

COMPETITIVE-STRENGTH EVALUATION OF COROBRIK IN THE FACE-BRICK MARKET

by

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I hereby declare that the dissertation submitted for the degree Masters in Business Leadership, at the University of South Africa, Pretoria, is my own original work and has not previously been submitted to any other institution of higher education. I further declare that all sources cited or quoted are indicated and acknowledged by means of a comprehensive list of references.

H. von Wielligh

DEDICATED TO MY PARENTS
TILLA AND GAWIE VON WIELLIGH,
MY WIFE MADELEIN,
MY CHILDREN MARISKA AND RECHARDT,
MY BROTHER JURGEN
AND MY GRANDMOTHER
CORRIE MOOLMAN

ABSTRACT

The main purpose of the study is to determine strategies for retaining valuable current customers and acquiring attractive new customers for Corobrik; therefore, the problem to be investigated is the reason for Corobrik's inability to gain significant market share in the brick market over the last five years. Although there has been tremendous growth in the building industry, Corobrik has not been able to fully capitalise on the situation despite increasing its own capacity.

A competitive-strength evaluation will form the basis of this study in order to determine customer preferences, as well as competitor performance relating to these preferences.

The study will be limited to the Gauteng Province owing to the enormous number of customers in South Africa as well as to time constraints. The market in Gauteng is substantial enough to yield a fair representation of what is to be achieved with the study. A questionnaire will be distributed to Architects, Contractors and Distributors, which represent the different market segments, and the data will be collected by means of telephonic interviews.

McDonald & Dunbar (2004) expounded on a method of competitive-strength evaluation, entailing a method of understanding the customers' preferences and understanding their views of competitor performance in relation to the customers' own preferences. Based on this method, a questionnaire was drafted which will be distributed to role players in the market in order to collect the required data.

This research study can be seen as exploratory, since future research tasks could be discovered during the study. This study will be a 'snapshot in time' because of time constraints, and could possibly yield different results if repeated at any other time. The questionnaire is such that the data could be analysed and certain propositions could be compared with the ratings. Therefore, a semi-quantitative study is possible, i.e. people's perceptions can be measured. It is important that the study be done in a 'field setting' to reflect what would occur under actual conditions. In addition, exactly the same questionnaire was used for all respondents, minimising the possibility of the respondents or the researcher manipulating the ratings reflected in the survey.

The main findings revealed that sales to Distributors and Contractors constitute approximately 85 per cent of the total product sales of Corobrik and that Distributors and Contractors perceived Corobrik as expensive, Price being rated as their most important DBC.

Architects rated Quality and Aesthetics as the most important DBCs and they rated Corobrik the best performer in these categories. This finding implies that Corobrik manages to satisfy Architects' most important needs; however, Price was also Corobrik's worst performing DBC in terms of the Architect ratings.

Corobrik does satisfy the needs of Architects fairly well; however, this study was limited to the brick industry and did not attempt to compare face bricks with rival materials such as glass, aluminium, wood, plaster and paint and others. Consequently, Corobrik's performance was not compared with that of the manufacturers of these rival products with regard to the relevant DBCs. It is, therefore, recommended that such a study be conducted in order to determine how well Corobrik performs in comparison with the rival companies. In addition, Corobrik should consider a marketing objective of developing new products for existing market segments (Architects), i.e. products that are able to compete with glass, aluminium and other rival materials, or that could even be used to compliment one another. This initiative could lead to increased market share, not only in the brick market but also in the bigger construction market.

It appears that Corobrik has to date followed the marketing strategy of supplying existing products to new segments such as the residential market, and the researcher's impression is that this new segment does not really want the product because of its affordability. Therefore, Corobrik needs to consider developing new products for the relatively new residential market, but with the emphasis on affordability.

TABLE OF CONTENTS

	PAGE
ACKNOWLEDGEMENTS	xi
ABSTRACT	iii
LIST OF APPENDICES	ix
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF ABBREVIATIONS	x
CHAPTER 1	1
<hr/>	
1. INTRODUCTION	1
1.1 PURPOSE OF THIS RESEARCH	4
1.2 THE OBJECTIVE OF THE STUDY	4
1.3 DEFINITIONS	5
1.4 DELIMITATIONS OF THE STUDY	8
1.5 IMPORTANCE OF THE STUDY	9
1.6 OUTLINE OF THE RESEARCH REPORT	9
CHAPTER 2	11
<hr/>	
2. LITERATURE REVIEW	11
2.1 INTRODUCTION	11
2.2 MARKETING	12
2.3 DEFINE MARKETS AND SEGMENTS, AND UNDERSTAND VALUE	14
2.3.1 Segmentation as part of marketing strategy	16
2.3.2 Development of market segmentation	18
2.3.3 Segmenting criteria	20
2.4 DETERMINE THE VALUE PROPOSITION	23
2.4.1 Market targeting	25
2.5 DELIVERING THE VALUE PROPOSITION	28
2.6 MONITORING VALUE	30
2.7 CONSUMER PREFERENCES	32
2.8 POSITIONING	34
2.8.1 Approaches to positioning research	37
2.8.2 Positioning maps	38
2.8.3 Attribute positioning maps	41
2.8.4 Attitude positioning maps	41
2.9 COMPETITIVENESS AND CRITICAL SUCCESS FACTORS	42
2.9.1 SCORING THE COMPANY AND THE COMPETITORS	44

2.10	MARKETING PLANNING	44
2.10.1	The Marketing planning process	45
2.11	SUMMARY	49

CHAPTER 3 **53**

3.	RESEARCH METHODOLOGY	53
3.1	PROPOSITIONS	55
3.2	RESEARCH DESIGN	58
3.2.1	Design strategy	58
3.2.2	Data-collection design	59
3.2.3	Sample design	60
3.2.4	Timeline	61
3.2.5	Instrument	61
3.2.6	Data analysis	63
3.3	LIMITATIONS OF THE STUDY	65

CHAPTER 4 **67**

4.	RESULTS	67
4.1	PARTICIPATION ANALYSES OF GROUPS	67
4.2	RESEARCH RESULTS	68
4.3	PROPOSITIONS	83
4.4	POSITIONING MAPS	87

CHAPTER 5 **90**

5.	CONCLUSION AND RECOMMENDATIONS	90
5.1.	BACKGROUND	90
5.2	CONCLUSION	91
5.3.	RECOMMENDATIONS	94

REFERENCES **95**

LIST OF TABLES

	PAGE
Table 2.1: Competitive-strength evaluation (after McDonald & Dunbar, 2004:319)	44
Table 3.1: Research-design strategy	58
Table 3.2: Proposed research timeline	61
Table 4.1: Distributors' average DBC scores	70
Table 4.2: Average competitor scores by Distributors for Corobrik	70
Table 4.3: Average competitor scores by Distributors for Brickor	71
Table 4.4: Average competitor scores by Distributors for African Brick and West End Brick	72
Table 4.5: Consolidated competitive-strength evaluation by Distributors	73
Table 4.6: Contractors' average DBC scores	74
Table 4.7: Average competitor scores by Contractors for Corobrik	75
Table 4.8: Average competitor scores by Contractors for Brickor	76
Table 4.9: Average competitor scores by contractors for African Brick and West End Brick	77
Table 4.10: Consolidated competitive-strength evaluation by Contractors	78
Table 4.11: Architects' average DBC scores	79
Table 4.12: Average competitor scores by Architects for Corobrik	80
Table 4.13: Average competitor scores by Architects for Brickor	81
Table 4.14: Average competitor scores by Architects for African Brick and West End Brick	82
Table 4.15: Consolidated competitive-strength evaluation by Architects	83

LIST OF FIGURES

	PAGE
Figure 2.1: Map of the marketing domain (after McDonald, 2006:103).	14
Figure 2.2: Define markets and segments, and understand value (McDonald & Dunbar & McDonald, 2004:15).	15
Figure 2.3: Developing a marketing strategy (after Berry, Hill & Klompaker, 1999:3603).	18
Figure 2.4: Determine value proposition (McDonald & Dunbar, 2004:17).	24
Figure 2.5: Deliver value proposition (after McDonald & Dunbar, 2004:20).	30
Figure 2.6: Monitor value (after McDonald & Dunbar, 2004:25).	31
Figure 2.7: Semantic differential and semantic-differential profile (after Proctor, 2000:203).	38
Figure 2.8: A hypothetical positioning map (after Ruskin-Brown, 1999:97).	39
Figure 2.9: Hypothetical spidergram positioning map (after Ruskin-Brown, 1999:98).	40
Figure 2.10: The Ansoff Matrix (after McDonald, 2006:105).	48
Figure 4.1: Spidergram with Architects' ratings for competitor evaluation	87
Figure 4.2: Spidergram with Contractors' ratings for competitor evaluation	88
Figure 4.3: Spidergram with Architects' ratings for competitor evaluation	89

LIST OF APPENDICES

	PAGE
APPENDICES	99
APPENDIX A	
SELF-DEVELOPED QUESTIONNAIRE	100

LIST OF ABBREVIATIONS

ABBREVIATIONS

CSF – Critical Success Factor

DBC – Decisive Buying Criteria

e.g. – L *exempli gratia*, for example

etc. – *et cetera*, and so on

i.e. – L *id est*, that is to say

inc. – including

i.t.o – in terms of

LSM – Living Standards Measure

MBA – Masters Building Association

MBL – Masters of Business Leadership

SAARF – South African Advertising Research Foundation

VALS – Values And Life Styles

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CHAPTER 1

1. INTRODUCTION

Corobrik is the largest manufacturer, distributor and exporter of bricks and allied building products in Africa. Corobrik touches the lives of millions of people every day because their products are used in every conceivable building including houses, hotels, shopping centres, office parks, factories, hospitals and schools.

Corobrik (Pty) Ltd was established in Durban in 1902. There are fourteen operating factories in South Africa and over two thousand people are employed countrywide. Corobrik has the most extensive distribution network in the country and the products are available throughout South Africa and many countries worldwide. The latest technology in the manufacturing processes is employed, and the research and development team works towards the latest and innovative product designs.

Corobrik is a proudly South African company and have their head office in Durban, with regional offices in Johannesburg and Cape Town. There are 28 Corobrik sales centres countrywide.

Black economic empowerment (BEE) is the corner stone of Corobrik's future, with AKA Capital (Pty) Ltd, a leading black-empowerment private-equity investment company, being part of the Corobrik shareholder complement.

According to Dangers (2007) the external and internal environment of Corobrik can be summarised as follows:

- Brick products are supplied to a variety of customers and are used in the residential, commercial and industrial markets, as well as by the government in South Africa. Some of the products are exported to neighbouring countries in Africa and to countries abroad.

- The key players in the use of brick products include Architects, Contractors, Developers, government and consumers in the South African market.
- Approximately 50 per cent of the total amount of product sold in the Gauteng region is done through distribution and Corobrik centres, of which approximately 80 per cent is sold to the residential market. The client purchasing products through centres is referred to as the 'man in the street', consumer or customer. A designer or a Contractor mostly influences the customer's purchase decision.
- Approximately 30 to 35 per cent of the product in the commercial and industrial markets (non-residential) is sold to Contractors. Architects are responsible for about 70 to 75 per cent of the decisions on using products in this market, with the balance of the decisions being made by the Developers. The influence of the Contractor, however, cannot be ignored, since the Contractor has an influence on the Architect and the Developer, based on past experience with a product.
- An estimated 15 to 20 per cent of product sold in the Gauteng region is to the government for use in government projects. Architects and Specifiers normally have a 50 per cent influence on the type of product to be used, with the balance of the decision-making influence belonging to the relevant community.
- Corobrik, obviously being conversant with the decision-making background, has structured their sales department to take advantage of the situation. Part of the sales force deals directly with Architects, while another section of the sales team deals directly with Contractors, which are divided into large and small Contractors depending on the size of projects. Within the large Contractor group, Architects specify 75 per cent of the products utilised, while Developers decide upon the balance. This ratio changes to 50/50 when dealing with smaller contractors. Corobrik centres and distribution centres have products available directly to the public or consumer. There are 28 Corobrik centres countrywide, with each having a centre manager. A certain proportion of the architectural representatives concentrate on government projects. A total of 24 reputable distributors of hardware, including face bricks, in Gauteng, not only sell Corobrik products but also products from the

opposition. These distributors account for a total of 64 centres in Gauteng, i.e. some distributors have more than one centre.

- In view of the above-mentioned information, Corobrik has segmented the Gauteng market into three major parts, namely the 1) consumers/customers in the residential market purchasing from centres, 2) Contractors purchasing for the commercial and industrial markets led by Architects and Developers as main influencers with regards to product choice, and 3) the government, influenced by Architects/Specifiers and local communities regarding product choice.
- The Gauteng region is responsible for 44 per cent of the total revenue of Corobrik. Corobrik owns approximately 90 to 95 per cent of the total face-brick market and 15 to 20 per cent of the clay-brick market, but less than 10 per cent of the total brick market when cement products are included. The brick market in South Africa comprises a total of approximately 12 billion units per annum. The main role players in the clay face-brick manufacturing market are Corobrik, Brickor, West End Brick and African Brick. There are many other smaller clay-brick manufacturers but they do not have as diversified a range as the above-mentioned suppliers.

Corobrik has significantly increased its own manufacturing capacity over the last 4 to 5 years to keep pace with the increased demand on building materials; however, the opposition has done the same to increase their output capacity. Corobrik has essentially maintained its market share but is getting ever-increasing fierce competition from the opposition. The residential market, especially, has shown tremendous growth in the last few years and it is in this segment that opposition brick manufacturers have taken advantage of the situation. It is unsure how much the building industry has grown in terms of brick products, but it is estimated to have almost doubled in the last five years. Corobrik is not only competing with other brick manufacturers in a booming industry, but also with other building products such as glass, aluminium, plaster and paint. This study, however, will be confined to the brick industry.

Corobrik needs to be aware not only of what factors are important to customers buying face brick, but also how well the company is performing with

regard to these requirements compared with the opposition. The aim is to ensure that at the least its market share is maintained, but also that opportunities are created and used to gain market share by taking it away from the opposition.

The problem that will be investigated in this study, therefore, is to establish why Corobrik has not been able to gain significant market share in the brick market over the last five years. There has been tremendous growth in the building industry in the last few years, but Corobrik has not been able to fully capitalise on this situation despite increasing its own capacity.

A competitive-strength evaluation will form the basis of this study in order to determine customer preferences, as well as competitor performance relating to these preferences.

1.1 PURPOSE OF THIS RESEARCH

The main purpose of the study is to determine strategies for retaining valuable current customers and acquiring attractive new customers for Corobrik.

1.2 THE OBJECTIVE OF THE STUDY

The main objective of the study is to determine the importance of the key attributes customers are seeking when purchasing face brick. It is also important to know how the customer perceives a company in comparison with its competitors with regard to their (the customers') requirements. This information should enable the company to best position itself and its products in the market and will provide an opportunity to develop effective customer relationships. Depending on the outcome of the information, current marketing strategies may be revised in order to ensure that these strategies are more successful in meeting the requirements of customers than those of the opposition.

1.3 DEFINITIONS

Marketing

Marketing can be described as a process for (McDonald & Dunbar 2004:9):

- Defining markets
- Quantifying the needs of customer groups (segments) within these markets
- Determining the value propositions to meet these needs
- Communicating these value propositions to all concerned in the organisation and gaining their cooperation with regard to their role in the initiative
- Playing an important part in delivering these value propositions (usually only communications)
- Monitoring the value actually delivered

This definition of marketing can be regarded as a function for strategy development, as well as for tactical sales delivery. A map could be drawn to visualise the above in order to clarify how marketing effectiveness can be measured.

Market segmentation

Market segmentation is a process of partitioning a market into a number of distinct sections, using criteria that reflect different and distinct purchasing behaviour and the motives of customers (Proctor, 2000).

Needs-based segmentation

Needs-based segmentation entails segmenting the market based on understanding the needs of the customers (Greengrove, 2002).

Characteristics-based segmentation

Characteristics-based segmentation is based on characteristics, attitudes or behaviour of the customer and the characteristics of the area in order to segment customers (Greengrove, 2002).

Marketing strategy

Marketing strategy specifies the target market and a related marketing mix. It is a 'big picture' of what a firm will do in a specific market. Two interrelated parts are needed: 1) a target market — a fairly homogeneous group of customers the company wishes to appeal to; 2) a marketing mix — the controllable variables the company puts together to satisfy the requirements of the target group (Perreault & McCarthy, 2002).

Strategic marketing plan

A strategic plan is defined as a plan that covers a period beyond the next fiscal year, usually between three and five years (McDonald, 2002).

Tactical marketing plan

A tactical plan, or operational plan, is defined as a plan that covers in detail the actions to be taken, and by whom, during a short-term planning period; usually one year or less (McDonald, 2002).

