679) and purchase intention (0.522).

4.4.3.2 Discriminant validity

The cross-loading of indicator approach, Fornell- Larcker criterion, is commonly used to evaluate the discriminant validity. According to this testing system, the square root of the AVE is compared with the correlation of latent constructs (Fornell & Larcker, 1981). When testing the square root of the constructs, AVE should be a higher value

than the correlations with other constructs. Henseler, et al. (2015) put forth an alternative superior approach to the Fornell-Larcker criterion. They have developed the Heterotrait-monotrait ratio of correlation (HTMT) method. This study adopted the HTMT method. The HTMT method involves itself with evaluating the HTMT against a threshold. This involves the confirmation that the items across the construct measure different construct in the model by assessing the HTMT value. For an entire combination of the construct, the HTMT statistic must not comprise the value of one. The predefined threshold for this study is a HTMT value of 0.85 (Henseler, et al., 2015).

Table 12: Discriminant validity (HTMT)

Construct	BE	PI	PS	SS	SP
BE					
PI	0.743				
PS	0.110	0.278			
SS	0.283	0.284	0.190		
SP	0.114	0.132	0.560	0.213	

Source: Calculated from questionnaire results (2018)

Table 12 shows that all the variables of this study have met the HTMT selection criteria of less than 0.85 based on the SmartPLS output. This indicates discriminant validity for the model as the value of HTMT of the entire construct is less than 0.85. Drawing from the proposed model measurement analysis findings, it can be concluded that all five of the constructs are all valid measures of their individual constructs based on their factor estimations and statistical significance. Therefore, the measurement model established adequate reliability and validity standard that can be used in the actual data collection stage. The results suggest that there is a positive relationship between brand equity and socio-economic status, price sensitivity and sales promotion and that socio-economic status, price sensitivity and sales promotion positively impact purchase intention.

4.5 Model fit

The model fit was tested using three indices namely, Standardised Root-Mean Square Residual (SRMR), Chi- square value (χ^2/df) and Normed Fit Index (NFI). Table 13 presents the scores of the model fit indices.

Table 13: Model fit indices

Model fit criteria	SRMR	χ^2/df	NFI
Results	0.093	1,336	0.657

Source: Calculated from questionnaire results (2018)

Table 13 above shows a SRMR score of 0.093 which is more than the threshold of less than 0.08 (Hu & Bentler, 1999). Chi-square has a value of 1,336 which is below the threshold of less than 3 (Chinomona, 2014). NFI shows a score of 0.657 which is below the threshold of more than 0.90 (Chinomona, 2014).

4.6 Path modelling and hypothesis testing

The results of the hypotheses tested in this study are shown below. According to Hsu (2008), the strength between the dependant and independent variables is indicated by the path coefficients. For the hypothesis to be supported, this study uses a t-value threshold of 1.96, the level of significance being 5%. This section provides a graphical representation of the t-test and a table which shows the hypotheses tested in this study, path coefficients, t-value and whether or not the hypotheses are supported.