Target market

A target market can be defined as the market or market segments which form the focus of the firm's marketing efforts (Proctor, 2000).

Positioning

Positioning refers to the way customers perceive proposed and/or present brands in the market (Gwin & Gwin, 2003).

Decisive buying criteria (DBC)

During a process of evaluation, customers make a decision between alternative offers in terms of perceived or stated attributes and this is referred to as the Decisive Buying Criteria (DBC) (McDonald & Dunbar, 2004).

Critical success factors (CSF)

The successes in relation to the constituents of the offer required to deliver each DBC are referred to as the Critical Success Factors (CSF) (McDonald & Dunbar, 2004).

Face brick

A face brick can be described as a clay or cement masonry unit that is characterised by tight size tolerances, being fit for purpose and not requiring any rendering once in place/use. Clay is by far the most commonly used material for face brick. Cement products that do not require any rendering are more commonly found in a format more suited to paving purposes. Face brick is used in interior and exterior walls and is made in a variety of colours and textures (Ledbitter, 2007).

Clay brick

The term 'clay brick' includes all masonry units manufactured from clay, including face brick. Clay brick, other than face brick, has less size tolerances and may require rendering once in place/use. Having to render clay products once in place/use could be because of the less pleasing aesthetics of the product, or the non-durability of the product, i.e. the durability not being adequate if the product, such as plaster brick, is not protected (Ledbitter, 2007).

Cement brick

Masonry units made of cement are more commonly used in walls that will be plastered and painted because of their less aesthetic appearance. Cement bricks could be regarded as a direct competitor of clay bricks (excluding face brick). Cement pavers also fall in the category of cement bricks, but they would not be used for walling purposes (Ledbitter, 2007).

Architect

A person, or group of people, in charge of the design and aesthetics of a building is referred to as an Architect or group of Architects. Factors such as ergonomics, fashion, ease of use of products and cost all play a role in the scope of the building design (Ledbitter, 2007).

Contractor

The Contractor, in the context of masonry products, is the entity that purchases the product and physically uses the product to construct what the Architect initially designed (Ledbitter, 2007).

Developer

A Developer is the client of what has been constructed by the Contractor and designed by the Architect. The Developer becomes the property owner, uses the property as a means of investment and therefore has the ability to influence the choice of products used (Ledbitter, 2007).

Specifier

Any person who has a decisive influence on the choice of product to be used is regarded as the Specifier for a particular project. An engineer could specify a particular masonry unit because of the strength requirements of the structure, or an Architect may specify a specific colour of clay brick to match the tiles to be used. Alternatively, a landscape designer or interior decorator could be the Specifier because of the specific aesthetic requirements of their designs (Ledbitter, 2007).

1.4 DELIMITATIONS OF THE STUDY

The scope of this study is to examine the requirements of customers and to compare how well Corobrik is meeting these demands in comparison with its competitors. This study will not be done on a national basis, but will be confined to the Gauteng Province owing to the practical problems of reaching all customers; time and cost constraints being the main limiting factors. The Gauteng region represents 44 per cent of Corobrik's total revenue and any marketing strategy will therefore have the biggest impact in this area, and, if successful, could be tested elsewhere.

The economy is currently in a boom phase and this study could possibly obtain different results should the economy be closer to, or in a recession phase. The current high demands influence the perceptions of availability, price, and quality and these could change when the economic climate changes.

This study will include only the main suppliers in Gauteng of clay brick (which includes face brick) as competitors. There are other, smaller, clay-brick manufacturers but their product diversification is limited, customers may not

even be aware of their suppliers and, consequently, the results may be skewed. Suppliers of other building materials such as glass, aluminium and plaster and paint are excluded for the purpose of this study.

1.5 IMPORTANCE OF THE STUDY

Corobrik supplies building materials to the construction industry and it is important that the company understands what the decisive buying criteria of consumers are when they purchase building materials, in this case bricks. In addition, it is important to understand how well the company lives up to the expectations of consumers and customers compared with its competitors. The demand for building materials, including bricks, is currently in excess of, or close to the supply capacity of companies in this industry; however, if an economic downturn should occur, only those companies being better able than the opposition to satisfy the requirements of customers will have a chance of surviving or of maintaining their market share. The building industry has experienced cyclic performances over the years that are directly linked to the local economic climate. Corobrik has increased its output, as had the opposition, over the past few years to keep up with the growing demand of the building industry. Corobrik's market share has remained fairly stable; however, it is being threatened by increasing competition from other brick manufacturers. The information gained from this study should produce some insight with regard to consumer requirements for face brick as well as company competitiveness, and, therefore, could enable the company not only to gain customers during good economic times, but also to retain them during bad economic times.

1.6 OUTLINE OF THE RESEARCH REPORT

Chapter 2 contains the literature study of this research project and describes the foundation of marketing and marketing principles. Principles such as market segmentation, target marketing, positioning, and marketing strategies are discussed. The process of the marketing domain is described and explains

the steps toward understanding the customer and the competitors, as well as the own company's capabilities, and then delivering the offer by means of various marketing strategies. The chapter also includes the following: monitoring of the process, and an explanation of how a competitive-strength evaluation can be done, taking into account the decisive buying criteria (DBC's) from customers with regard to rival face-brick manufacturers.

Chapter 3 contains the research methodology followed in this study. The instrument used is based on the competitive-strength evaluation method discussed in the previous chapter and will determine the importance of certain DBC's which have been identified from a previous study. This will be conducted with various groups or segments of customers, and the competitiveness of rival face-brick manufacturers in relation to these DBC's will be tested.

Chapter 4 contains the results of this study and includes the importance ratings with regard to the identified DBC's from Distributors, Contractors and Architects. These groups also rated the relevant rival face-brick manufacturers' performance in relation to the DBC's. Positioning maps are included in the chapter in order to visualise the results to the researcher, as well as the reader. The propositions made in Chapter 3 are discussed, together with their relevance.

Chapter 5 concludes this study with a discussion of the results, and recommendations are made to Corobrik based on the findings.

CHAPTER 2

2. LITERATURE REVIEW

2.1 INTRODUCTION

Companies striving to be successful generally adopt four objectives, namely 1) maximising revenue, 2) maximising profits, 3) maximising return on investment and 4) minimising costs. Adopting these objectives is part of a process that normally starts with a company formulating a mission statement, setting corporate objectives, scanning the internal and external environment of the company, deciding which products to deliver to which customers, delivering the offering and monitoring the effectiveness of the delivery. This process starts at the top of a company's hierarchal structure and is filtered downward to the rest of the company's business units, including the marketing function.

Corporate planning is concerned with applying business planning to the different units of the business. Marketing planning is part of the corporate planning and is based primarily on factors such as markets, customers and products/services, while business planning concerns other corporate resources that will have an influence on the various markets.

The main focus of this literature study is on the marketing processes that are aligned with the overall purpose of the research study, which is determining ways of retaining valuable current customers and acquiring attractive new customers for Corobrik.

A basic marketing process will be discussed, including related marketing concepts. The process evolves from dividing the customers in groups or segments based on various criteria, to understanding the requirements of the customer, to defining marketing strategies to deliver the offering to the customer, to a process of actually delivering the offering and, finally, how to monitor the effectiveness of the delivery.

Market segmentation is discussed in slightly more detail to illustrate its importance, as well as the complexity of the process. Consumer purchasing behaviour, which is closely related to the segmentation process, is also dealt with. This exercise is part of the marketing function and is done to gain better insight with regard to customers. The concept of target marketing explains how groups of people may be targeted i.t.o. a company's marketing focus.

Positioning maps are used to visualise the perceptions of customers in relation to the offering of a company, and can even be used to compare customers' perceptions with regard to the performance of competitors. An overview is given of the development of positioning and positioning maps and how these maps can be applied. The importance of competitors is reflected in the competitive-strength evaluation as well as the importance of the needs of the customers.

The competitive-strength evaluation is the basis of the research-study questionnaire and evaluation, and also forms part of the monitoring process of the marketing function.

A brief discussion of the marketing planning process finalises the literature study and provides a method of implementing marketing strategies and converting them into objectives and action statements.

The literature study will show that all these concepts are interdependent, and will emphasise the importance of understanding customers, competitors and the capabilities of your own company.

2.2 MARKETING

Marketing can be described as a process for (McDonald & Dunbar, 2004:9):

- Defining markets
- Quantifying the needs of customer groups (segments) within these markets
- Determining the value propositions to meet these needs

- Communicating these value propositions to all in the organisation responsible for delivering them, and obtaining their cooperation for the role they have to play
- Playing an important part in delivering these value propositions (usually only communications).
- Monitoring the value actually delivered

This definition of marketing can be regarded as a function for strategy development, as well as tactical sales delivery. A map can be drawn to visualise the above in order to clarify how marketing effectiveness can be measured (see Figure 2.1, depicting the marketing domain). This is a cyclical process, in that monitoring the value delivered will update the organisation's understanding of the value required by its customers. The cycle referred to here could be an annual cycle, with a marketing plan documenting the output from the 'understand value' and 'determine value proposition' processes; however, changes could occur during the 'marketing' year in response to threats or even opportunities.

The first box 'define markets and understand value' refers to a company that needs to define the markets it wants to operate in and divide this market into segments of customers with fairly similar needs. Thereafter the company needs to understand what value each of the customers in the relevant segments is looking for. 'Determine the value proposition' refers to the decision-making process, i.e. deciding what the offering to the customer will be. The decision, therefore, is what value the customer will receive and what value the company will receive in return. The process of delivering this value proposition by either making a physical product or by delivering a service relates to the box 'deliver value'. The 'monitor value' box refers to measuring the effect and the success of the product or service delivery against what was planned. The various choices made during the marketing process are constrained by the company's asset base such as financial resources, human resources, information-technology assets and physical assets. The 'asset base' box refers to the company's assets. Each box will be described in more detail in the sections to follow.

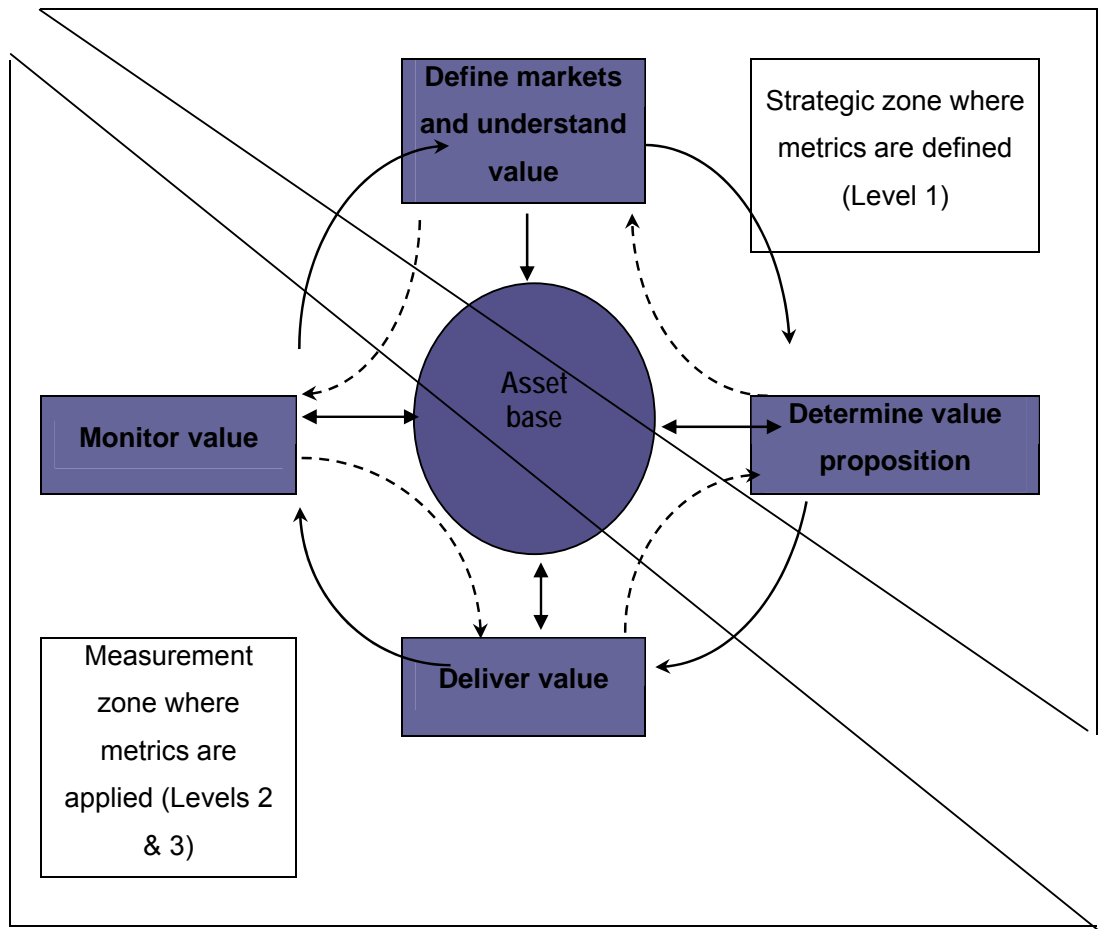


Figure 2.1: Map of the marketing domain (after McDonald, 2006:103).

2.3 DEFINE MARKETS AND SEGMENTS, AND UNDERSTAND VALUE

Market segmentation is a process central to every corporate function and the inputs of this process will typically consist of the following:

- The corporate mission and objectives that will determine which markets are of interest
- External data such as market research
- Internal data that flow from ongoing operations

The process involves four major sub-processes, shown in Figure 2.2

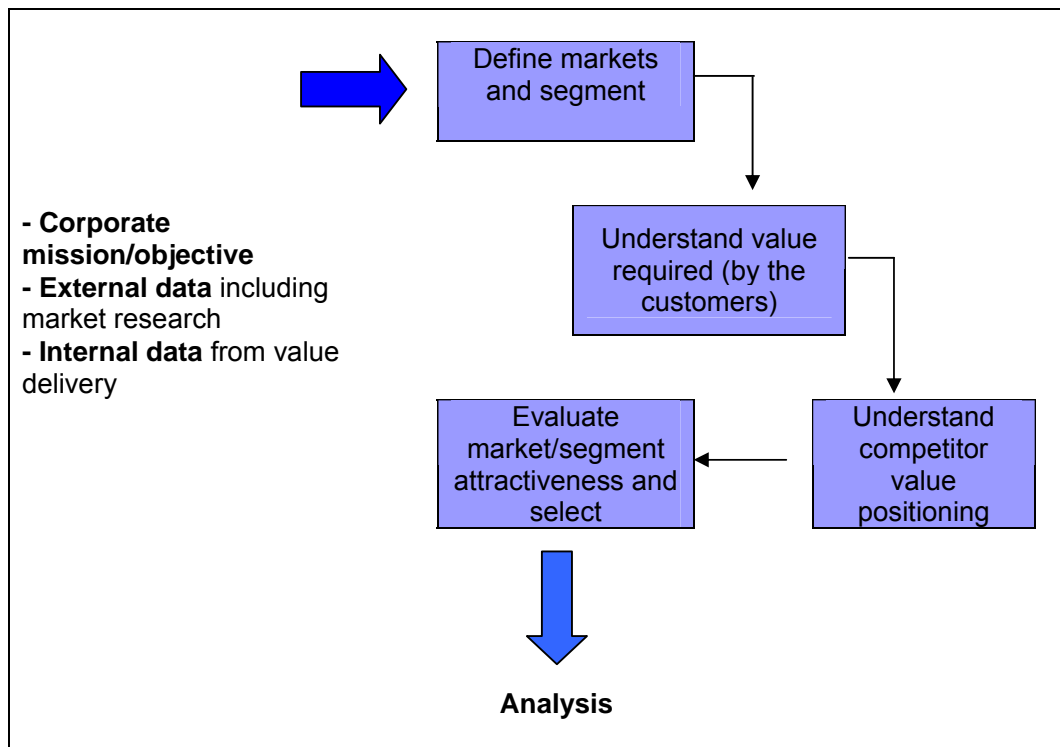


Figure 2.2: Define markets and segments, and understand value (after Dunbar & McDonald, 2004:15).

It is, first of all, necessary to define the markets the company operates in or wishes to operate in and how these are divided into segments of customers with similar needs. This refers to the first box named 'define markets and segment'. Market segmentation is a process of partitioning a market into a number of distinct sections, using criteria that reflect different and distinct purchasing behaviour and the motives of customers (Proctor, 2000:189). The choice of markets will be based on the company's corporate objectives, as well as the asset base of the company referred to in the previous section. Market research will yield information regarding the size of the market, as well as its growth rate, which will supply information for estimates in the future. Marketers want to know who are the customers, what they buy from the product line, where and how often their purchases occur, why they buy, what benefits they seek from the product/service and how do they buy, i.e. what is their buying process. Based on answers to these and similar questions, patterns of buying or groupings of customers start to emerge, which are called market segments (Berry, Hill & Klompaker, 1999:3603).