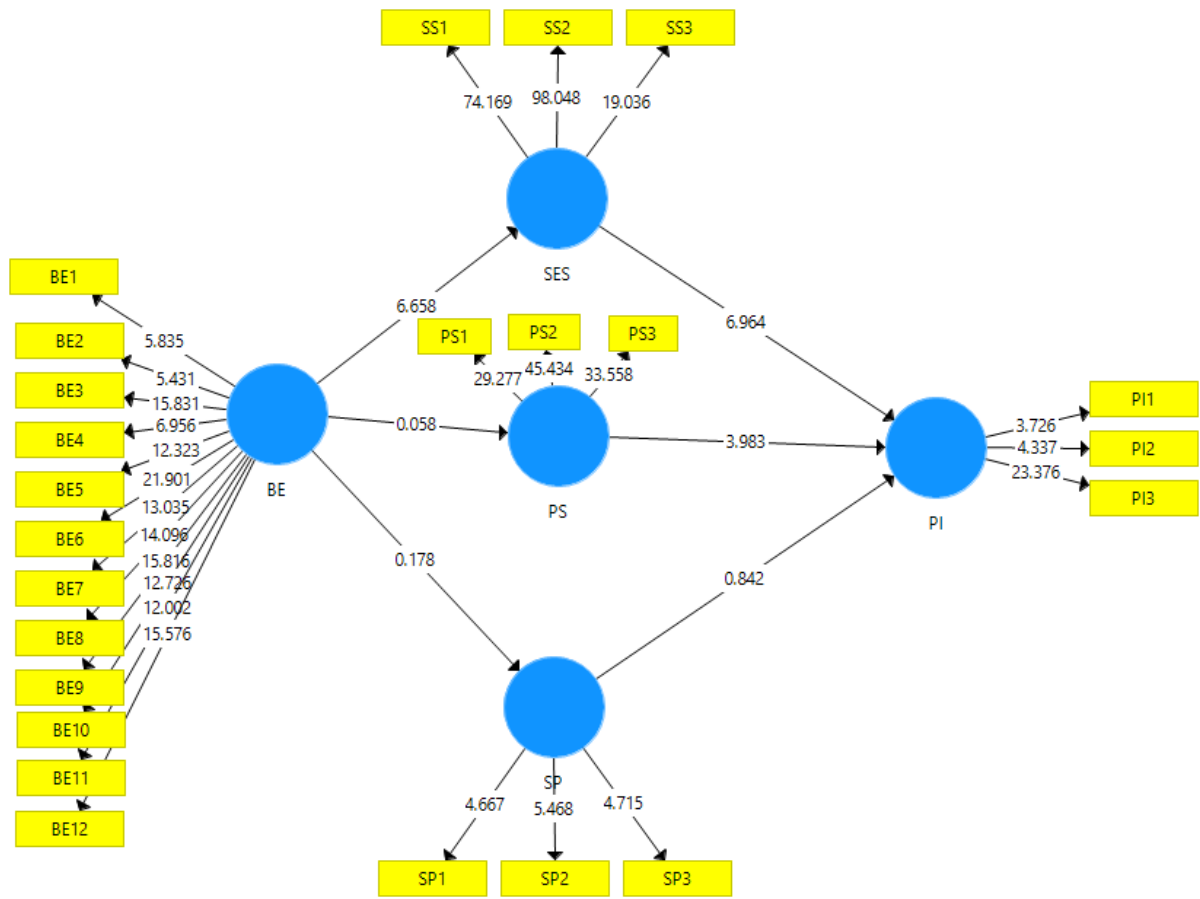


Figure 23: Path coefficients conceptual research model

Source: Calculated from questionnaire results (2018)

The following table shows the results of the hypotheses tested in this study by showing the relationships, hypothesis, path coefficients and t-values.

Table 14: Path modelling hypothesis testing

Relationship	Hypothesis	Path coefficient	T-value	Result
Brand equity → Socio-economic status	H1	0.302	6.658	Supported and significant
Brand equity → Price sensitivity	H2	-0.005	0.058	Not supported

Brand equity → Sales promotion	H3	0.017	0.178	Not supported
Socio-economic status → Purchase intention	H4	0.374	6.964	Supported and significant
Price sensitivity → Purchase intention	H5	0.257	3.983	Supported and significant
Sales promotion → Purchase intention	H6	-0.063	0.842	Not supported

Source: Calculated from questionnaire results (2018)

Based on the above table, only three hypotheses are supported and are significant, namely H1 with a t-value of 6.658, H4 with a t-value of 6.964 and H5 with a t-value of 3.983. H2 with a t-value of 0.058, H3 with a t-value of 0.178 and H6 with t-value of 0.842 are not supported

4.7 Mediator testing

The model of this study has three mediators, namely, socio-economic status, price sensitivity and sales promotion. This study uses Akram, et al.'s (2011) approach to testing the mediators. Four steps have been taken, step one looks at the relationship between the independent and dependant variable excluding the mediators, step two assesses the relationships that are present between the independent variable and the mediators, step three determines the significance of the mediator on the dependant variable and lastly, step four looks at the model holistically to determine whether or not the relationships between the dependant and independent variables have been impacted when the mediator is included.

Step one

Step one looks at the relationship between the independent and dependant variable excluding the mediators. The following table shows the results between brand equity and purchase intention without incorporating the mediations, namely, socio-economic status, price sensitivity and sales promotion. The results show that the relationship

between brand equity and purchase intention is significant with a path coefficient of 0.113 and a t-value of 3.170.

Table 15: Brand equity and purchase intention

	Path coefficients	T Statistics	P Values	Results
BE -> PI	0.113	3.170	0.002	Supported and significant

Source: Calculated from questionnaire results (2018)

Step 2

Step two assesses the relationships that exist between the independent variable brand equity and the mediators, namely, socio-economic status, price sensitivity and sales promotion. The following table shows that socio-economic status with a path coefficient of 0.302 and a t-value of 6.658 is the most significant mediator. Price sensitivity and sales promotion are not supported.

Table 16: Brand equity and socio-economic status, brand equity and price sensitivity and brand equity and sales promotion

	Path coefficients	T Statistics	P Values	Results
BE -> SS	0.302	6.658	0.000	Supported and significant
BE -> PS	-0.005	0.058	0.954	Not supported
BE -> SP	0.017	0.178	0.859	Not supported

Source: Calculated from questionnaire results (2018)

Step three

Step three determines the significance of the mediator on the dependent variable. Thus, this step tests the relationship between socio-economic status and purchase intention, price sensitivity and purchase intention, as well as sales promotion and

purchase intention. As shown in the following table, the relationship between socio-economic status and purchase intention is significant with a path coefficient of 0.374 and a t-value of 6.964 and the relationship between price sensitivity and purchase intention is also significant with a path coefficient of 0.257 and a t-value of 3.983. The relationship between sales promotion and purchase intention with a path coefficient of -0.063 and a t-value of 0.842 is not supported.

Table 17: Socio-economic status and purchase intention, price sensitivity and purchase intention and sales promotion and purchase intention

	Path coefficients	T Statistics	P Values	Results
SS -> PI	0.374	6.964	0.000	Supported and significant
PS -> PI	0.257	3.983	0.000	Supported and significant
SP -> PI	-0.063	0.842	0.400	Not supported

Source: Calculated from questionnaire results (2018)

Step 4

The final steps assess the full model and determines if the mediators had an impact on the relationship between the independent and the dependant variable. The following table shows that socio-economic status with a path coefficient of 0.113 and a t-value of 4.395 is the driver of purchase intention. Price sensitivity and sales promotion are shown to have an insignificant effect as mediators.