The next step in the process, as described in Figure 2.2, is to 'understand value required by the customers'. Analysing and understanding customers is a very important factor in the marketing function. The value the customers are looking for can be considered as benefits gained from products or services, but can also include related services such as maintenance or information. This step also includes what a customer is prepared to give in exchange in terms of price or even loyalty. This step also includes the determination or prediction of what the future requirement of customers will be. Over time, customer requirements may change because of external factors such as technology, economical and political changes. 'Understand competitor value proposition' refers to how well the company and the opposition are delivering the value that the customers are looking for. This process entails analysing how the competitor/s might improve, determining their strengths and weaknesses, and assessing the own company's capabilities in order to plan better delivery of the required value, with the ultimate aim of outperforming the opposition. Once the market has been defined and segmented, the value required by the customers and the competitor value positioning is understood, the relative attractiveness of the different markets and, within each of the markets, the segments can be evaluated. This evaluation relates to the last sub-process, referred to as 'evaluate market/segment attractiveness and select'. For example, Porter's five-forces model (Porter, 1985) can be used to evaluate the forces shaping the competitive landscape, together with a SWOT analysis to determine internal strengths and weaknesses and external threats and opportunities in the market. The attractiveness of a given market or segment can then be estimated. The output of this process will be an analysis in the form of a portfolio matrix, where all key information is summed up. This information will enable a company to prioritise amongst many possible product/segment combinations. Before the next phase of the process is discussed, the concept of segmentation will be explained to illustrate its importance and complexity.

2.3.1 Segmentation as part of marketing strategy

Berry, Hill & Klompmaker (1999:3603) have a similar view of the development of a marketing strategy, and emphasise the central role of market

segmentation. First of all, it is important to understand the customers in order to know what they want from a product line, when they buy, how often these purchases occur, what benefits they seek, what their buying process is and where they would prefer to buy. By analysing these data, patterns of buying or groupings of customers will become clear and these are called market segments. An essential element in market segmentation is assigning customers exhibiting similar buying behaviour to the same segments (customers across segments will not exhibit the same buying behaviour). The goal of all marketing strategies is to influence buying behaviour in a way that will benefit the firm selling the product, while meeting the demands of customers. By working with customers with similar buying behaviours, marketers can develop a strategy for that market segment which is specific to that segment. Similarly, specific, unique strategies for other segments can be developed and this is known as target marketing. The above emphasises the fact that a marketing strategy has to start with understanding the customers and grouping them into segments based on this understanding.

While acknowledging that customer differences are key, recognising that rival companies are following the same strategies would eliminate narrow-minded strategies which fail to recognise the key role played by competitors (Berry, Hill & Klompmaker, 1999:3603). Competitors in the market all possess unique capabilities and they are constantly trying to outdo their opposition in meeting the needs of the customers. It is essential to have knowledge of the opposition; a competitor analysis could reveal how strong the rivalry is in the relevant industry, what is the potential for new entrants/competitors in the industry, what possible substitute products are available, what competitive strengths the opposition has, etc. Recognising, acknowledging and specifying these differences are the arena of product differentiation, i.e. the marketer objectively acknowledges a company's strengths and weaknesses and where various competitors might be stronger or weaker. Product differentiation is an attempt to provide a product or service to a group of customers in a unique way that no competitor is doing or is capable of doing. The own company's capabilities in terms of core competencies and resources also form part of the analysis, eventually enabling the marketer to make decisions regarding which markets to serve with which products/services and what strategy to follow.

Therefore, understanding the customers and the segments, marketing programmes for each of the major areas of marketing, first called the four Ps (Product, Price, Place, Promotion), are subsequently developed to bring these marketing strategies to the marketplace (Berry, Hill & Klompaker, 1999:3604). Figure 2.3 is an illustration of the development of a marketing strategy, as discussed in this section (Berry, Hill & Klompaker, 1999:3603).

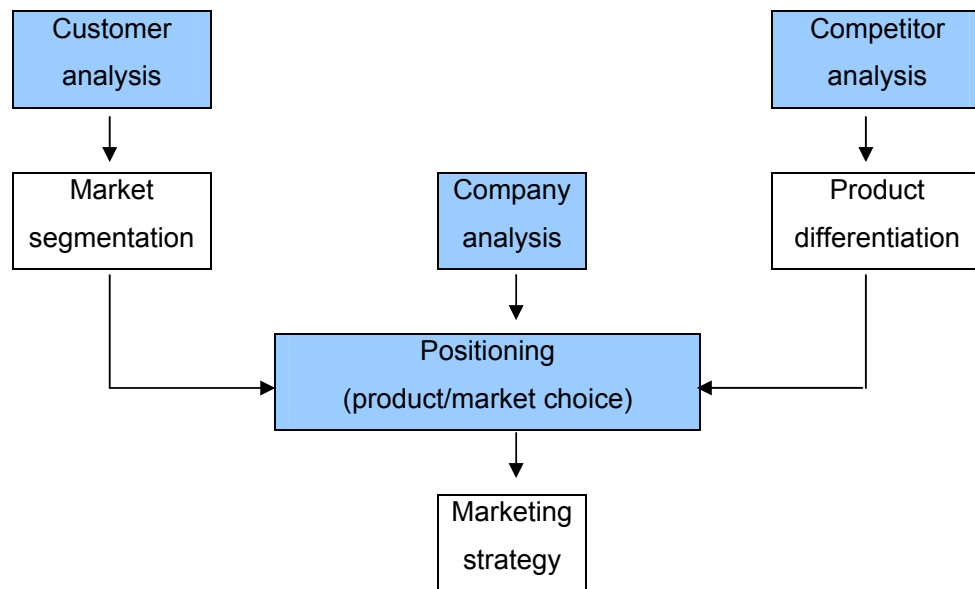


Figure 2.3: Developing a marketing strategy (after Berry, Hill & Klompaker, 1999:3603).

2.3.2 Development of market segmentation

The years after World War II were marked by extraordinary innovations in consumer products — transistor radios, disposable diapers and razor cartridges, to mention a few. Advertising was almost non-existent, apart from simply announcing the existence of products and describing their features.

By the 1960s, the buying habits of customers had become less predictable; many less educated people had become affluent and others with sophisticated tastes had become price conscious. Purchasing patterns were no longer aligned with age and income, and purely demographic segmentations were no longer able to assist companies in their marketing decisions (Yankelovich & Meer, 2006:124).

During the 1970s, the focus of creative departments gradually moved from the product to the consumer in an attempt to revive the advertising effort. Using a person in the advertisement, with which particular groups of consumers could identify, was one effective marketing strategy companies discovered. Since then, various methods have been developed in an attempt to segment markets; for example, social scientists/psychologists began using personality tests and, with the aid of these results, market segments, based on people's shared worldviews, were created. The Stanford Research Institute launched the Values and Lifestyles (VALS) programme that classified individuals according to nine enduring psychological types (Yankelovich & Meer, 2006:125). VALS and similar models soon turned psychographics into the most accepted mode of market segmentation. The South African Advertising Research Foundation (SAARF) developed an index, using a combination of variables for market-segmentation purposes. This index is called the Living Standards Measure (LSM) and has become the most widely used marketing research tool in southern Africa. LSM divides the population into ten LSM groups, with ten being the highest and one the lowest. The LSM index has used various types and quantities of variables over the years, with the latest version, 2004, comprising 29 characteristics or variables (South African Advertising Research Foundation, 2006:6).

The above gives an indication of how market segmentation has evolved over the years and the way in which market segmentation can be approached.

Market segmentation is still widely used, but there are doubts regarding the effectiveness of the process. In 2004, Markon Associates and The Economist Intelligence Unit surveyed 200 senior executives of large companies, with 59 per cent reporting that they had conducted a major segmentation exercise during the previous two years. Interestingly enough, only 14 % of them reported that they had derived real value from the exercise (Yankelovich & Meer, 2006:126).

If meaningful segmentation depends on finding patterns in customers' actual buying behaviour, then to construct segmentation properly, the relevant data must be gathered, for example information regarding the benefits and features

that customers seek. In addition, which customers are willing to pay higher prices or demand lower ones must be known. It is also important to know the relative advantages or disadvantages current products or services have to offer, and data on emerging social, economic and technological trends that may change purchasing behaviour are also required.

It is of the utmost importance that companies capture this information routinely, and qualitative research could be employed to explore motives and needs for current purchases and to understand competitive strengths and weaknesses. Armed with all these data, segments that are revealing and applicable can be fashioned. Such segments will:

- Reflect the company's strategy
- Indicate where sources of revenue or profit lie
- Identify customers' values, attitudes and beliefs in relation to products or services
- Focus on actual customer behaviour
- Make sense to top executives
- Accommodate or anticipate changes in markets or consumer behaviour (Yankelovich & Meer, 2006:126)

According to Proctor (2000:191) information that is vital to the marketer includes identifying the needs of each segment, what the segment can afford, its loyalty to a particular competitor and its response to an offer. Careful segmentation and accurate targeting keep a company close to the market, reduce waste, uncover the best customers and assist in keeping them satisfied.

2.3.3 Segmenting criteria

Consumer markets can be segmented by using different variables such as (Proctor, 2000:191):

- Geographic segments, including location such as streets, towns, regions, and countries, trading blocks such as the European Union, and continents.

- Demographic segments, including social statistics such as age, family, sex, life cycle, occupation type and group income level.
- Geodemographic segments — a mixture of geographic and demographic information to categorise house types and locations, such as people who live in separate houses in exclusive suburbs.
- Psychographic segments — segmentation is done according to psychological profiles of people i.t.o. their personalities, attitudes and life-style, such as energetic 'go-getters'.
- Behavioural segments, dealing with behaviour patterns such as usage and uses (e.g. heavy or light users), the manner in which a product or service is used (e.g. benefits enjoyed).

Geographic segmentation assumes that the market is large enough to generate a volume of sales and profits. The disadvantage is that a variety of consumers with different lifestyles may be located in one particular area and offerings to certain consumers may be irrelevant.

Demographic segmentation tries to group people of certain demographic characteristics together and assumes that these groups have more or less the same needs or lifestyle; however, the segment may not be large enough in a certain geographical area and the communications may not be easily directed at them. On the other hand, if a combination of demographic information is utilised, a better understanding of the target segment may be obtained.

Geodemographics attempts to combine as many segmentation criteria as possible from available demographic and geographic data. This method should give a better understanding of the specific groups and, as more than one variable, based on the characteristics and behaviour of the segments, is used, the communication of the offering can be tailored for that specific group. There is, however, no information regarding the needs of or the benefits sought by the customer and certain customers, having the same needs, may be excluded owing to the above-mentioned criteria.

Psychographics groups people who have similar lifestyles and attitudes together, enabling marketers to group large numbers of people together in

order to generate volumes of sales for particular products or services. The disadvantage of this segmenting criterion is that attitudes and lifestyles may change quickly, for example because of technological and economic changes.

Behavioural segments concentrate on the needs and benefits enjoyed by customers and this technique to derive an effective marketing strategy is more pragmatic than other approaches. Needs-based or benefits-based segmentation has become the preferred technique for successful product positioning, new product introduction, pricing, advertising and distribution (Proctor 2000:190).

Proctor (2000:191) explains that markets can be segmented based on the needs sought and benefits enjoyed; this would include people from different segments buying the same product for a different reason, for example some people use shampoo for clean hair, others for damaged hair, and some people buy it for both reasons. More than one variable can be used for market segmentation, the more variables there are the more focussed and tighter the target market. It must also be noted that the more variables are used, the more complex the process becomes.

The link between attributes, benefits and values could be a basis for market segmentation and conjoint segmentation uses the importance of attributes as a basis for segmentation. Other approaches such as the Stanford VALS (Values And Life Styles) approach uses values as a basis of segmentation. Market segmentation based on means-end chains has a distinct advantage because it combines the strengths of product-specific (e.g., attribute-based segmentation) and consumer-specific (e.g., values-based) bases of segmentation by linking attributes, benefits, and values at the segment level (Vriens & Hofstede, 2000:8).

According to Greengrove (2002:410), segmentation is the view that not all customers are the same, therefore the markets consist of a number of 'segments', each segment consisting of 'homogeneous' customers. Greengrove (2002:410) identifies two main segmentation approaches, namely:

- Needs-based segmentation — based on customer needs. It entails segmenting the market based on understanding the needs of the customer, i.e. the understanding that drives product development and brand strategy. Needs-based market segmentation is a strategic process and should therefore come first.
- Characteristics-based segmentation — based on the characteristics of the customer and area. This process entails segmenting customers based on their characteristics, attitudes or behaviour. The process drives the development and execution of customer strategy and targeting (which customers to be targeted and how they should be assessed). This is a more tactical process and is employed at a later stage.

A segmentation scheme based on only one set of basis variables may be of limited use as various users of segmentation schemes have different needs; for example, product-development managers may want the market segmented on perceived values and benefits sought, marketing communications managers may want it divided into groups of buyers with similar needs, desires, or psychographics profiles, and sales managers may prefer segmentation based on sales potential or profitability. Market segmentation based on multiple dimensions, using separate segmentation schemes for each one, is often more useful and more flexible in planning marketing strategy and executing marketing tactics. Thus, researchers may consider different segmentations on a sample of buyers using different bases concerning product-users identification (e.g., performance needs, means, and desires) (Neal & Wrust, 2001:15).

2.4 DETERMINE THE VALUE PROPOSITION

The definition of the value proposition to the customer contains five sub-processes, as shown in Figure 2.4. The key input to this process is to prioritise the target segments based on an analysis of customer needs and the attractiveness of different customer segments. 'Predicting the market structure' entails issues such as how the market structure might change because of

innovations or external factors on which the company has no influence (McDonald & Dunbar, 2004:16).

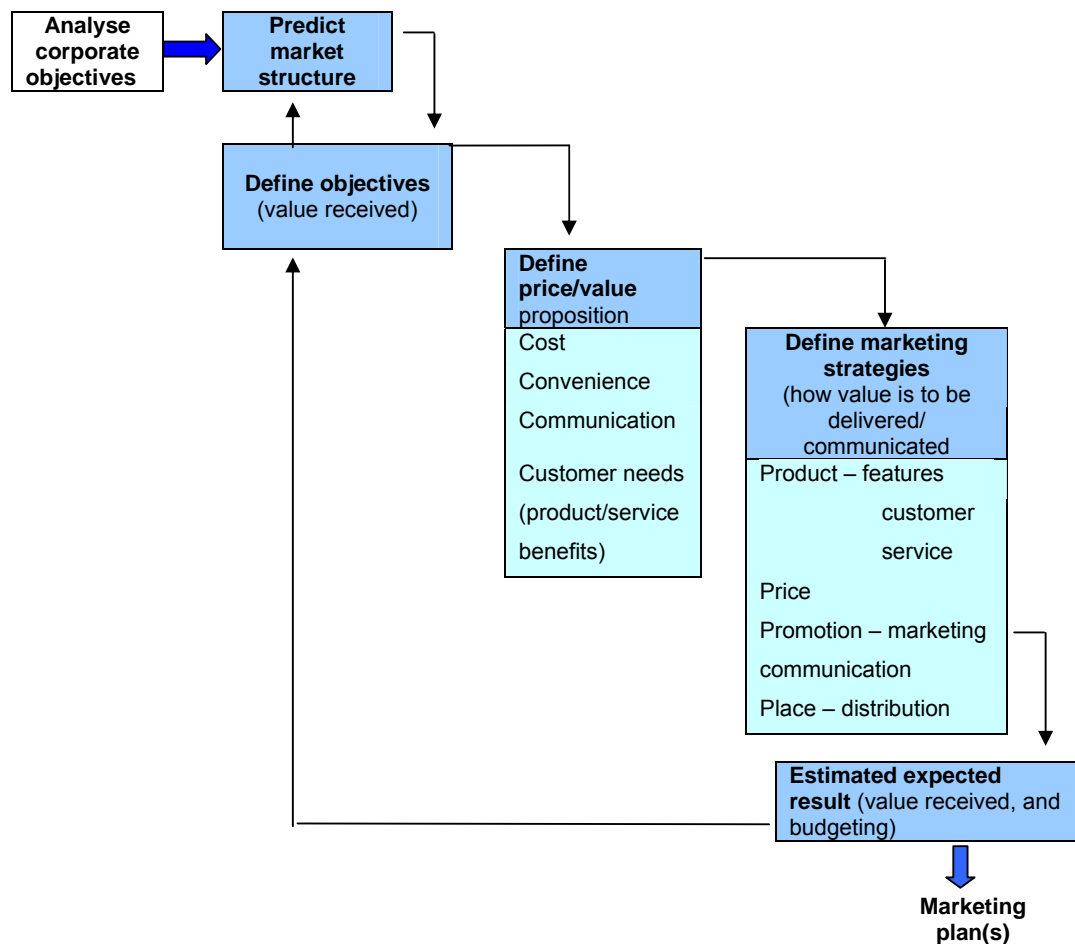


Figure 2.4: Determine value proposition (McDonald & Dunbar, 2004:17).