Table 18: Full research model

	Path coefficients	T Statistics	P Values	Results
BE -> SS -> PI	0.113	4.395	0.000	Supported and significant
BE -> PS -> PI	0.001	0.058	0.954	Not supported

BE -> SP -> PI	-0.001	0.102	0.919	Not supported
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Source: Calculated from questionnaire results (2018)

4.8 Conclusion of the chapter

This chapter presented the results of the questionnaire of this study for a group of 289 respondents. An introduction is followed by the descriptive statistics drawn from the demographics of the sample group and the items measured using SmartPLS are discussed. Reliability and validity are discussed as well as path modelling and hypothesis testing is presented. The results show that socio-economic status as a mediator has the most significant impact on the relationship between brand equity and purchase intention. H1, H4 and H5 are supported and significant. The next chapter discusses the results of each hypothesis tested.

CHAPTER 5. DISCUSSION OF RESULTS

5.1 Introduction

The following chapter presents the demographic results and the six hypotheses tested namely, brand equity and socio-economic status, brand equity and price sensitivity, brand equity and sales promotion, socio-economic status and purchase intention, price sensitivity and purchase intention and sales promotion and purchase intention using SmartPLS. Supporting literature is also integrated.

5.2 Demographic results

Females accounted for 54.7% of the research respondents, males accounted for 40.5% and 4.8% of the research respondents preferred not to answer. This indicates that there are slightly more female consumers making yoghurt purchases. With regards to age group, over 60% of the research respondents fell in the age range 18-39. 35.3% of the research respondents fell in the 30-39 year age group followed by 33.2% who fell in the 18-29 year age group. Most of the respondents were single, making up 50% and the majority only have a matriculation.

All of the research respondents earn R6000 or less, 47% of the research respondents earn between R3000-R6000. This is supported by Simpson and Lappeman (2017) who posit that the BoP market which makes up 10.5 million South African households earn less than R6000 per month, furthermore the UCT Unilever Institute of Strategic Marketing (2014) categorise households with an income of less than R6000 per month at the base of the economic pyramid which is the target market of this research study. All of the research respondents are aware of the Parmalat brand and they make yoghurt purchases regularly.

5.3 Hypotheses

The following table shows a summary of the six hypotheses tested in this study.

Table 19: Hypothesis testing summary

Relationship	Hypothesis	Path coefficient	T- value	Result
Brand equity (BE) → Socio-economic status (SS)	H1	0.302	6.658	Supported and significant
Brand equity (BE) → Price sensitivity (PS)	H2	-0.005	0.058	Not supported
Brand equity (BE) → Sales promotion (SP)	H3	0.017	0.178	Not supported
Socio-economic status (SS) → Purchase intention (PI)	H4	0.374	6.964	Supported and significant
Price sensitivity (PS) → Purchase intention (PI)	H5	0.257	3.983	Supported and significant
Sales promotion (SP) → Purchase intention (PI)	H6	-0.063	0.842	Not supported

Source: Calculated from questionnaire results (2018)

5.3.1 Brand equity and socio-economic status (Hypothesis 1)

H1 proposed a positive relationship between brand equity and socio-economic status. The relationship between brand equity and socio-economic status is strong with a path coefficient of 0.302 and a t-value of 6.658, therefore this relationship is supported and found to be significant. It can be concluded that brand equity among BoP consumers in South Africa has a positive influence on socio-economic status. A higher degree of brand equity will positively impact on the socio-economic status of BoP consumers with regard to yoghurt purchases. This is consistent with a previous study by Brijball (2003) who stated that the perceptions of a brand among low income consumers differ according to socio-economic status. A significant difference exists in the level of brand awareness among consumers, depending on their socio-economic status (Domingo,

et al., 2015). Brand awareness is important when consumers are making a low involvement product decision like a yoghurt product; they are likely to choose the brand they are most familiar with. Emami (2018) also states that the consumers' socio-economic status has an effect on how they perceive the quality of the brand which is very important when making yoghurt purchases. Therefore, brand equity will influence socio-economic status.

In conclusion, based on past literature and the findings of this study, the relationship between brand equity and socio-economic status is evident. This means that among BoP consumers in South Africa, the stronger the brand equity, the more positive the impact is on the socio-economic status of consumers. Socio-economic status has a significant role on purchase intention therefore, brand equity has a direct impact on the purchase intention of yoghurt.

5.3.2 Brand equity and price sensitivity (Hypothesis 2)

H2 proposed a positive relationship between brand equity and price sensitivity. The relationship between brand equity and price sensitivity is found to be the weakest relationship in the research model with a path coefficient of -0.005 and a t-value of 0.058. This relationship is not supported. It can be concluded that brand equity among BoP consumers in South Africa has less of an influence on price sensitivity. There is no evidence to conclude that having a strong brand equity will positively impact BoP consumer's price sensitivity with regard to yoghurt purchases.

The findings are contradictory to a study by Amegbe (2016), who found that brand equity has an impact on whether or not consumers are willing to pay a higher price for a product, thus a strong brand equity reduces price sensitivity among consumers. Similarly, a study by Erdem, et al. (2002) opposes the results, they found that consumers are willing to pay a higher price for brands with positive brand associations. Moreover Erdem, et al. (2002) found that a credible brand reduces consumer price sensitivity.