'Defining objectives' entails defining the marketing objectives i.t.o market share, volume, value or contribution of each segment. The next step in the process is defining the value to be delivered to the customer in return. This 'define price/value proposition' sub-process incorporates the four 'Cs', namely Cost, Convenience, Communications and Customer wants and needs. This process translates into the company's marketing strategy with regard to the four 'Ps' (product, price, promotion, place), how the company will deliver what the customer wants and needs. The four 'Ps' are also commonly referred to as the levers of marketing control, also called the 'Marketing Mix'. The customer is concerned about 'Convenience' when making a purchase and therefore the

company needs to have a corresponding strategy to identify the 'Place' where it is going to distribute the product. The same applies to customer wants and needs that are met by the 'Product', thus 'defining market strategies' is a process of establishing how the value to the customer is to be delivered and communicated in order to satisfy the client in the way that he/she seeks. Separate strategies relating to the four 'Ps' may be produced, but are interlinked so that the choice of distribution channel may impact on the communications plan, as well as the price that can be charged. People and processes within the company need to be planned for and are dimensions that can be changed in order to achieve the desired offering to the customer with regard to the product, price, place and/or promotion.

Once these issues have been resolved, an estimate of the expected results of the various possible marketing strategies can be made with regard to the cost to the company and the impact of the price/value proposition. It is important to consider, once again, the original objectives set in the earlier stages of the process in order to determine if the strategies will actually deliver the desired results. McDonald & Dunbar (2004:18) explain that the logical output of the 'determine the value proposition' process is typically a strategic marketing plan that should cover a period of at least three years. As stated earlier, in some cases companies develop specific plans such as a pricing plan, distribution plan or customer promotions plan. It is extremely important that the contents of these plans are communicated to and agreed upon by all the departments and functions responsible for delivering the stipulated customer value.

2.4.1 Market targeting

A target market can be defined as the market or market segments which form the focus of the firm's marketing efforts (Proctor, 2000:196). Before the process of 'determining the value proposition' can begin, market segments need to be identified and then a decision needs to be made as to which customer groups to target and how many groups to target. Once the target segments or groups are identified, the delivery of the offering may begin

(discussed in the next section). Proctor (2000:196) proposes various options of strategies and factors influencing the targeting strategy, including:

- Mass-marketing strategy: This strategy offers one product or service concept to most of the market across many market segments. Economies of scale can be achieved, but there is the risk of a few customers being dissatisfied. This approach is also referred to as an undifferentiated approach or marketing, and the assumption is that all customers have the same wants and needs. The marketing mix (four 'Ps') will be in a standardised format and will have a standard product, similar price level, one method of distribution and a promotional mix that is directed at everyone.

There are probably only two conditions under which a mass-marketing approach is the most appropriate. The first condition reflects the low amount of variation in the needs of consumers for a given product or service. This situation is becoming increasingly rare, as individuals and companies nowadays have a wide variety of characteristics, wants, needs and interests. The second condition reflects the ability of a company to develop and sustain a single marketing mix that satisfies all.

- Single-segment strategy: This strategy is relatively cheap in terms of resources and concentrates on a single segment with a product/service concept. The risk with this strategy is that if that particular segment fails, the company's financial strength will decline rapidly. There is also a problem with regard to flexibility in changing the product's market posture. High-quality image companies find it difficult to move into product market segments that have a lower-quality image. Rolex, for example, would find it difficult to manufacture and market cheap watches in a competitive way. Mercedes Benz would have the same problem; however to move slightly 'down-market' would not be impossible as long as the product and the perceived value (including the price) is not too far removed from the main brand. It must be noted that a single-segment strategy permits a company to specialise and enables the company to put all its effort into satisfying the

needs of a particular market segment, thereby achieving economies of scale.

- Multi-segment strategy: This strategy refers to targeting a different product or service at a number of segments and developing a marketing-mix strategy for each of the segments. This approach does spread the risk by committing to a number of segments simultaneously, but it is also a resource-demanding option.

Various factors influence the choice of the company's targeting strategy, depending on a wide range of market, product and competitive factors. These factors are:

- Stage of product-market maturity: At the introductory stage of a product's life cycle, there are few, if any, competitors. However, competition may occur between alternative product types. Target-segmentation strategies are most critical during the mature stage of the product market, because of the differing needs of buyers. The competition increases as the lifecycle approaches maturity and, therefore, targeting decisions are influenced and strategies shaped accordingly.
- Extent of buyer differentiation: When buyer wants are similar throughout the product market, there is less opportunity for extensive segmentation than in markets with buyers with different wants. The more complex the product market is with respect to competing companies, variety in product market offerings, and variations in user needs and wants, the more likely it is that a useful method of segmentation can be found.
- Market position: Companies with low market share have to compete in segments where their strengths are most highly valued and where large competitors are unlikely to compete. The strength may be in the range of products produced, the cost and speed of distribution or the credit and service arrangements. These companies typically have to put considerably more effort into identifying unique segments than into serving the entire industry.
- Structure and intensity of competition: When many companies compete in an industry, selective targeting is often an appropriate target-market strategy. Large companies may be able to reap the benefits of using a multiple-segmentation strategy.

- Adequate resources: Possession of substantial resources often places a company in a strong position to consider various target-market alternatives; however, a single-segment strategy is the only option when resources are limited. Having the expertise to analyse the market capability and ample resources will put a company in a position to choose target markets that will yield profitable returns.
- Production and marketing-scale economics: The choice of target-market strategy may be influenced by production and marketing-scale economics. The production process may need large-scale output to achieve the necessary cost advantages. An extensive market-coverage strategy may also be required in order to gain the sales volume to support large-volume production and distribution.

According to Proctor (2000:199) five factors govern the attractiveness of a segment; these include segment size, segment growth, profitability of the segment, current and potential competition and capabilities of the business.

Although a large, lucrative and expanding market segment may seem appealing, it will definitely attract other competitors. Therefore, a company must have the capabilities, as well as the resources to compete in such a market segment. The same principle applies to segments that are contracting, making it less competitive because of the withdrawal of competitors, thereby making the segment more attractive to companies with fewer capabilities.

2.5 DELIVERING THE VALUE PROPOSITION

The third major process in the marketing domain is to deliver the value proposition. The major input in this process is the strategic marketing plans developed during the previous process. Porter's value chain (Porter, 1980) is the point of departure of this process. The process of delivering the value proposition is presented in Figure 2.5. The tasks in the value chain include research and development, inbound logistics, operations, outbound logistics, leading to service, and are contained in the 'deliver the product/service' box.

However, there are a number of marketing activities, which coincide with the value-chain activities, for example, evaluating a product with customers at the research and development stage. The customer may want the product modified, resulting in different components being added, assembled and delivered. This represents a process of information exchange between the marketing and value-chain activities. 'Communicate the offer' represents the marketing activities and is typically managed by designing, implementing and monitoring a number of marketing communication programmes.

Examples of such programmes are direct-mail campaigns, a series of sales seminars, in-store promotions, etc. Other examples are depicted in the 'communicate the offer' box. The concept 'marketing communication programmes', according to McDonald and Dunbar (2004:20), also includes strategies such as the management of the sales force by means of set targets.

These programmes will need monitoring; there is a difference in the monitoring of the effectiveness of particular programmes such as the response rates to a direct-mail campaign or awareness and attitudes arising from advertising compared with the overall value delivered to the customer. The latter forms part of the last process of the marketing domain.

Products and services are outputs from the value chain that was mentioned earlier. One of the most important outputs from the communications sub-processes is customer information. This entails what the customer issues are and the particular needs that arise from this, what products and services are purchased/used, what is the nature of any complaints, etc.

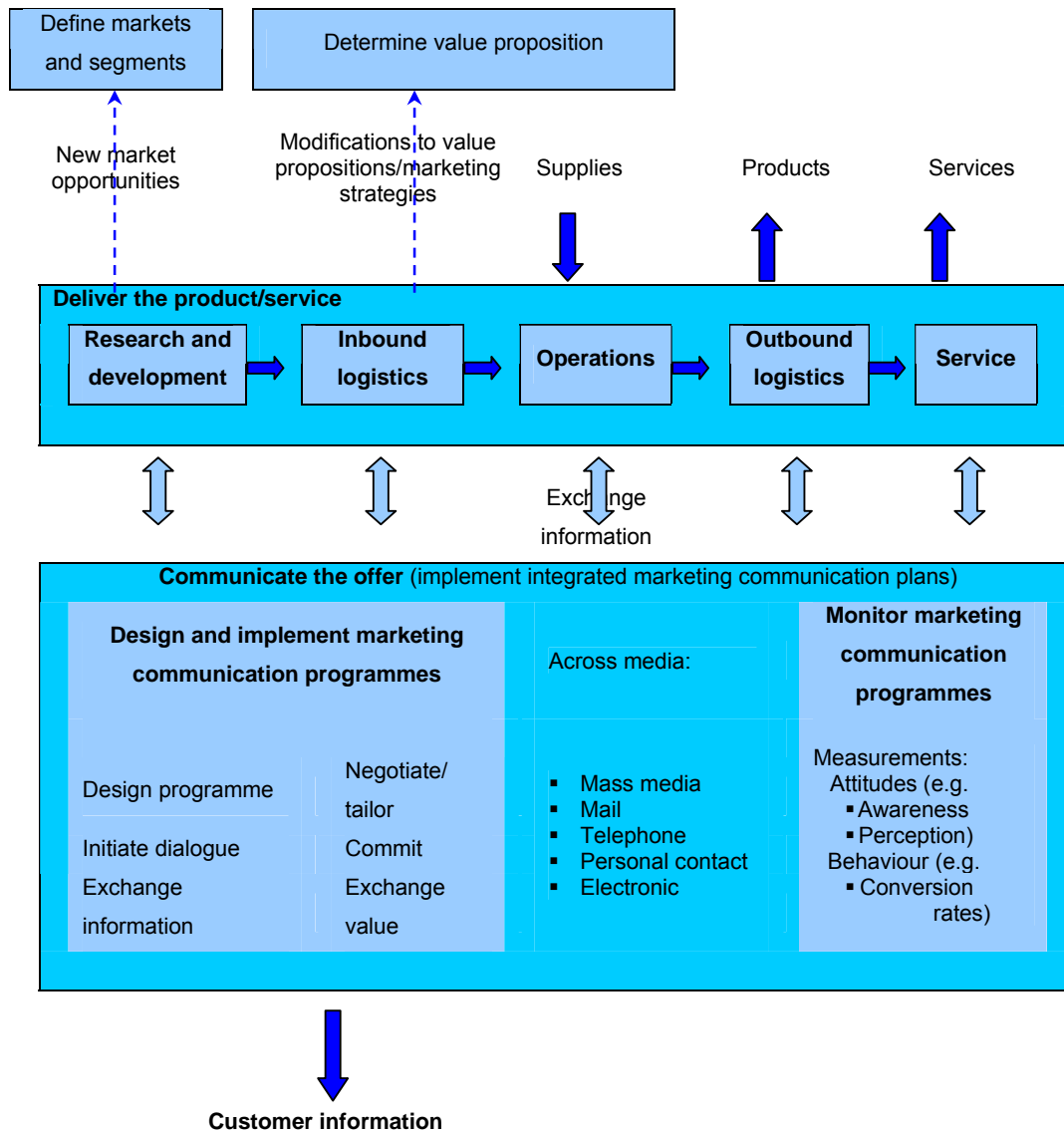


Figure 2.5: Deliver value proportion (after McDonald & Dunbar, 2004:20).

2.6 MONITORING VALUE

Figure 2.6 illustrates the process of 'monitor value'. McDonald and Dunbar (2004:25) argued that there are four main areas where monitoring can occur considering the processes 'understand value' and 'determine value proposition'. Firstly, the company can monitor the value actually required by the customers according to the previous analyses of customer requirements that were conducted as part of 'understand value'; this information could be gained by means of market research.

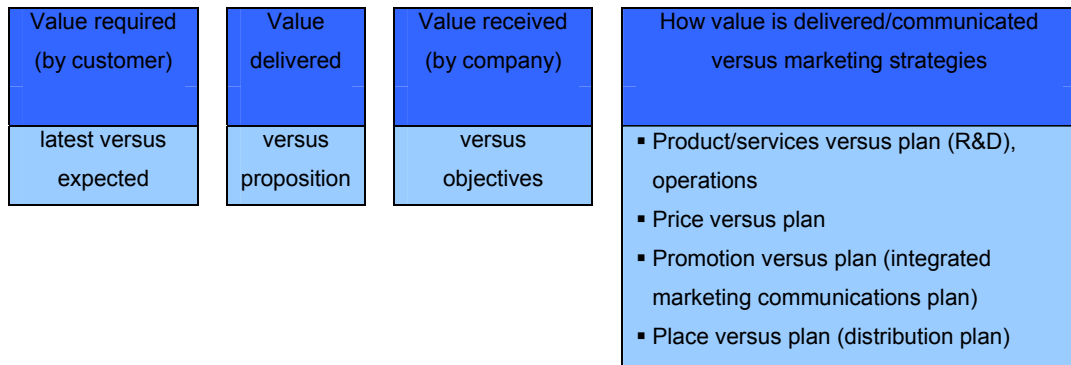


Figure 2.6: Monitoring value (after McDonald & Dunbar, 2004:25).

Secondly, the actual value delivered can be monitored against the value proposition that was defined during the 'determine value proposition' process. The customers' perception is measured, which could be done by means of questioning.

During the process of the 'determine the value proposition', the company sets marketing objectives and can monitor the value it receives against these set objectives. Monitoring the value delivered to the customer is just as important, since the financial results are a result of customer satisfaction (excluding external factors such as major economic downturn) and, in addition, it is a way to improve performance and to sustain customer satisfaction.

Finally, the overall effectiveness of the marketing strategies by which the value was delivered could be evaluated. This relates to how successful the product, price, promotion and place were delivered in relation to the requirements of the customers. This is the last sub-process in the marketing domain, although it is part of an ongoing process that needs to respond to opportunities and problems.

2.7 CONSUMER PREFERENCES

Consumer preferences, or consumer purchase behaviour, are associated with the segmentation process and the process of understanding the customer. Various studies have been conducted in this field and a number of these will be discussed in this section in order to illustrate the diversity and complexity of this field.

In a recent study by Friese, Wänke & Plessner (2006:1) it was found that the participants in the study whose explicit and implicit preferences regarding generic food products and well-known food brands were incongruent, were more likely to choose the implicitly preferred brand over the explicitly preferred one when choices were made under time pressure; the opposite being true when there was more than enough time to make a decision. This study was based on the assumption that people may have two different attitudes toward an object at the same. These attitudes refer to, firstly, an explicit attitude that corresponds with deliberative behaviour, and, secondly, refers to an implicit attitude that corresponds with spontaneous behaviour.

Friese, Wänke & Plessner (2006:2) explained that the expression of explicit attitudes refers to the construct, which social psychologists commonly try to assess by means of questionnaires or interviews. In contrast, individuals may not be aware of implicit attitudes or they may be unable to verbalise them. However, the study has shown that implicit attitudes may influence information processing and impulsive behaviour and, therefore, will have an influence on consumer purchase behaviour.

Draganska & Jain (2005) studied consumers' preferences for product attributes in the yogurt industry. In this industry, manufacturers produce several product lines that differ in quality (as measured by fat/sugar content) and price; these products are vertically differentiated. In addition, there is a horizontal differentiation, the assortment of flavours for each product line. The empirical analyses of the study revealed that consumers valued the line attributes more than they did the flavour attributes. It was also established that the value of a product line is not merely a function of the number of flavours it

includes. The calculated values of the model used for the study indicated that more flavours do not always result in increased utility for consumers and, therefore, do not necessarily mean increased market share. The model used was fairly detailed and tailored to the specifics of the yogurt industry (Draganska & Jain, 2005:173). For this reason, a number of issues need to be considered when the model is applied to support managerial decisions in other product categories. Although the details of the model will not be discussed in this study, it may have some relevance to the brick industry. Bricks differ in quality based on squareness and size conformity as well as price and could therefore be vertically differentiated. Within each product line some horizontal differentiation does exist because of variants of the main product line being manufactured and sold as variations or 'unique' products. A study could be done to determine if the expansion of horizontal differentiation contributes to the increase of market share in the brick industry and the findings could be compared to those of the above study.

The above-mentioned study does provide some insight regarding the implications of consumer preferences for companies' product-line pricing strategies. The proposed modelling approach could also be utilised to capture the realities and characteristics of specific industries.

Products sold in industrial markets are often quite different from those sold in consumer markets. Industrial products tend to have some of the following characteristics:

- More complex, unique and technical in nature
- Often purchased on the basis of specification
- There is often a choice of producing or buying products
- Seldom sold in the final market (e.g. raw materials/components)
- More protective packaging, which is informative and less persuasive in nature
- Emphasis on timely delivery, essential to avoiding production delays for buyers
- Emphasis on pre-selling and post-sale technical assistance and servicing (Lichtenthal & Goodwin, 2006: 230)

Lichtenthal & Goodwin (2006:231) proposed that industrial products and services can generally be divided into three broad categories, namely:

- Entering goods
- Foundation goods
- Facilitating goods

In addition, they proposed that each one of these product categories is linked to a product-related attribute framework. For each type of product, this framework portrays the likelihood that the buyer would use each product-related attribute category as the primary source for his determinant attributes. For example, a business buyer of raw materials would typically view this type of offering because of its basic nature in terms of physical characteristics (e.g. temperature, colour intensity) and pseudo-physical characteristics (objective characteristics, but not as measurable as physical characteristics, e.g. shininess and smoothness). The likelihood of the buyer categorising them as beneficial (e.g. durable, convenient or safe) will be little and even less as imagery (e.g. phrases such as “gives high-tech appearance” or “the choice of professionals”). In general, entering goods such as raw materials and component parts are purchased and used to build a final product; for this reason, their physical attributes are of concern. At the other extreme, a business buyer of consumable supplies would view such products or offerings in terms of their benefits as the most important attribute.

Understanding consumer preferences is an integral part of understanding the needs and wants of customers. Various studies have been done on consumer preferences and purchase behaviour in order to better understand the needs of the customer. These analyses can also be used to segment the market, which makes it easier for the company to target a specific market by using the best possible marketing strategy.

2.8 POSITIONING

This section will illustrate how positioning fits in with a company's marketing strategy, the approaches of positioning, the use of positioning maps and how positioning can be used to achieve marketing objectives.

Positioning refers to how customers think about proposed and/or present brands in the market (Gwin & Gwin, 2003:30). Brand positioning enables a company to build a sustainable competitive advantage on product attributes, whether tangible or intangible, in the mind of the consumer. Therefore, consumer purchase behaviour analysis and segmentation analysis supply information to the marketer to understand the market and, consequently, to position the product or service accordingly.

To effectively position a brand, a company must know how this brand is perceived in relation to other brands in the product category. Several tools are available for evaluating a brand's positioning. Multi-attribute compositional models are the most widely used, with multi-dimensional scaling, factor analyses and discriminant analyses also being used. Gwin & Gwin (2003:30) indicated that the purpose of positioning is to evaluate whether:

- The brand has a positioning that is differentiated from other brands in the market
- Potential opportunities exist for the introduction of new products, or repositioning of an existing brand
- Certain segments are underserved by existing brands in the category

The positioning is critical to a new product. This new product needs to deliver the benefits that the customer needs, but it must do so better than the opposition or competition. Gwin & Gwin (2003:31) proposed that in developing a positioning the marketer must consider four things:

- The target market
- How the product is different or better than that of the competitors
- The value of this difference to the target market
- The ability to demonstrate or communicate this difference to the target market

The target market and the perceived differentiation from competitors are core concepts of positioning. Segmentation and positioning, according to Gwin & Gwin (2003:31), are too often treated as independent concepts in practice and in literature. The value of positioning is almost non-existent unless it is

appropriate to a target segment. Differentiation for new and established products typically takes the form of attributes that can be built into the product design to deliver benefits to the customers. This differentiation can be in quality, additional features, packaging innovation and accessibility, to name just a few. A company may have a cost advantage in comparison with its competitors and the product could be positioned to offer value by means of a lower price.

It is important for brand positioning to be monitored and for the marketing section of a company to consider repositioning once the effectiveness of the positioning has decreased.

Positioning and targeting strategies are interrelated, according to Proctor (2000:199). The choice of one or more target markets is based on the feasibility of the company designing and implementing an effective positioning strategy to meet the target market's needs. Positioning is achieved through the use of marketing-mix variables; for example, a company may have a unique combination of product offering, distribution approach, price, advertising and personal selling to serve each segment. Some marketing-mix components may look different or be the same for different segments. Proctor (2000:199) explained the way in which the marketers of a product or service position themselves in the minds of the users, and differentiate one product or service from another. Market positioning refers to the arrangement for a product or service to occupy a clear, distinct and desirable place — relative to competing products — in the minds of target customers. Thus, what is being marketed must be perceived by the selected customers to have a distinct image (relative to the competitors' products), which meets the desires or expectations of customers. The positioning of an offering is related to the attributes ascribed to it by customers; examples include quality, strengths and weaknesses, price and the value it represents to users. The marketing mix is important in developing an effective positioning, since the offering must be in line with the target customers' needs and expectations.

There are various positioning strategies or options for companies entering a market:

- Position close to the leader as an acceptable alternative
- Position away from existing rivals in either un-served niches or innovative new positions
- For an existing market brand leader a sensible positioning includes an intense promotion campaign of existing superiority, and/or augmenting present superiorities with extra layers of differential advantages
- For the badly positioned companies, the options include adapting the offering to fit in more closely with the needs of the customers or, alternatively, finding new positioning. Another option is to try to alter the perception of the customer, while withdrawing from the market is also an option (Ruskin-Brown, 1999:99).

2.8.1 Approaches to positioning research

Proctor (2000:201), discussed two approaches regarding positioning research. Qualitative research can be applied by means of using projective techniques whereby images can be uncovered that serve to show how the particular brand of a firm is positioned in the mind of the respondent. Quantitative approaches, on the other hand, focus on considering positioning relative to the positioning of major competitors and relative to the desires, wants and needs of the target customers. One of the most common ways of collecting quantitative positioning data is through the use of attitude or attribute scaling. The dimensions that the respondent uses to differentiate and choose between alternative offerings are included in a survey and presented as a semantic scale to enable respondents to express their views.

In marketing research, the semantic differential is frequently used to measure attitudes toward the imagery surrounding product and services. The scale consists of a number of bipolar adjective phrases and statements that could be used to describe what is being evaluated. Figure 2.7 shows an example of the bipolar adjective pairs used to provide a profile or image of the objects being investigated. All of the favourable adjective phrases are positioned on the same side in order to obtain a sensible and overall impression of respondents' perception of the object being evaluated. More than one object can be

investigated and presented on the same profile, enabling the marketer to detect any meaningful differences between the objects and indicating where more in-depth research may be required.

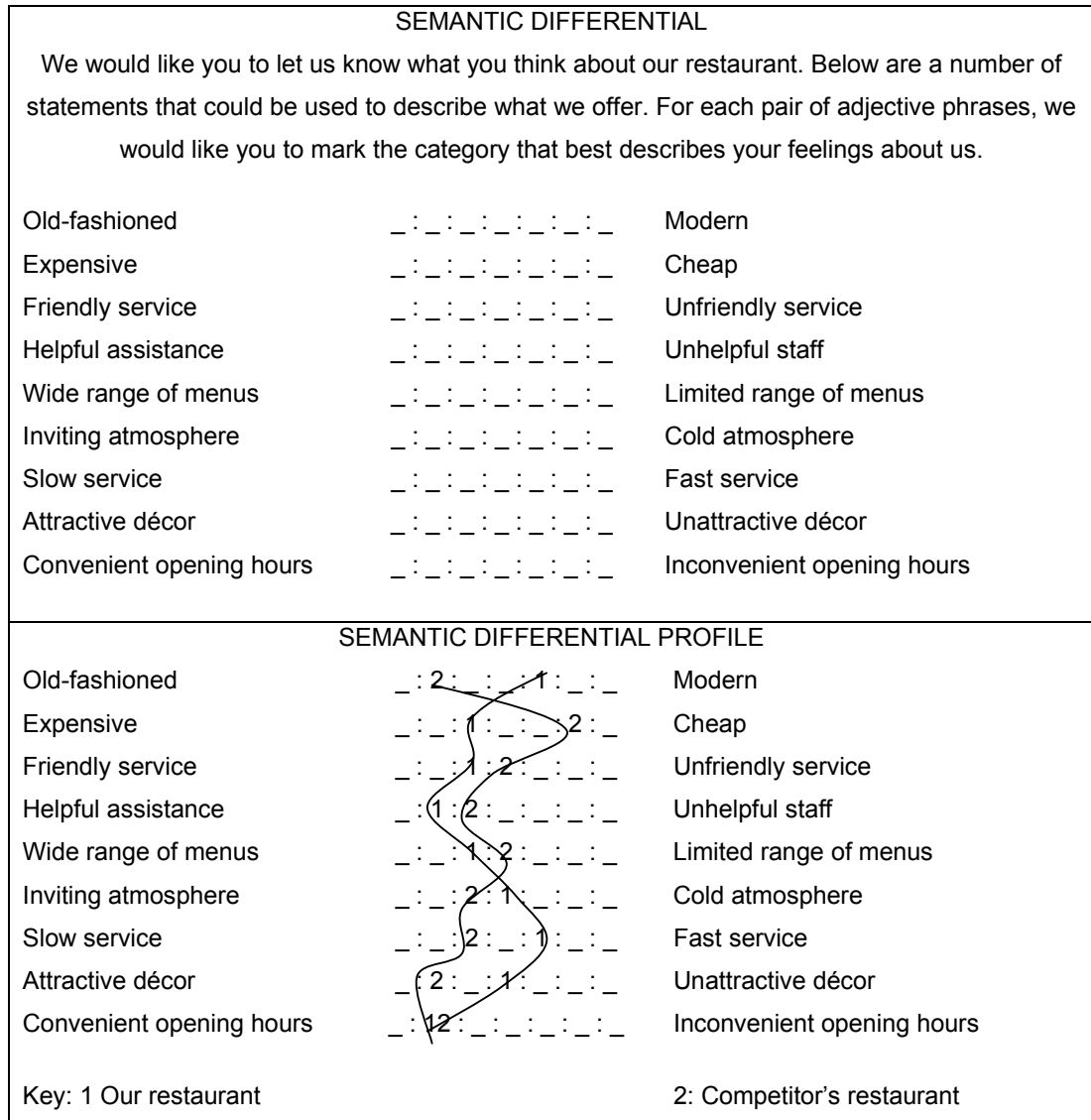


Figure 2.7: Semantic differential and semantic-differential profile (after Proctor, 2000:203).

2.8.2 Positioning maps

According to Meyers (1992:46) psychologists in the 1950s began to develop techniques for positioning objects in two-dimensional 'virtual' spaces based on perceived similarities and differences among the objects on an overall basis,

without reference to object attributes that were specified in advance. Spaces constructed in this way were defined as 'perceptual spaces' and the original techniques were called multi-dimensional scaling.

Since the 1950s, several other techniques have been used to develop spaces of various types whereby products could be positioned in relation to one another. These spaces are also usually presented in a two-dimensional manner. Statistical techniques such as discriminant, regression, correspondence, and factor analysis have been used. Meyers (1992:47) argued that no matter what technique is used, the product spaces themselves are almost always defined in terms of the attributes of the product or services that is being positioned, as rated by a sample of respondents. The most common type of map constructed for marketing planning purposes is that of the perceptual map.

Positioning analyses often incorporates the use of one or more positioning maps. An example of such a map with only two variables is shown in Figure 2.8. The X axis and Y axis show the prime customer supplier-selection criteria. The circled areas represent the customer segments. Positions A–F represent positions currently being occupied by competitors. Analyses may show that one segment is not being satisfied in terms of their needs and another company may enter that segment and do better in satisfying those needs.

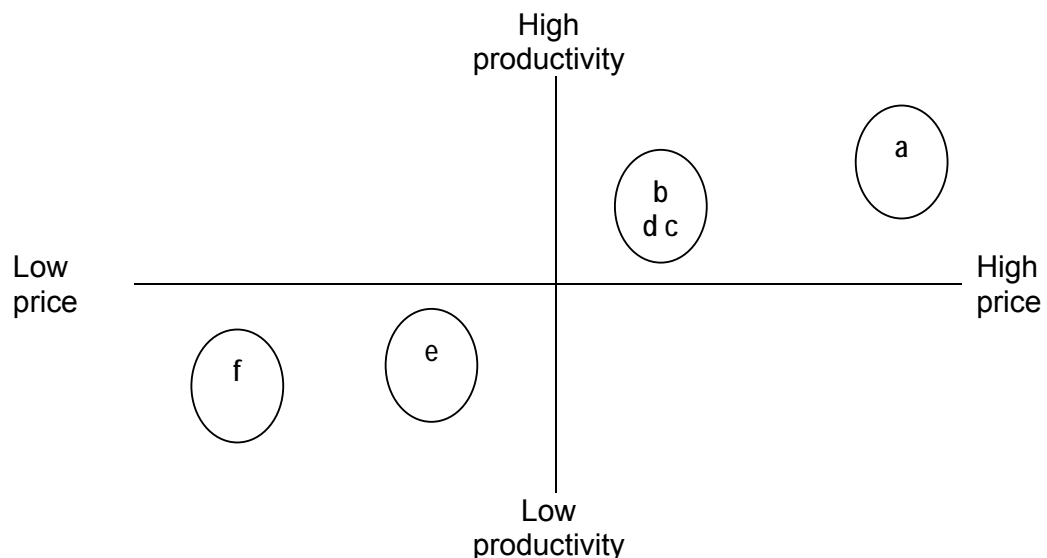


Figure 2.8: A hypothetical positioning map (after Ruskin-Brown, 1999:97).

The above is an example that does not show a lot of clarity and completeness, but which can be obtained by means of multi-variant maps. These maps contain all the factors that customers may use as buying criteria and the maps can also illustrate the positions of several companies at the same time. An example of such a map is depicted in Figure 2.9. This type of positioning map is referred to as a 'spidergram'. The axis of the spidergram radiates like bicycle-wheel spokes from the hub to the centre. They represent the customers' buying criteria, and the number at the end of each spoke indicates the importance of these criteria to the customers. The lines between the axes are representative of each company's position on the map. The scores are marked on the axes after the analysis and joined between the axes for visualisation and comparison purposes. This type of map indicates which companies have managed to satisfy the needs of customers better than their rivals, and show weaknesses that need to be improved upon in order to strengthen particular positionings.

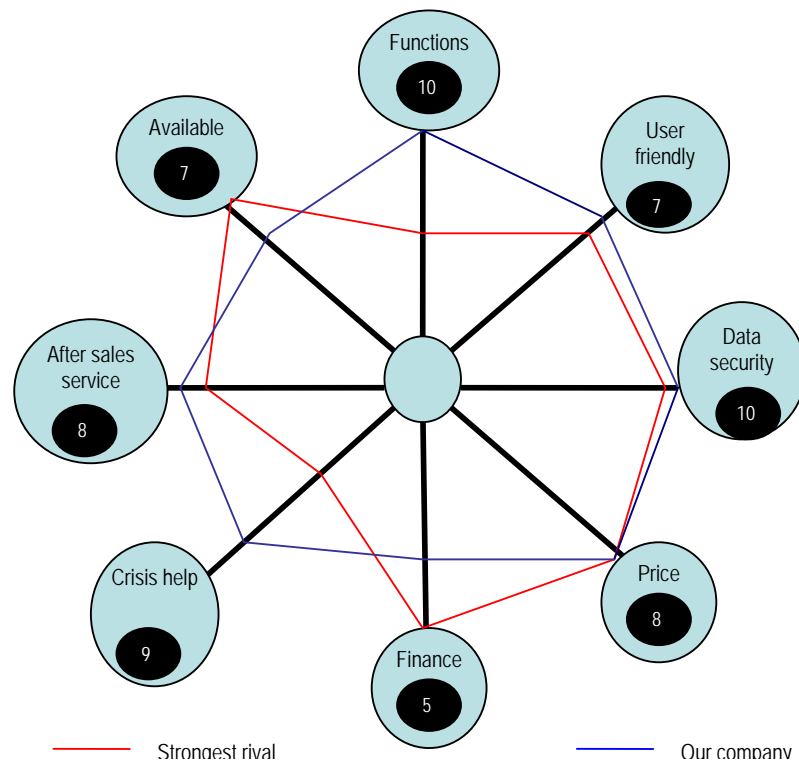


Figure 2.9: Hypothetical spidergram positioning map (after Ruskin-Brown, 1999:98).