In conclusion, the findings of this study oppose past literature. The relationship between brand equity and price sensitivity status is found to be insignificant. This means that among BoP consumers in South Africa, a strong brand equity does not influence the price sensitivity of consumers. Based on this study, there is no evidence

to conclude that brand equity has a positive impact on the price sensitivity of yoghurt among BoP consumers in South Africa.

5.3.3 Brand equity and sales promotion (Hypothesis 3)

H3 proposed a positive relationship between brand equity and sales promotion. The relationship between brand equity and sales promotion with a path coefficient of 0.017 and a t-value of 0.178 is not supported. It can be concluded that brand equity among BoP consumers in South Africa does not influence sales promotion. A higher degree of brand equity will not have a positive impact on sales promotion among BoP consumers with regard to yoghurt purchases.

Although the study of Tibebe and Singh (2016) found that sales promotion positively affects the building of brand equity by impacting brand awareness, brand associations and perceived quality, this research reached different conclusions. Previous research have shown that the relationship between sales promotion and brand equity to be insignificant (Buil, et al., 2011; Pierre, et al., 2011). The findings are consistent with Florence, et al. (2011) who examined the impact of brand personality and sales promotions on brand equity and found that sales promotions have a negative impact on brand equity. Buil, et al. (2011) looked at the influence of advertising and sales promotions on brand equity. The study revealed that monetary promotions had a negative impact.

In conclusion, based on past literature and the findings of this study, the relationship between brand equity and sales promotion is not evident. This means that among BoP consumers in South Africa, a strong brand equity does not impact sales promotion. Brand equity has an insignificant role on sales promotion with regards to the purchase of yoghurt among BoP consumers in South Africa.

5.3.4 Socio-economic status and purchase intention (Hypothesis 4)

H4 proposed a positive relationship between socio-economic status and purchase intention. This relationship is supported and found to be significant. The relationship between socio-economic status and purchase intention is found to be strongest in the conceptual framework of this study with a path coefficient of 0.374 and a t-value of 6.

964. It can be concluded that socio-economic status among BoP consumers in South Africa has a positive influence on purchase intention. The level of socio-economic status of consumers will positively impact on the purchase intention of yoghurt among South African BoP consumers.

The results are consistent with the research of Koç and Ceylan (2012) who found that socio-economical differences affect yogurt purchases. The finding is similar with the study of Ates and Ceylan (2010) who reported that consumption patterns differ between income levels therefore, socio-economic status has an influence on the buying behaviours of low-income consumers. Moreover, the findings of Kumar, et al. (2016) put forth that socio-economic status has an impact on consumer preferences when making a purchase decision. Likewise, Aydin and Ulengin (2015) found that between different socio-economic status groups, purchase intention differs significantly. Therefore, socio-economic status has an influence on purchase intention.

In conclusion, based on past literature and the findings of this study, the relationship between socio-economic status and purchase intention is highly supported. This means that among BoP consumers in South Africa, the socio-economic status will directly influence the purchase intention of yoghurt products.

5.3.5 Price sensitivity and purchase intention (Hypothesis 5)

H5 proposed a positive relationship between price sensitivity and purchase intention. This relationship is supported and found to be significant. The relationship between socio-economic status and purchase intention is strong with a path coefficient of 0.257 and a t-value of 3.983. It can be concluded that price sensitivity among BoP consumers in South Africa influences purchase intention positively. The extent to which consumers are price sensitive has a direct impact on the purchase intention of yoghurt among South African BoP consumers

The finding is consistent with the study of Mamun, et al. (2014) who found that price has the most influence when consumers are making a product purchase. Munnukka (2008) found that there is a positive relationship between consumers' perception of price and purchase intention. Similarly, Salamin and Hassan (2016) found that there is a positive and significant relationship between price and consumer purchase behaviour. Unahanandh and Assarut (2013) in their study, examined the purchase

intention of dairy products among Thai consumers. A relationship between price and purchase intention as a variable was proposed and it was found that of the consumers who purchase dairy products such as yoghurt, price sensitivity is determined by the level of involvement thus, price has an effect on purchase intention.

In conclusion, based on past literature and the findings of this study, the relationship between price sensitivity and purchase intention is supported. This means that among BoP consumers in South Africa the price sensitivity of consumers will have a direct impact on the purchase intention of yoghurt products.

5.3.6 Sales promotion and purchase intention (Hypothesis 6)

H6 proposed a positive relationship between sales promotion and purchase intention. The relationship between brand equity and sales promotion with a path coefficient of -0.063 and a t-value of 0.842 is not supported. It can be concluded that sales promotion among BoP consumers in South Africa does not influence purchase intention. Monetary and non-monetary sales promotions will not have a positive impact on the purchase intention of BoP consumers with regard to yoghurt purchases.