2.8.3 Attribute positioning maps

The emphasis placed on perceptual maps by marketing researchers has resulted in a tendency for most marketing practitioners to think that these are the only meaningful type of spaces to use for positioning products and services. The assumption is that all consumer evaluations and buying decisions start with cognition (which includes perception), a basic precept of the cognitive revolution in psychology (Meyers, 1992:47). A growing number of scholars argue that preferences and choices need no antecedents, and they suggest that, in a typical buying situation, consumers could start at any point on a continuum between initial perception and actual purchase. This continuum starts at:

Need awareness → development of alternatives (cognition) → evaluation of alternatives (effect) → final choice (conation).

According to Meyers (1992:47) a few practitioners have realised that positioning maps could be constructed for any stage in the process and they proceeded to draft positioning maps of the following types in terms of the important attributes of a product or service:

- Perceptual space, defined in terms of product attributes that distinguish or differentiate most among products or services in a category
- Preference space, defined in terms of product attributes that consumers want the most
- Choice space, defined in terms of attributes that drive actual choice among competing products or brands within a category

2.8.4 Attitude positioning maps

The concept of attitude positioning maps is defined by Meyers (1992) as the attitude that people hold toward a need that a product or service category is intended to serve. Attitude and usage studies measure respondents' attitudinal viewpoints toward a selected product or service category in terms of many attitude statements. These ratings can also be used for segmentation purposes on the basis of attitudes. Respondents are asked to reveal their

attitudes toward any given object by means of a Likert-type scale, which reflects their responses. An attitude space can then be created in the same way as a perceptual space, but instead of using attribute ratings, attitude ratings are utilised. Meyers (1992:48) indicated that the map shows three useful factors:

- The particular attitudes that distinguish best among the most frequent users of each major brand in a product or service category
- Competitive sets of brands or companies that compete most directly with one another, based on the attitudes of their customers
- Basic attitudes held by the most frequent users of each brand. These are the attitudes that characterise each brand in the eyes of its most frequent users

2.9 COMPETITIVENESS AND CRITICAL SUCCESS FACTORS

Competitiveness factors relate to a combination of a company's relative strengths versus competitors, in relation to customer needs in each identified segment. Measuring strengths in relation to other competitors while trying to satisfy customer needs are interrelated with positioning (discussed in the previous section). Customers, at some stage, develop a need and become aware of it. The next stage, as described earlier, is to develop and evaluate alternatives to the product or service that will satisfy the need. McDonald & Dunbar (2004:212) explained that during the process of evaluation customers make a decision between alternative offers in terms of perceived or stated attributes, referred to as the Decisive Buying Criteria (DBC) of the customers in a particular segment. Therefore, to win any business in any particular segment, a company has to be more successful than its competitors in meeting the segment's DBCs. This success is relative to the constituents of the offer required to deliver each DBC and these are referred to as the Critical Success Factors (CSFs). An example of a DBC could be delivery reliability and the CSF that accompanies it is the minimum time perceived by the customer to have the product delivered at the correct address. According to McDonald & Dunbar (2004:316) CSFs can often be subdivided as follows:

- Product requirements
- Price requirements
- Promotion requirements
- Place (distribution and service) requirements

Each one of the above-mentioned headings can be further subdivided into subheadings in order to further analyse them, based on the relevance of each segment. Product strengths, for example, could be subdivided as follows:

- Relative product safety
- Relative product convenience
- Relative cost effectiveness

According to McDonald & Dunbar (2004:317) an assessment can be done of the company to determine how well the company is meeting the requirements of each segment. The following questions could be considered:

- Do we have the right products?
- How large is our segment share?
- How well are we known in this segment?
- What image do we have?
- Do we have the right technical skills?
- Can we adapt to change?
- Do we have enough capacity?
- Can we grow?
- How close are we to this segment?

The answers to these questions will indicate where the company has to improve in order to satisfy the needs of customers. A company's relative strength in meeting customer needs is a function of its capabilities in respect of the CSFs relative to the capabilities of the best competitor. The purpose of this analysis is to translate the information into actionable proportions of other functions within the company in order to meet customer needs. The marketing department cannot perform all these functions and is not directly responsible for purchasing, production distribution, etc. The marketing department, therefore, needs to persuade these other company functions to cooperate in the effort to improve CSF scores. CSF scores will be discussed in the next section.

2.9.1 Scoring the company and the competitors

Once the DBCs and their accompanied CSFs are determined for each particular segment by means of a survey, 'weighting' can be assigned to each to reflect the relative importance of the DBC. This will be done in relation to each segment. Subsequently, scoring of each DBC, as perceived by the customer of the company, can be done. Main competitors can also be listed and scored according to the perception of the customers. The scores are multiplied by the relevant weightings and a total of the weighted scores will produce a value that will enable the marketer to compare his company with the major competitors (as perceived by the customer). The relative strengths and weaknesses in respect of the DBCs in relation to the competitors will give the marketer a clear indication of the areas to focus on. An example of such a competitive-strength evaluation is depicted in Table 2.1. This information can also be utilised to draw a positioning map in the form of a 'spidergram', as discussed in section 2.6.2. This will assist in visualising the position of the company relative to the rivals in respect of the DBCs of the customers.

Table 2.1: Competitive-strength evaluation (after McDonald & Dunbar, 2004:319).

Segment 3							
DBCs and CSFs	Weight	Own Company		Competitor A		Competitor B	
		Score	Total	Score	Total	Score	Total
1. Delivery	50	6	3.0	9	4.5	4	2.0
2. Product	25	8	2.0	6	1.5	10	.5
3. Image	15	8	1.2	8	1.2	6	0.9
4. Price	10	5	0.5	6	0.6	3	0.3
Total	100		6.7		7.8		5.7

2.10 MARKETING PLANNING

This section gives an overview of marketing planning and how it fits in with corporate planning. An attempt will be made to illustrate the importance of marketing planning and what should be included in a strategic marketing plan, as well as how the preceding discussions fit in with this aspect.

According to McDonald (2002:28) companies set four typical objectives:

- Maximise revenue
- Maximise profits
- Maximise return on investment
- Minimise cost

In reality, the best that can be achieved is an optimum compromise because each of these objectives could be in conflict with one another. A marketing plan is useful in many ways and McDonald (2002:29) regards it useful to the marketer, superiors, non-marketing functions and subordinates. It also helps to identify sources of competitive advantages and assists in forcing an organised approach, while developing specificity. It also ensures consistent relationships and that enough resources are applied by means of enough support.

Commitment is gained once a plan is in place and, ultimately, clear objectives and strategies will ensure that everyone concerned is working toward a common and achievable goal.

It is important to note the difference between a strategic marketing plan versus a tactical or operational marketing plan. McDonald (2002:31) defines a strategic plan as a plan that covers a period beyond the next fiscal year, usually between three and five years. He defines a tactical plan as a plan that covers in detail the actions to be taken, and by whom, during a short-term planning period, usually one year or less. Therefore, the strategic marketing plan must be developed first by scanning the external environment and identifying the forces emanating from it. Appropriate strategies can then be developed, involving all levels of management in the process. Only once the strategic plan has been approved should the one-year operational marketing plan be developed.

2.10.1 The marketing planning process

McDonald (2002) described the marketing planning process in ten steps, as follows:

Step 1 Mission statement

The following should appear in a mission statement:

- Role or contribution in terms of profit, service or opportunity seeker
- Business definition — in terms of the benefits to be provided or the needs to be satisfied
- Distinctive competencies — the essential skills or capabilities resources that underpin whatever success has been achieved to date
- Indications for the future in terms of what the firm will do, might do and would never do

Step 2 Setting corporate objectives

The corporate plan will usually contain at least the following elements:

- The desired level of profitability
- Business boundaries i.t.o what type of products will be sold to which markets, what kind of facilities will be developed, the size and character of the labour force, as well as funding
- The social responsibility, corporate image, stock-market image and employer image

Step 3 The marketing audit

An audit is the means with which a company endeavours to understand how it relates to the environment in which it operates. In addition, it is the means with which a company can identify its own strengths and weaknesses as they relate to external opportunities and threats; thus, it is a way of helping management to select a position in that environment based on known factors. This audit needs to be conducted at least once a year, at the beginning of the planning cycle, in much the same way that an annual financial audit is carried out. A continuous identification, measurement, collection and analysis of all the relevant facts will be highlighted on a regular basis.

Step 4 SWOT analyses

A SWOT analysis starts with examining internal strengths and weaknesses in the areas of profitability, sales, marketing, quality, customer service, productivity, financial resources, financial management, operations and distribution. When embarking on a SWOT analysis, at least five strengths and

opportunities, as well as weaknesses and threats, must be listed. Knowing these will help to identify and develop marketing strategies. The goal is to determine which small market niches to focus on and dominate, and discover how to please customers in a way that is better than the competition (Vass, 2005:18).

Vass (2005:18) stated that a company needs to know its competition and the starting point is to list basic facts about the five largest competitors, including their names, the names and roles of key players, the number of employees, market share, key customers, distribution patterns, etc. A simple form of quick reference on own company position versus that of competitors can be used, including what the customer wants, what the competitor provides and what the own company provides. The DBCs discussed earlier apply to the customer, whereas the SWOT analysis applies to the competitors as well as the own company.

Step 5 Assumptions

Examples of assumptions are a price competition that would force price levels down by ten per cent across the board, or a new product in the field would be introduced by a major competitor before the end of a certain period. The purpose of assumptions is to standardise the planning environment.

Step 6 Marketing objectives and strategies

An objective is something that must be achieved and a strategy is the 'how to' of achieving the objective. Marketing objectives are simply about one or more of the following:

- Existing products for existing markets
- New products for existing markets
- Existing products for new markets
- New products for new markets

Objectives should be measurable; otherwise they cannot be classified as objectives. Measurement should be in terms of sales volumes, sales value, market share, profit, and percentage penetration of outlets. The Ansoff Matrix, depicted in Figure 2.10, illustrates the marketing-objective possibilities visually.

Marketing strategies are the means to achieve the objectives set out initially and are, in general, concerned with the four Ps.

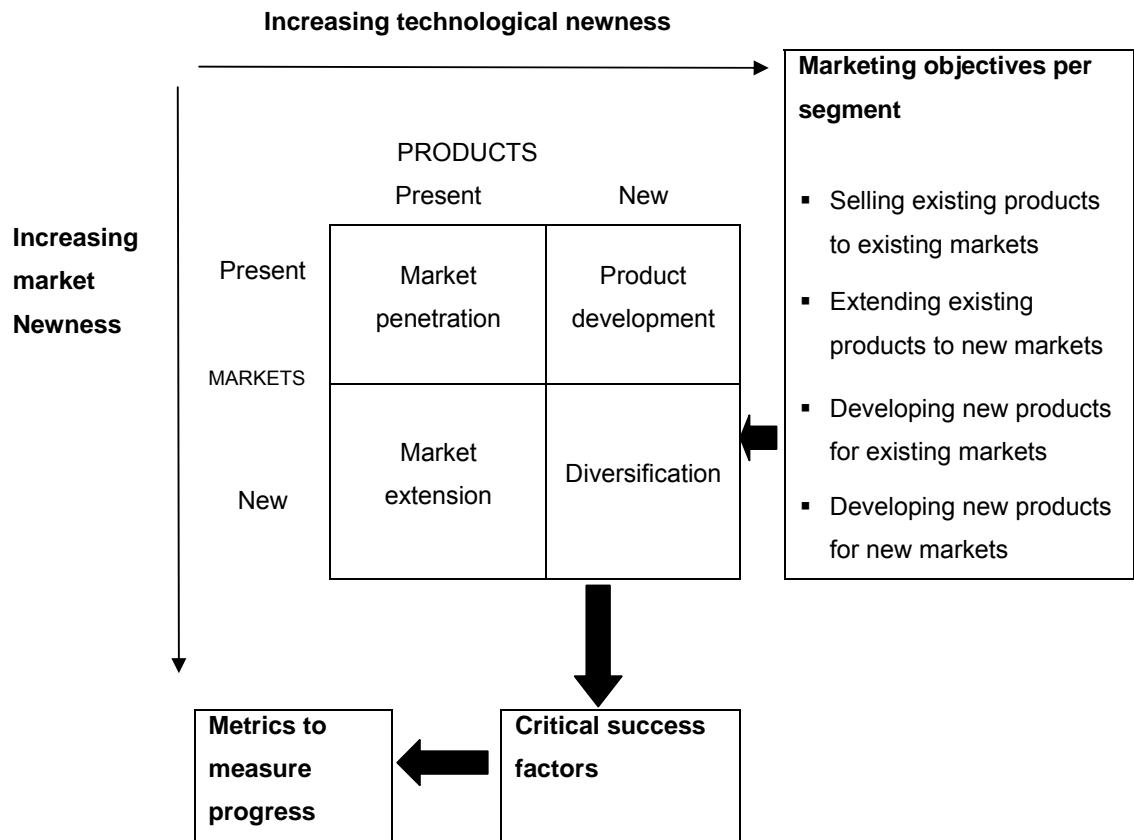


Figure 2.10: The Ansoff Matrix (after McDonald, 2006:105).

Steps 7 and 8 Estimate expected results and identify alternative plans and mixes

At this stage, judgment, experience, field tests and so on need to be conducted to test the feasibility of the objectives and the strategies in terms of market share, sales, costs, profits, etc. Alternative plans could be considered at this stage as well, based on the information gathered.

Step 9 The budget

In a strategic marketing plan, the strategies would normally be costed and if they turn out to be unpractical, alternative strategies could be proposed and costed and the process repeated until an acceptable solution is reached. This costing process leads to the budget that would apply to the full three years for

a strategic marketing plan (a detailed budget would apply to a one-year operational plan).

Step 10 First-year detailed implementation programme

In the one-year tactical plan, the marketing strategies would be developed into specific objectives, each supported by detailed strategy and action statements. A product-based company, for example, could have a product plan with objectives, strategies and tactics for price, place, and promotion. Any combination is possible, depending on the company and the external circumstances.

These strategies, or CSFs, will be weighted according to their relative importance to the customers in the segment. McDonald (2006) reiterates that it is unlikely for the marketing function to be responsible for what needs to be done to improve a CSF. Other functions perform tasks such as after-sales service, channel management, product development, etc. However, the marketing function needs to persuade the other role players of the need to improve the company's CSF scores; this explains why marketing actions cannot be linked directly to profitability and emphasises the interdependence between the various functions.

2.11 SUMMARY

Marketing can be described as a process for:

- Defining markets
- Quantifying the needs of the customer groups (segments) within these markets
- Determining the value propositions to meet these needs
- Communicating these value propositions to all the role players in the organisation responsible for delivering them and obtaining their cooperation
- Playing an important part in delivering these value propositions (usually only communications)
- Monitoring the value actually delivered (McDonald & Dunbar, 2004:9).

A company needs to decide within which markets it wishes to participate, these markets then need to be segmented or divided into groups of customers with similar needs. There are various criteria available to 'segment' customers, most of which concern the purchasing behaviour of customers. Once the market has been segmented, unique strategies could be developed for each segment, known as target marketing. Marketing programmes in each of the major areas of marketing, first called the four Ps (product, price, place, promotion) are subsequently developed to bring the marketing strategies into the marketplace.

It is important for the marketer to identify the following for each segment: needs, what it can afford, how loyal the customer is to a competitor and what the response is of that particular customer to an offer. Proper segmentation keeps the company close to the market and its customers, and 'uncovers' the best customers while identifying what it takes to satisfy them.

Once the market has been defined, it is necessary to understand the value that customers in each segment seek. This value relates to the benefit the customer is gaining by acquiring the service or product. The Cost, Convenience, Communications and Customer wants and needs are translated into the strategy of the company i.t.o. the four Ps (product, price, promotion and place) referred to as the levers of marketing control with regard to the marketing mix.

The third major process in the marketing domain is to deliver the value proposition. A company's value chain is the starting point and certain tasks have to be performed in order to deliver the value to the customer.

Lastly, the monitoring of the marketing efforts will determine how successful the value to the customers was delivered. This monitoring process includes the measurement of customer perception, value required by the customer, value received by the company and the effectiveness of the marketing strategies.

This marketing process and, in particular, the monitoring process will be the main focus of this research study. Corobrik wants to understand the value required by the customer, as well as the perception of the customers relating to its products and service offerings. In addition, Corobrik wants to understand how the competitors are performing in the market segments where Corobrik is also operating. As described in the marketing domain by McDonald & Dunbar (2004), the process is of a cyclical nature and the information gained from the analysis should be used to improve the delivery of the offerings to the customers in order to build better relationships with valuable current customers, while attracting new customers.

When customers make a decision to acquire a product or service, a process of evaluation between alternative offerings is done and the attributes of the service or product, leading to a decision being made, is referred to as the Decisive Buying Criteria (DBC). The factors leading to the success of delivering the DBCs are referred to as the Critical Success Factors (CSFs). These factors relate to a combination of a company's relative strengths versus those of competitors in relation to customer needs in each identified segment.