The findings are contradictory to the study of Gbadamosi (2009) who found that low income consumers purchase certain brands due to a habit they have developed which is favoured by sales promotions (Gbadamosi, 2009). Similarly, the study by Pauwels, et al. (2002) found sales promotion to have an impact on consumer buying behaviour. The study of Akhter, et al. (2014) also contradicts the finding; a positive and significant relationship between sales promotion and purchase intention was established. The study of Perin and Vieira (2015) also found the positive influence of sales promotion on consumer purchase intention. Sales promotion influences consumer buying behaviour by increasing demand for the product and encourages consumers to make a purchase. Moreover, the study of Santini, et al. (2015) found that the purchases of low-income consumers are encouraged by sales promotion.

In conclusion, past literature competes against the finding of this hypothesis, the relationship between sales promotion and purchase intention is not evident in the context of this study. This means that among BoP consumers in South Africa, sales promotional activity does not influence purchase intention. Sales promotion has an

insignificant role on purchase intention with regard to the purchase of yoghurt among BoP consumers in South Africa.

5.4 Conclusion of the chapter

This chapter discussed the demographic profiling of the respondents of this study as well as the results of the hypotheses tested. The results of the six hypotheses tested showed that only H1, H4 and H5 are supported with a t- value of <1.96 which is the threshold used in this study. The results highlight that H4 has the strongest relationship while H2 has the weakest. The conclusions of this study are discussed in the next chapter, as well as the recommendations, implications, limitations and future research.

CHAPTER 6. CONCLUSIONS, RECOMMENDATIONS, IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

6.1 Introduction

In light of the results of this study discussed in the previous two chapters and the hypotheses, this chapter discusses the conclusions and recommendations. In addition, the implications, limitations and future research with regard to this study is discussed.

6.2 Conclusion of the study

The study examined the mediating influence of socio-economic status, price sensitivity and sales promotion in the relationship between brand equity and purchase intention of BoP consumers in South Africa. The following research questions were answered;

- 1) To what extent does brand equity impact socio-economic status among BoP consumers?
- 2) What level of impact does brand equity have on price sensitivity among BoP consumers?
- 3) To what degree does brand equity impact on sales promotion among BoP consumers?
- 4) What is the impact of socio-economic status on purchase intention among BoP consumers?
- 5) To what extent does price sensitivity impact purchase intention among BoP consumers?
- 6) What level of impact does sales promotion have on purchase intention among BoP consumers?

The results of this study reveal that of the six hypotheses tested, only three are supported. There is a positive influence between brand equity and socio-economic status, socio-economic status and purchase intention, as well as price sensitivity and purchase intention. The results have proven that socio-economic status has the strongest mediating influence on the purchase intention of BoP consumers in South Africa. The findings show that there is value in yoghurt brands placing a focus on their overall brand equity strategy. A study by Bougenvile and Ruswanti (2017) concludes that a relationship between brand equity and consumers' purchase intention and

willingness to pay a premium price for a brand exists. Therefore, it is fundamental for companies to devise and formulate appropriate marketing strategies in light of the above discussion when it comes to yoghurt products among BoP consumers.

6.3 Recommendations

This study contributes to the body of knowledge in the BoP literature and brand equity as most studies have not considered the manner in which low income consumers consider branding when making purchase decisions. By examining the mediating influence of socio-economic status, price sensitivity and sales promotion this study contributes to the existing knowledge of brand equity and consumer buying behaviour, however in the context of the BoP market. The findings are beneficial for marketers in industry as previous research studies have not examined how consumers at the BoP make yoghurt purchases. Marketers have previously focused most of their attention on the middle and upper consumer markets thus ignoring consumers at the BoP. Despite this cohort of consumers being poor, they remain vibrant and represent great buying power, a realisation that companies need to acknowledge more and more. It is fundamental for companies to consider the buying behaviour of BoP consumers in formulating their marketing strategies. These strategies should consider socio-economic status as the results of this study show that socio-economic status as a mediator has the most significant impact on the relationship between brand equity and purchase intention. Low income consumers are highly influenced by family and peers when making the purchase of yoghurt products.

The findings of this study can assist marketers in developing BoP specific marketing strategies which consider socio-economic status and price sensitivity as the results show these two mediating variables have the most influence on the relationship between brand equity and purchase intention. The BoP market is a large segment in the South African population which boasts a lot of opportunity for companies. Tailoring marketing strategies to accommodate this market will ensure that consumers choose their particular brand over a competitor's. Branding is significant to this market, marketers need to acknowledge and consider this when putting together marketing strategies. It is also important for companies to work on influencing the quality

perceptions of their brands to ensure that the quality the brand offers and stands for is equally perceived by consumers.

6.3.1 Brand equity and socio-economic status

A relationship between brand equity and socio-economic status is evident. This means that among BoP consumers in South Africa, the stronger the brand equity, the more positive the impact is on the socio-economic status of consumers and thus influencing the purchase of yoghurt products. Brand equity has a significant influence on socio-economic status. This hypothesis was supported and showed to have second strongest relationship of the hypothesis tested. Therefore, socio-economic status will influence the purchase intention of BoP consumers. This gives managers evidence to improve brand equity in order to impact positively on socio-economic status. Companies should implement brand equity strategies that take into consideration the socio-economic status of BoP consumers in South Africa. They need to take into account the uniqueness of this market. Considering socio-economic factors including the level of education, age, employment and income of the consumers in the development of strategies and adapting their strategies accordingly is important. They should strengthen and maximise their brand equity to impact the socio-economic status of BoP consumers. Implementing marketing campaigns with the objective of strengthening the brand equity, thus creating emotional connections with the consumers would help companies. Having positive emotional connections with consumers would benefit the brand as they in turn can influence their fellow family members and peers.

6.3.2 Brand equity and price sensitivity

The findings indicate that the relationship between brand equity and price sensitivity is the weakest in the study. It is concluded that a strong brand equity will not have an influence on price sensitivity among BoP consumers in South Africa. This finding is beneficial to marketers as they need to re-strategise their brand equity for this market taking pricing into consideration. Due to the limited budget of consumers at the BoP, taking pricing into consideration will allow for companies to influence the behaviour of BoP consumers and meet this specific need. Reviewing and improving brand equity taking price into consideration will in turn, influence the price sensitivity of the consumers. This can be done by insuring that the pricing model the company uses is

consistent with the affordability of this market. Consumers at the BoP also seek value for money, something companies need to acknowledge when communicating to this cohort.

6.3.3 Brand equity and sales promotion

The results show that the relationship between brand equity and sales promotion is not evident. A strong brand equity will not have an influence on sales promotion. Companies need to take this into consideration as brand equity will not impact on the sales promotions they have put in place. It is recommended that marketers review their brand equity keeping sales promotion in mind. Reviewing and improving brand equity taking sales promotion into consideration will in turn, influence this relationship. Companies can explore sales promotion strategies such as a percentage off the retail selling price, 'buy one get one free', multi-buys such as 'buy two and get third free' and couponing. A post campaign analysis of the chosen sales promotion strategy would ascertain if this worked for this market or not.

6.3.4 Socio-economic status and purchase intention

Findings show that the relationship between socio-economic status and purchase intention is the strongest in this study. It is evident that among BoP consumers in South Africa that the level of socio-economic status will have a direct influence on the purchase intention of yoghurt products. This hypothesis is supported, and prior literature agrees with it. Marketers must place a strong focus on the socio-economic status of the consumers at the BoP in order to influence purchase intention. By taking socio-economic status into consideration in their marketing strategies, yoghurt companies are likely to benefit as this is likely to increase purchase intention among BoP consumers. This finding is a meaningful contribution in the BoP market context and adds to the current literature of the relationship between socio-economic status and purchase intention. It is therefore critical for marketers to understand and take into consideration consumer's economic and social standing. Understanding consumer social economic metrics including level of education, occupation, income, household income and other socio-economic related variables will ensure that the correct strategies are put in place.

6.3.5 Price sensitivity and purchase intention

A relationship between price sensitivity and purchase intention exists. It is noted that among BoP consumers in South Africa, price will have a direct impact on the purchase intention of yoghurt products. This is extremely important for companies to acknowledge as price is important in the buying behaviour of consumers at the BoP. Consumers at the BoP are price sensitive and are willing to make an extra effort to find low prices when making yoghurt purchases. They are sensitive to prices within the yoghurt category and they are willing to change the yoghurt product they had planned to buy in order to take advantage of a lower price. Companies need to consider this when formulating their pricing strategies as higher pricing can lead to consumers switching to a competitor. The affordability of this market needs to be considered. This finding is valuable due to the fact that if companies get their pricing strategies right, the purchase intention for their brand is influenced positively. A low-price strategy would work for this market as consumers usually look for the cheapest or most affordable price, thus the product would be priced at an affordable low price to benefit the pockets of these low income consumers. Marketers also need to constantly track competitor pricing. They need to ensure that their brand is not the most expensive on shelf. When low income consumers are faced with a couple of options they are likely to choose the most affordable option. Consumers need to be assured that they are getting value for their money. It is also important for marketers to innovate thus introducing smaller pack sizes to accommodate the BoP consumers' pockets. Marketers must also aim to reduce their packaging costs on products because that in turn affects the retail selling price.

6.3.6 Sales promotion and purchase intention

As mentioned in chapter 5, findings of this study show the relationship between sales promotion and purchase intention to be non-existent. This means that among BoP consumers in South Africa sales promotional activity does not influence purchase intention. Sales promotion has an insignificant role on purchase intention with regard to the purchase of yoghurt among BoP consumers in South Africa. Marketers need to take this into consideration as this requires them to relook at their sales promotion strategies in the context of the BoP market. It is important for companies to tailor their sales promotion activities considering the buying behaviour of this cohort. If companies

want their sales promotion strategies to influence consumer purchase intention, they would need to be BoP specific. Sales promotion strategies such as a percentage off the retail selling price, 'buy one get one free', multi-buys such as 'buy two and get third free' and couponing can be explored by companies. Marketers also need to find different ways of communicating promotional messages to consumers at the BoP. Consumers at the BoP might not have the full knowledge of what the promotion means and how it actually benefits them and at times it can be language barrier. When using above the line and below the line communication marketers should consider communicating in the cohort's language. Marketers should communicate in the language that is easily understood, the language that they are most comfortable with and proficient in reading. If companies master the above, then they will be able to influence purchase intention of the consumers using sales promotion as a tool

6.4 Implications

The following section discusses the theoretical and managerial implications of this study

6.4.1 Managerial implications

The findings of this study give some implications for managers and marketers of yoghurt brands. According to the findings of this study, brand equity influences purchase intention of yoghurt products and socio-economic status has the strongest mediating influence, suggesting that companies must build and maintain strong brand equity in order to create a positive impact on purchase intention for their brands. In addition, managers need to understand the underlying reasons as to why consumers would choose a competitor's brand. Based on this study, socio-economic status and price sensitivity are the two most influencing mediators in the purchase intention of yoghurt, thus it is imperative for managers to take this into consideration when devising and implementing branding strategies. It is evident that a continuous improvement in brand equity will have a positive influence on consumer purchase intention, therefore marketers must constantly strive towards reviewing and improving their strategies as this would create a positive influence in the purchase intention of their brands. This will allow marketers to improve on brand equity, thus increasing purchase intention.