This study will investigate the importance of certain DBCs to customers and compare the performance of Corobrik with its competitors in relation to these DBCs as perceived by customers in various segments. This process of competitive-strength evaluation, described by McDonald & Dunbar (2004), will quantify the performance of competitors, as perceived by customers, as well as the value required by the customer. Therefore, this evaluation process is a means of conducting part of the marketing process in an effort to become consumer/customer focused.

The concept of positioning described in the literature could be utilised to draw positioning maps of the findings in order to visualise the results. The marketing mix is important in developing an effective positioning, since the offering must be aligned with the target customers' needs and expectations. This eventually leads to various positioning strategies that can be followed in the effort to meet the needs of customers.

The literature has shown that customer purchase behaviour is complex and it must be kept in mind when new objectives and strategies are formulated during the marketing planning process. These objectives and strategies, based on the latest customer and competitor analyses, relate to meeting the needs of the customers in a way that is superior to that of the opposition.

CHAPTER 3

3. RESEARCH METHODOLOGY

The main purpose of the study is to determine ways of retaining current customers and acquiring new customers for Corobrik. The main objective of the study is to determine the importance of key attributes customers are seeking when purchasing face brick. It is also important to know how the customer perceives a company in comparison with competitors in relation to the requirements of the customer. This information enables the marketer to best position the company and its products in the market place and provides an opportunity to develop effective customer relationships. Depending on the outcome of the information, current marketing strategies may be revised to ensure that they are successful in meeting the requirements of customers better than those of rival companies.

A brief summary of the methodology follows and will be discussed in more detail later in this chapter.

From a sampling-design point of view, the study will be limited to the Gauteng Province owing to the enormous number of customers in South Africa and because of time constraints. The market in Gauteng is substantial enough to yield a fair representation of what needs to be achieved in the study. A questionnaire will be distributed to Architects, Contractors and Distributors, which represent the different market segments.

The data will be collected by means of a telephonic interview because of cost and time constraints.

The research design is summarised in Table 3.1. McDonald & Dunbar (2004) indicated a method of competitive-strength evaluation that entails an understanding of the customers' preferences and their views on competitor performance, related to the customers' own preferences. Based on this method, a questionnaire was constructed; how to deal with the questions, data

and the analysis will be dealt with further on in the chapter. This competitive-strength evaluation is aligned with the research problem and literature study in the sense that once the customer and competitor is understood, strategies can be revised, if needed, to better satisfy the customer, increase competitiveness and increase market share.

This research study can be seen as exploratory, since future research tasks could be discovered during the study. This study will be a 'snapshot in time' owing to time constraints and will possibly yield different results if repeated at another time. The questionnaire is such that the data could be analysed and certain propositions compared with the ratings. Therefore, a semi-quantitative study is possible where the perceptions of people can be measured.

Respondents will be asked to complete the questionnaire during telephone interviews. The questionnaire could have been distributed via e-mail but to obtain all the addresses and organise the distribution and retrieval of information would probably have taken much longer. It is important that the study is done in a 'field setting' to reflect what would occur under actual conditions. In addition, the same questionnaire was used for all respondents, helping to ensure that the respondents or the researcher did not manipulate ratings reflected in the survey, even if the respondents and competitors under investigation are diversified.

Dangers (2007) referred to specific attributes in his survey as being important decision-making criteria in respect of the choice to purchase bricks. In this study, these attributes will be used as the basis for the DBCs of customers purchasing bricks. These attributes are as follows:

- Price (affordability or value for money to the customer)
- Availability (available within an acceptable time frame)
- Quality (squareness, consistent texture and colour, free from chips and cracks)
- Aesthetics (yielding the desired effect, pleasing to the eye)
- Service (service before, during and after sale)

3.1 PROPOSITIONS

Proposition 1: Architects will regard Aesthetics as the most important DBC.

Architects, with the assistance of design engineers, design buildings/structures not only for their practical purposes, but also for the aesthetic qualities inherent in the designs and the aesthetic value they bring to their environment/setting. Because of these aesthetic and functional requirements, the construction materials to be used need to have specific qualities and properties. Commercial structures, as well as residential buildings, carry the signatures of the designers for a very long time, creating an added incentive to produce aesthetically pleasing designs. It is therefore assumed that Architects will regard Aesthetics as the most important DBC when a purchase decision is made for face brick.

Proposition 2: Contractors will regard Availability as the most important DBC.

Contractors purchase products/materials for use in the buildings they were contracted to construct. As Contractors are only paid what is due them near the end of the construction period and because they are penalised for late completion of contracts, it is assumed that Contractors want to complete the contract as soon as possible. Therefore, if the product specified is not available, Contractors will view this negatively and, therefore, it is assumed that for Contractors Availability is the most important DBC

It also assumed that the product was specified and that there will be only one supplier, depending on the tightness of the specifications. Face-brick products in the South African market are unique and very distinct and Specifiers have to work accordingly. In such a case, the price of the product specified does not have much relevance as it automatically becomes part of a 'standard' cost in the contract because of the limited number of suppliers. However, when the specifications are less strict/rigid, Price would probably become a major factor

in terms of the DBCs; the contract would then be completed using the cheapest product for the specific contract price.

Proposition 3: Consumers will regard Price as the most important DBC.

The consumers referred to here represent the 'man in the street' or customer buying bricks from outlet centres for personal use. The assumption is made that people build a house or extend an existing house for practical and investment purposes. Investments of this type are quite expensive and often funded with income from a salary; therefore, it is assumed that this market is price sensitive and will regard Price as the most important DBC when purchasing face brick.

Proposition 4: Corobrik will score the lowest with regard to the Price as DBC, compared with competitors.

Corobrik is commonly known as a company that sells good quality products at prices slightly more than the average brick manufacturer charges. Small brick manufacturers with minimal overheads, and manufacturing for the plaster brick market, could also be part of the group of companies being compared with Corobrik. This might not be a fair comparison, but, nevertheless, the general perception exists that Corobrik products are expensive. It is expected that Corobrik will perform the worst in terms of price. Corobrik's 'top of the range' products are undoubtedly the most expensive in the face-brick market, but this is limited to a handful of products. The question is how well the balance of the products compares with the rival products with regard to Price as a DBC. Some products are similar in appearance, but differ in cost to the customer for various reasons such as manufacturing cost and transport distances. When buying a cheaper product, the customer perceives value for money when the end product is meeting aesthetic requirements (maybe not as much as the more expensive product), or when the product is utilised for functional purposes only, such as a retaining wall.

Proposition 5: Corobrik will be perceived as more successful than competitors in delivering quality and aesthetically pleasing products.

As mentioned before, Corobrik is generally perceived as a company that produces quality products, which proposition no 5 will test. In addition, Corobrik produces a wide range of product colours and it is expected, although not guaranteed, that a customer should find an aesthetically pleasing product. It is therefore expected that Corobrik will be rated highly and probably even better than competitors in this category.

Proposition 6: Corobrik will score the highest with regard to Availability as DBC compared with competitors.

Corobrik has increased its output capacity significantly over the last few years. It is known that competitors have done the same, however, it is not certain to what extent. However, it is expected that the increased capacity and current stockholding of Corobrik will assist the company in having stock available and, consequently, a higher score compared with competitors is expected.

Proposition 7: Corobrik will score the highest with regard to perceived service to customers compared with competitors.

Corobrik is the largest brick manufacturer in Africa and it is assumed that it has the infrastructure to deal with the increased demand in products and customer service. It is true that size does not guarantee service excellence, but it is assumed that in order to have grown the business significantly from an already large base, the infrastructure to ensure acceptable service needed to have been in place. Therefore, it would not be surprising to see Corobrik having the best rating in terms of customer service. It must be noted, as was mentioned earlier, that Corobrik's competition has become fiercer and service improvement is one way of increasing product differentiation and competition.

3.2 RESEARCH DESIGN

This section provides information regarding the design for certain tasks to be performed. These tasks include the sample design, data-collection method, instrument to be used to obtain research data and methods to analyse the data. The limitations relevant to the research design are also discussed.

3.2.1 Design strategy

The research design strategy is summarised in Table 3.1, which lists the category, classification and description of the research design. Cooper & Schindler (2003) discuss numerous categories and options relating to research design and these have been incorporated in Table 3.1.

Table 3.1: **Research-design strategy.**

Category	Classification	Description
Type	Exploratory	The main purpose of the study is to determine the ways of retaining current customers and acquiring new customers for Corobrik. Future research tasks may be discovered during the study.
Purpose	Exploratory	To determine importance of key attributes perceived by customers, as well as comparing company competitiveness against competitors, as perceived by customers i,t.o. DBCs. The purpose of the study is, therefore, to understand the influence of variables as perceived by customers.
Time frame	Cross sectional	The study will be conducted once and will be a 'snapshot in time' owing to time constraints.
Scope	Semi -quantitative study	The importance of specific DBC will be determined by means of a questionnaire, as well as competitiveness between competitors (as perceived by customers) and propositions will be compared against the ratings.
Participants	Modified routine	Research is done outside of normal routine and unexpectedly. Participants may be cautious in answering the questionnaire.
Method	Interrogation/ communication	Data will be collected by way of a questionnaire, which will be distributed via a telephonic interview. Direct communication with the customer is needed in order to gain the necessary information.
Environment	Field setting	The research will be done during normal working hours. Participants need to complete the questionnaire telephonically and their answers need to reflect what would occur under actual environmental conditions.
Control variable	<i>Ex post facto</i> design	Questionnaires will be distributed with factors in the questionnaire being held constant. This will be done to prevent bias from the researcher or even the respondent. The findings will, therefore be manipulated as per the requirements of the instrument only.

3.2.2 Data-collection design

A self-developed, structured questionnaire will be distributed to Architects, Contractors, and Distribution Centre Managers (representing customers as consumers) that are involved in the purchase transaction of brick products. The self-developed questionnaire with table to be filled in by the interviewer is included in Appendix A.

Research will be done by telephonic interviews. Corobrik already has an infrastructure in place to deal with customer surveys by telephonic means and this will be utilised to collect data for this study. The number of interviews for each group will be discussed in the sample-design section.

Owing to the size and diversity of the customer base, it is more practical to deal with customer surveys by means of telephonic interviews. From a cost point of view, the telephonic survey will be cheaper compared with personal interviews. More importantly, owing to the time constraints of this study, telephonic interviews will facilitate a faster data-collection method. A high percentage of the customers to be interviewed have immediate access to telephones, which should assist in a high response rate.

Cooper & Schindler (2003) stipulated that there are three broad conditions to be met in order to have a successful personal interview:

- The participant must possess the information being targeted by the investigative questions
- The participant must understand his or her role in the interview as the provider of accurate information
- The participant must perceive adequate motivation to cooperate

There are certain disadvantages to be considered in using a telephone for research purposes, as stipulated by Cooper & Schindler (2003). One major consideration is the limit on the interview length. It is suggested that ten minutes is the ideal, but lengths of twenty minutes or more are not uncommon. This means that, in general, fewer measurement questions should be asked

compared with the personal interview. This limitation depends a lot on the interest shown by the participant in terms of the topic under discussion.

Another disadvantage of this method is the limitation on use of visual or complex questions. When interviewing by telephone, it is difficult to use maps, illustrations, visual aids, complex scales or measurement techniques. Telephone responses also tend to yield less thorough responses.

Considering the above, the questions need to be short and concise to enable the researcher to adequately obtain the information that is sought.

3.2.3 Sample design

This study will be limited to the Gauteng Province owing to the sheer size of the customer base in the country. The revenue of Corobrik emanating from sales in Gauteng is 44 per cent of all national sales, indicating the size of the Gauteng market and his region should yield a fair representation of what is to be achieved in this study.

A self-developed questionnaire will be distributed to Architects and a non-probability sampling technique, judgement sampling, will be used. Dangers (2007) advised that there are about 1 800 registered architectural practices in South Africa and a sample of the top 30 reputable architects in Gauteng will be selected to answer the questionnaire. Corobrik will supply the sampling frame.

It is estimated by the Masters Building Association (MBA) that approximately 450 construction contractors are available in South Africa. It is not known how many of them do business in the Gauteng Province; however, a total number of at least thirty reputable contractors will be targeted to answer the questionnaire.

There are a total of 24 reputable distributors of hardware, including face bricks, in Gauteng, not only selling Corobrik products but also products from the opposition. These Distributors constitute a total of 64 centres in Gauteng, i.e. some distributors have more than one centre. An attempt will be made to

target at least half of these distributors to complete the questionnaire. These centres sell mainly directly to the public, with some sales to contractors as well. Therefore, owing to the size of the customer base, the centre managers will be asked to represent the customer (public) in order to complete the questionnaire. It is assumed that a manager will know a customer well enough to be able to answer the questions that are intended for the customer making the purchase; note that only Distribution Centre managers will be targeted and not Corobrik centres, in order to prevent a bias towards Corobrik products. It is acknowledged that there might be a bias towards the centre manager's own preferences as highlighted in the limitations of this study, but it is accepted that the information provided will be useful for the purpose of this study.

3.2.4 Timeline

The estimated timeline for the completion of the research is illustrated in Table 3.2 (below).

Table 3.2: Proposed research timeline.

Time	Activity
March 2007	Proposal
June 2007	Draft 1
July 2007	Draft 2
August 2007	Draft 3
November 2007	Final report

3.2.5 Instrument

A self-developed structured questionnaire will be distributed to achieve two sets of information:

- The importance of the DBCs to the customer when making a decision to purchase bricks as a product. These DBCs were specified earlier in this section and will apply to each group of customers.
- Scores from the customers to indicate how successful competitors are i.t.o. meeting these DBCs.

The self-developed questionnaire with table to be filled in by the interviewer is included in Appendix A. Table 2.1 of this study, described by McDonald &

Dunbar (2004), forms the basis of the instrument to be used and the questionnaire has been designed to specifically address the information required for the table. The questionnaire, in conjunction with the instrument, has been utilised with the view of resolving the management problem. Only two questions are asked, keeping in mind the length of the telephonic interview and to only supply specific information. Question 1 deals with the importance of the DBCs, and the relevant DBCs for this study have been obtained from Dangers (2007). The relevant competitors of Corobrik have also been obtained from Dangers (2007) and are part of the second question, which deals with competitor performance. The scaling of the responses has also been provided for in the questions and will be discussed later in this section.

Because a telephonic interview will be conducted, the questions need to be easily understood and the answers need to be presented in a concise manner. To obtain the information regarding the importance of the DBCs, the answer from each respondent will be in the form of a fixed sum scale. Therefore, each respondent will be asked to rate Price, Availability, Quality, Aesthetics and Service in terms of importance when buying face bricks, and the total must add up to 100. This scale is often used to record attitudes, behaviour and behavioural intend (Cooper & Schindler, 2003) and automatically places the data in a format that is compatible with percentages and makes it ideal for weighting the DBC scores for each group of customer.

In order to compare the rival companies, each respondent must rate three groups of competitors with regard to how they believe these competitors are performing with respect to the above-mentioned DBCs. The information will be reflected on a numerical scale from 1 to 10. A rating of 1 will indicate the poorest performance possible, whereas a rating of 10 will indicate the best possible performance of a competitor relating to the specific DBCs.

The information from this questionnaire will be utilised as described by McDonald & Dunbar (2004) in Table 2.1 of this study, as part of the instrument. The importance rating will be used for weighting the DBCs in accordance with the information from each group of customer. This weighting will be an average for each DBC score from each customer group. Then the

average scores from each group of customers, relating to the competitor performance, will be multiplied with the importance rating of the specific DBC and will yield a weighted total for each competitor relating to that DBC. This will be done for each group of customer. The total of the weighted scores will yield a weighted average for each competitor and the one with the highest score could be regarded as the market leader, as perceived by that group of customers.

The competitors for this study will be Corobrik, Brickor, West End Brick and African Brick. West End Brick and African Brick will be grouped together owing to their size in terms of volume produced. Therefore, three main groups of competitors will be compared.

3.2.6 Data analyses

From the questionnaire, three sets of tables will be generated and will eventually be consolidated into one. The first set depicts the importance ratings of the DBCs from the particular group being interviewed. The individual ratings of the respondents are listed below each of the listed DBCs and should total 100 when added horizontally. The scores for each DBC are averaged vertically and represent the average importance rating for each DBC from a specific group — the higher the rating, the higher the importance of that DBC to that specific group.

The second set of tables represents the rating of Distributors, Contractors and Architects with regard to their view of the performance of the various competitors in relation to the relevant DBCs. The ratings of the individuals representing the group regarding competitor performance are listed below the relevant DBCs. These scores are averaged vertically in the table and represent the performance of each competitor relating to the specific DBC as perceived by the Distributors, Contractors or Architects depending on the relevant group. A scale from 1 to 10 is provided for the ratings with a score of 1 indicating poor performance and 10 indicating excellent performance.