It is evident that brand equity has an influence on socio-economic status, therefore it is important for companies to keep this in mind when implementing their branding strategies. Socio-economic status also has the strongest influence on purchase intention of yoghurt products therefore, in order for companies to create a positive intention to purchase for their brands, they must ensure that their strategies keep the socio-economic status of the consumers in mind. The findings also indicate that brand equity has the weakest influence on price sensitivity. This means that marketers need to improve their brand equity, keeping pricing in mind. Price sensitivity however, is found to have a positive influence on purchase intention, this implies that marketers must have low price and affordable pricing strategies in place in order to get consumers to purchase their brand. This is due to the high nature of price consideration among consumers at the BoP.

In summary, the findings of this study are beneficial for the South African BoP market as marketers can draw insights for their relevant brands. This study would also be of benefit to brands in industries other than yoghurt.

6.4.2 Theoretical implications

The findings of this study contribute to the body of knowledge in the BoP literature and brand equity as most studies have not explored the manner in which low income consumers consider branding when making purchase decisions. This study broadens the knowledge of socio-economic status, price sensitivity and sales promotion and its mediating influence on purchase intention as past brand equity has not considered these mediating variables within the BoP market. This study builds on Aydin and Ülengin (2015) who researched the effect of consumer-based brand equity on purchase intention in consumer industries, considering socio-economic status and gender as mediators, however, the BoP market was not the focus. The study of Moradi and Zarei (2011) also investigated the impact of brand equity on purchase intention and brand preference however, their study considered country of origin image as a mediator and the focus was not on the BoP market. Furthermore, the study of Shah, et al. (2016) investigated the impact of brand equity on purchase intentions, however they used subjective norms as a mediator.

Various other authors have conducted research on branding and consumer buying behaviour, including Singh (2013), Offeh, et al. (2013), Babili (2014), Sarwar, et al.

(2014), Chovanová, et al. (2015) and Mwambusi (2015); again the BoP market has not been the focus area and they have neglected to explore socio-economic status, price sensitivity and sales promotion as mediating variables. Based on the findings of this study, socio-economic status has the strongest mediating influence on purchase intention. Price sensitivity also has a positive influence on purchase intention. This study highlights the importance of branding in the buying behaviour of consumers at the BoP. Findings of this study are beneficial in academia and will be of use to scholars in their research.

6.5 Limitations and future research

6.5.1 Limitations

The following section discusses the limitations of this study.

Theoretically, this study limits itself to only exploring the impact of brand equity on buying behaviour of BoP consumers considering socio-economic status, price sensitivity and sales promotion as mediating variables, using Parmalat as a case. The sample and geographical reach was a limitation as data was collected in Soweto, thus excluding other peri-urban areas that fit the BoP market criteria, thus the results cannot be generalised to the South African BoP market context.

This study also limits itself to only using the quantitative research method and not mixing it with qualitative in order to allow for face-to-face interviews to better understand consumer buying behaviour. An income of R6000 or less income per household was used as a benchmark, however there was no way to verify that the respondents really do earn R6000. Data was collected through a self-administered questionnaire; the researcher has no guarantee that the respondents completed the questionnaire truthfully.

The questionnaire had a screening question of “Do you purchase Parmalat yoghurt products” there was no way to verify if the consumers really do purchase Parmalat yoghurt products. In addition, this then excludes consumers who purchase yoghurt products of other brands.

6.5.1 Future research

Future studies can look at exploring perishable goods as a whole and not just limiting the research study to one particular category. Researchers can also explore different industries and not just FMCG. This study placed a focus on the BoP market, future research can look at middle and upper market consumers within the South African context to see if the findings would differ.

When focusing on BoP, future market research can explore and unpack the mediating role of socio-economic status as it is seen to have the strongest influence on purchase intention. As this study was limited to Soweto, Gauteng province, future research can look at investigating other areas of the country. This study used a quantitative approach, future research can look at using qualitative or mixed method so there is some form of verbal engagement with the respondents to gain more insights.

6.6 Conclusion of the chapter

Using Parmalat as a case, this study provided deep insights into the role that brand equity plays in consumer buying behaviour among BoP market when purchasing yoghurt products. The study investigated the mediating roles of socio-economic status, price sensitivity and sales promotion on the impact of brand equity on purchase intention. The results show the existence of the relationship between brand equity and purchase intention. Furthermore, socio-economic status as a mediating variable is shown to have the strongest influence. This chapter discussed the conclusions and the managerial and theoretical implications of this study. The managerial recommendations of the hypotheses tested are also discussed. Lastly, a presentation of the limitations and future search is done.

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APPENDIX A

Research instrument



Questionnaire Number

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UNIVERSITY OF CAPE TOWN

Faculty of Commerce

Igniting Knowledge and Opportunity

Dear Sir or Madam:

My name is Sinegugu Hlela and I am a master's student at the University of Cape Town. For my thesis, I'm conducting a study on the impact of brand equity on consumer buying behaviour among bottom of the pyramid consumers in South Africa using Parmalat as a case. The questionnaire will not take more than **10 minutes** to complete. Taking part in this survey is **completely voluntary and anonymous** and you may opt out at any given time. This research **has been approved by the Commerce Faculty's Ethics in Research Committee**. All the information that you provide will be kept **private and confidential** and all findings will be used in an academic study. You have a right of access to the researcher in order to clarify any issue, should doubts arise or if you would like to have access to the findings, please don't hesitate to make contact.

Thank you for taking the time to assist me in my educational endeavours. Should you have any questions, please feel free to contact me at snehlela@gmail.com

SCREENING QUESTIONS

1. Are you 18 years or older?

Yes	
No	

2. Do you purchase Parmalat yoghurt products?

Yes	
No	

3. Do you earn less than R6000 a month?

Yes	
No	

4. Do you live in Soweto?

Yes	
No	

Section A – F

When completing the following questions, please answer the question from your own view. Please indicate how strongly you agree or disagree with each of the following statements by placing an X in the correct box:

Please make sure that you answer ALL the questions.

Please place an X in the correct box where applicable as seen in the below example.

Example;

I purchase yoghurt regularly	1	2	3	X	5
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Section A: Brand Equity

Please indicate how strongly you agree or disagree by placing an X in the correct box

	Brand Equity (Ruswidyo and Hudrasyah, 2012)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
BE1	I have heard of the Parmalat brand	1	2	3	4	5
BE2	I am aware of the Parmalat brand	1	2	3	4	5
BE3	When I think of the yoghurt, Parmalat is the first to come to mind.	1	2	3	4	5
BE4	The likelihood that Parmalat is reliable is very high	1	2	3	4	5
BE5	The quality of Parmalat is very high	1	2	3	4	5
BE6	Parmalat is a quality leader within the yoghurt category.	1	2	3	4	5
BE7	I would recommend Parmalat yoghurt products to others	1	2	3	4	5
BE8	Parmalat yoghurt products would be my first choice	1	2	3	4	5
BE9	I will not buy other brands if Parmalat is available at the store.	1	2	3	4	5
BE10	I can quickly recall the logo of Parmalat	1	2	3	4	5
BE11	Parmalat is a very good brand	1	2	3	4	5
BE12	Parmalat is an extremely likeable brand	1	2	3	4	5

Section B: Socio-economic status

Please indicate how strongly you agree or disagree by placing an X in the correct box

	Socio-economic status (Van Schalkwyk, Maziriri & Mokoena, 2017)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
SS1	Before buying any Parmalat yoghurt products from a store I think of how my friends, family members and peers would react	1	2	3	4	5
SS2	I actively seek advice from friends, family members and peers before Parmalat buying yoghurt	1	2	3	4	5
SS3	I am usually influenced by the expectations of my friends, family members and peers	1	2	3	4	5

Section C: Price sensitivity

Please indicate how strongly you agree or disagree by placing an X in the correct box

	Price sensitivity (Mumcu and Kimzan, 2015)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
PS1	I'm willing to make an extra effort to find a low price when making yoghurt purchases	1	2	3	4	5
PS2	I am sensitive to differences in prices within the yoghurt category	1	2	3	4	5
PS3	I will change the yoghurt brand I had planned to buy in order to take advantage of a lower price	1	2	3	4	5

Section D: Sales promotion

Please indicate how strongly you agree or disagree by placing an X in the correct box

	Sales promotion (Akhter, Rizwan, Shujaat and Durrani, 2014)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
SP1	When making yoghurt purchases I have a positive attitude towards discounts and I respond positively to sales promotion	1	2	3	4	5
SP2	Sales promotion has a positive impact on my purchase intention of a yoghurt brand	1	2	3	4	5

SP3	Promotional In store display has a positive impact on my purchase intention of a yoghurt brand	1	2	3	4	5
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Section E: Purchase intention

Please indicate how strongly you agree or disagree by placing an X in the correct box

	Purchase intention (Yang, Al-Shaabab and Nguyen , 2014)	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
PI1	I often like to purchase Parmalat yoghurt	1	2	3	4	5
PI2	I am more likely to purchase Parmalat yoghurt next time I am going shopping.	1	2	3	4	5
PI3	I am willing to pay extra for Parmalat yoghurt	1	2	3	4	5

Section F: Demographic profile

1. What is your gender?

Male	1
Female	2
Prefer not to answer	3

2. What is your age group?

18- 29	1
30- 39	2
40- 49	3
50 +	4

3. What is your marital status?

Single	1
Married	2
Divorced	3
Widowed	4

4. What is your level of education?

Less than Matric	1
Matric	2
Certificate from college/ tertiary institution	3
Diploma	4
University qualification	5

University post graduate qualification	6
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5. What is your household income per month after tax?

Less than R 1000	1
R 1 000 - R 3 000	2
R 3 000 - R 6 000	3

THANK YOU