Ultimately, the goal is to arrive at the third set of tables, which indicates the competitive-strength evaluation. The information of the first two sets of tables is consolidated with the DBCs listed below one another on the left-hand side of the table and with the average DBC scores across them obtained from the relevant group rating; this is referred to as the importance rating and will be used as a weighting factor. This factor is multiplied with the corresponding average competitor ratings to yield a weighted average for each DBC. Once these weighted averages are added together, a total score for each competitor is generated and is regarded as the market leader when the score is the highest (perceived by Distributors, Contractors and Architects respectively).

The weighted average scores, relating to the competitors for each DBC, can be compared within each group, as well as between groups, to pick up any trends or significant differences.

The scores for each competitor within each group could be totalled and the competitors could be compared in totality with one another. This, once again, can be done within and between groups.

The results of the Architects' and Contractors' groups placed together will yield a reflection of the customers' views in the industrial and the commercial market, whereas the Distributors' group will yield the perception within the residential market.

The main purpose of the table that will be constructed for each group is to determine the 'leader', as perceived by that group, by comparing the total scores of each competitor. Individual DBC scores per group for each competitor will indicate specific shortcomings for a specific competitor. The above information will be utilised to discuss the propositions made in this study.

The instrument or method to be used for this study has not been validated, although prescribed by McDonald & Dunbar (2004) to conduct a competitive-strength evaluation.

3.3 LIMITATIONS OF THE STUDY

This study will be confined to the Gauteng Province and will not be done on a national basis owing to the practicality of reaching all customers. The Gauteng Region represents 44 per cent of Corobrik's total revenue. Any marketing strategy followed there will, therefore, have the biggest impact in the area and, if successful, could be tested elsewhere.

Owing to a large customer base, only a sample of Architects, Contractors and Centre Managers will be selected to represent the above-mentioned groups. It must be noted that the centre managers of Distribution Centres will represent the consumers of this market segment. This will be done owing to time and customer-volume constraints. Note that only Distribution Centre Managers will be targeted, and not Corobrik centres, in order to prevent a bias towards Corobrik products.

It is assumed that the Distribution Centre Managers know their customers very well and should, therefore, be a reliable source of information regarding the preferences of the customers. However, a very important limitation of the study should be pointed out, which is that a high probability exist that there will be biases toward the centre managers' own preferences and the true preferences of the target group will not be reflected.

For the purpose of this study to investigate the industrial and commercial market, the Developers will be excluded and only the Contractors (who purchase the product) and the Architects (decision makers) will be involved. Up to 70 per cent of the time, the Architect is the main person influencing the decision of product choice and it should yield a reasonable representative perspective from decision makers. This will be done because of time constraints.

Currently, the economy is in a boom phase and this study could possibly show different results when the economy is closer to, or in a recession phase.

Because of current high demands, the perception of availability, price, quality, etc. may change when the economic climate changes.

The government segment will not be part of this study because of the complexity of the decision-making process, since both the community and Architects have a say in the product to be used.

This study will include only the main suppliers of clay brick, which includes face brick, in Gauteng as competitors. Other, smaller clay-brick manufacturers exist, but their product diversification is limited and customers may not even know the supplier; consequently the results may be skewed. There are other suppliers of building materials such as Glass, Aluminium and Plaster and Paint but, for the purpose of this study, they will be excluded.

CHAPTER 4

4. RESULTS

4.1 PARTICIPATION ANALYSES OF GROUPS

There are 24 reputable distributors of hardware, which includes face bricks, in Gauteng. These distributors have a total of 64 centres among them, i.e. some distributors have more than one distribution centre.

A total of 12 distributors were contacted to participate in the questionnaire as a representative of consumers; of these, a total of 8 replied, yielding a response rate of 66.67 per cent. The unavailability of centre managers during the period of interviews explains why a response rate of 100 per cent was not achieved. The response represents 33.34 per cent of all the reputable distributors in Gauteng and the analysis of the results could be meaningful, keeping in mind the sample representation before any conclusions are drawn.

A total of 30 contractors were contacted for participation in this study. A total of 24 contractors participated in the telephonic interview, equating to a response rate of 80 per cent. The unavailability of contract managers during the survey period accounts for the 'non-responses'. The Masters Building Association (MBA) estimates that a total of 450 contractors are operating in South Africa with regard to construction. It is unknown how many operate in Gauteng, but a response of 24 reputable contractors in Gauteng can be considered sufficient for this study to draw meaningful conclusions.

There are 1800 registered architectural practices in South Africa. Owing to time constraints, the aim was to take a sample of the top 30 reputable architects in Gauteng in order to complete the questionnaire. The response from the architects was disappointing in two ways; firstly, the total response rate was 50 per cent, with 15 of the planned 30 architectural companies participating in the questionnaire. Secondly, the competitor scores were not rated as thoroughly as they could have been, the main reason being that some

architectural firms were not prepared to rate any competitor, even if Corobrik was the only supplier of face brick used. The interviewer does not know the reason for this non-response and can only assume that those practices using only Corobrik as a supplier of face brick regarded the competitor rating irrelevant. It is, however, suspected that the Architects may not have had much time at their disposal for such interviews. Most of the Architects had to be contacted more than once before they could make themselves available to complete the questionnaire. The results are presented in the next section, and consideration of the response rate, as well as the quality of the responses would be important before meaningful conclusions could be drawn and recommendations are made.

4.2 RESEARCH RESULTS

A series of tables will be presented in this section, based on the results obtained from the questionnaire. Firstly, the results from the Distributors will be presented, followed by the Contractors and finally the Architects. Within each of these groups, the average DBC rating of that group will be presented, followed by the average competitor scores for each competitor; this information will then be combined in a competitive-strength evaluation table for each group. This will be done for all three groups in respect of the ratings of the competitors, as well as the DBC scores.

An explanation will be given on how to read and interpret each table.

The first table within each group represents the importance ratings of the DBCs from the particular group interviewed. The respondents of each group are listed on the left-hand side of the table. Their individual ratings are listed below each of the listed DBCs, and should total 100 when added up horizontally. The scores for each DBC are averaged vertically. This average score represents the average importance rating for each DBC from a specific group. A high average indicates a high importance level for the specific group. Tables 4.1, 4.6 and 4.11 depict the results of the importance ratings of the DBCs of the Distributors, Contractors and Architects respectively.

The Distributors, Contractors and Architects had to rate each competitor on how they perceive the competitors' performance with regard to the listed DBCs. These results are presented in tables 4.2, 4.3, 4.4, 4.7, 4.8, 4.9, 4.12, 4.13 and 4.14. The individuals representing each group are, once again, listed and their scores listed horizontally, underneath each relevant DBC. The scores are averaged vertically and represent the performance of each competitor relating to the specific DBC as perceived by the Distributors, Contractors or Architects depending on the relevant group. The rating scale makes provision for a score from 1 (poor performance) to 10 (maximum rating) and, therefore, a maximum average of 10 can be achieved. A comparison of the average scores of competitors within each group can be done for analysis purposes.

From the average DBC scores and competitor ratings, a consolidated competitive-strength evaluation table can be constructed to represent the views of Distributors, Contractors and Architects respectively. This information is presented in tables 4.5, 4.10 and 4.15. The DBCs are listed on the left side of the table, with the average DBC scores, obtained from the relevant group rating, across them. The average performance ratings of the competitors, by the relevant group, are listed across from each DBC under the related competitor heading. The average DBC rating, or importance rating, is used as a weighting factor and is multiplied with the corresponding competitor ratings to yield a weighted average for each DBC (listed below all the competitor headings). These weighted averages are added together in order to arrive at a total score for each competitor, and the one with the highest score is regarded as the market leader (as perceived by the particular group).

The aim is, therefore, to arrive at a competitive-strength evaluation table to determine the market leader for each group, and then to analyse the DBC ratings and competitor ratings from the groups for trends or patterns.

Table 4.1: Distributors' average DBC scores.

Distributors	DBC's					
	Price	Availability	Quality	Aesthetics	Service	Total
Dash Roodepoort	25	40	15	5	15	100
GBS	35	35	10	10	10	100
Rietpan	40	30	5	5	20	100
Dash Strubensvalley	20	20	20	20	20	100
Gilgal	30	5	30	5	30	100
Motala	40	25	15	5	15	100
BFA	25	25	25	0	25	100
Brick n Tile	40	25	10	5	20	100
Average	31.88	25.63	16.25	6.88	19.38	100

The results of the average DBC scores for Distributors, listed in Table 4.1, indicate that the customers of Distribution Centres are mostly concerned about price when making a decision to purchase face brick. This is reflected in the highest average score of 31.88 for Price as one of the DBCs. Note that the Distribution Centre Manager represents the perception of the customer buying from centres and that the purchase is mostly for the residential market. Availability achieved the second highest score of 25.63. This implies that the customer would want the product immediately after being satisfied with the Price. The relatively low score of 6.88 for Aesthetics indicates that the appearance of face bricks is not that important to customers. Quality achieved the second-lowest score, averaging 16.25. This is much higher than the score for Aesthetics, and it appears that the customers in this segment are more concerned with a product being fit for purpose, priced correctly and immediately available than with the aesthetics and quality aspects of the face-brick product.

Table 4.2: Average competitor scores by Distributors for Corobrik.

Distributors	DBC's				
	Price	Availability	Quality	Aesthetics	Service
Dash Roodepoort	6	9	10	10	8
GBS	2	3	6	8	5
Rietpan	6	8	7	7	9
Dash Strubensvalley	3	8	8	7	7
Gilgal	5	9	9	8	9
Motala	6	7	7	8	7
BFA	2	7	7	9	6
Brick n Tile	6	7	10	10	9
Average	4.50	7.25	8.00	8.38	7.50

The average scores reflected in Table 4.2 portray the perception of the customers of the Distribution Centres with regard to how they believe Corobrik is performing in relation to the applicable DBCs. It is clear that Corobrik's performance in respect of Price is poorest with an average score of 4.50. The second-lowest score is that of Availability, being 7.25. It must be acknowledged that one individual score of 3 for Availability skews the results to some extent, but this aspect would still rank relatively low, even if that particular score was double the value. The significance of these low scores is that Corobrik seems to be performing poorly in achieving what the customer needs when buying face bricks. From Table 4.1 it is noted that those needs are to have the product available at a desired price, and the customers have scored Corobrik's performance the lowest for these categories. It is important to note, however, that the score of 7.25 allocated to Corobrik for Availability is higher than the scores for the other competitors, namely 4.00 and 6.75 for Brickor and West End Brick and African Brick respectively; this is clear in the consolidated Table 4.5. Therefore, Corobrik has performed relatively poorly in isolation of the competitors, but has outperformed them with regard to Availability when compared with the competitors. The high scores of 8.38 for Aesthetics and 8.00 for Quality indicate that Corobrik is perceived as a manufacturer of high-quality, visually attractive products.

Table 4.3: Average competitor scores by Distributors for Brickor.

Distributors	DBC's					
	Price	Availability	Quality	Aesthetics	Service	
Dash Rodepoort	8	5	5	7	5	
GBS	8	4	8	7	6	
Rietpan	8	6	7	7	8	
Dash						
Strubensvalley	8	3	4	4	3	
Gilgal	8	3	3	3	2	
Motala	does not deal	does not deal	does not deal	does not deal	does not deal	
BFA	6	3	3	4	5	
Brick n Tile	does not deal	does not deal	does not deal	does not deal	does not deal	
Average		7.67	4.00	5.00	5.33	4.83

The average scores reflected in Table 4.3 portray the perception of the customers of the Distribution Centres with regard to how they believe Brickor is performing in relation to the applicable DBCs. Brickor has performed the best with regard to Price, with a score of 7.67. Compared with Corobrik,

Brickor has outperformed its competitor in this category by far. This result implies that the customer is much more satisfied with Brickor's price offering than with that of Corobrik. Brickor, however, has not performed well in the second most important DBC to the customer, namely Availability. The low score of 4.00 for Availability is, in fact, the lowest score for all the DBCs relating specifically to Brickor's performance. Compared with Corobrik, the scores of Brickor on the other DBCs are much lower, implying that the customer perceives Brickor's performance in these remaining categories less favourable. Two of the distributors did not rate Brickor because their products are not distributed through these distribution companies. The fact that they do not sell Brickor products is somewhat strange considering the company's diversified product range. However, the result was accepted and the average was calculated based on the rated scores only.

Table 4.4: Average competitor scores by Distributors for African Brick and West End Brick.

Distributors	DBC's				
	Price	Availability	Quality	Aesthetics	Service
Dash Roodepoort	8	7	7	9	5
GBS	8	6	8	6	9
Rietpan	8	7	6	7	8
Dash Strubensvalley	9	9	6	8	8
Gilgal	7	6	6	6	6
Motala	8	6	9	8	5
BFA	7	7	6	6	6
Brick n Tile	8	6	9	9	7
Average	7.88	6.75	7.13	7.38	6.75

The average scores reflected in Table 4.4 portray the perception of the customers of the Distribution Centres with regard to how they believe African Brick and West End Brick are performing in relation to the applicable DBCs. The Distributors scored African Brick and West End Brick the highest on the Price DBC, with a score of 7.88. This score for Price is also the highest of all the competitors and implies that this group is satisfying the most important need of this segment, namely Price, better than the competitors. For this group of competitors, the Availability was scored the lowest, together with Service. This score of 6.75 is higher than the Brickor score of 4.00, but lower than the Corobrik score of 7.25, as depicted in Table 4.5. As an absolute score

achieved for Availability, this group of competitors would have to be most concerned about Availability because of the importance of this DBC to the customer. Service was also rated third highest by the customers in Table 4.1, and the relatively low score for Service should receive some attention from African Brick and West End Brick. It is interesting to note that this group of competitors was scored relatively highly on Aesthetics, with a score of 7.38, while the segment regarded this as the least important DBC.

Table 4.5: Consolidated competitive-strength evaluation by Distributors.

DBC's	Weight	Corobrik		Brickor		West End and African Brick	
		Score	Total	Score	Total	Score	Total
Price	31.88	4.50	1.43	7.67	2.44	7.88	2.51
Availability	25.63	7.25	1.86	4.00	1.03	6.75	1.73
Quality	16.25	8.00	1.30	5.00	0.81	7.13	1.16
Aesthetics	6.88	8.38	0.58	5.33	0.37	7.38	0.51
Service	19.38	7.50	1.45	4.83	0.94	6.75	1.31
Total	100		6.62		5.59		7.21

The competitive-strength evaluation of the competitors for the Distribution segment is depicted in Table 4.5. The average DBC scores from the Distributors are reflected in the 'weight' column and are multiplied with the individual competitor DBC scores, producing a weighted average score for each DBC per competitor, which is added together to produce a total score for each competitor. This score indicates the market leader in this segment. This score takes into consideration the importance of the DBCs to the customer, as well as the scores allocated to the competitors by the customers for each DBC. Taking this into consideration, West End Brick and African Brick can be regarded as the market leader in this segment as they have scored 7.21, followed by Corobrik with 6.62 and Brickor with 5.59. The high weighted-average score of 2.51 of West End Brick and African Brick for Price is the result of Price being rated highly important by the customer (31.88), as well as a high performance score of 7.88 for this DBC. This is the highest score for any DBC in this segment, meaning that the two companies satisfy this most important need of the customer better than the rivals.

Corobrik has outperformed the 'market leader' in all the weighted DBC scores, except for the Price category. The scenario is much the same for Corobrik and for Brickor; the only difference being that Corobrik's total score is higher than that of Brickor. The implication of this finding is that Corobrik needs to improve on the Price dimension before it can be regarded as the leader in this segment. The other alternative is to improve on the other DBCs to such an extent that the total score exceeds that of any competitor, with Corobrik then regarded as the market leader. However, the customers have rated Price as very important and this is the logical place to start in an endeavour to become the market leader.

Table 4.6: Contractors' average DBC scores.

Contractors	DBC's					Total
	Price	Availability	Quality	Aesthetics	Service	
Bantry	40	22	12	10	16	100
GIP	50	20	5	5	20	100
Ferro Brother	40	40	5	5	10	100
Murry & Dickson	40	30	10	10	10	100
Group 5	50	20	10	10	10	100
Probuild	40	22	9	5	24	100
Probest	30	30	10	10	20	100
Netwater	50	20	10	10	10	100
Barrow	20	40	10	10	20	100
Adamson	20	20	20	20	20	100
Kirshmann	10	20	20	20	30	100
WBHO	10	20	20	10	40	100
Bartlett	20	20	20	30	10	100
M & M	40	20	10	10	20	100
PTH	20	20	20	20	20	100
GQ Projects	10	20	40	10	20	100
Tibeq	10	20	20	20	30	100
P Menor	10	15	25	35	15	100
TL Steward	30	25	15	5	25	100
Vlamine	30	10	30	20	10	100
Talana	25	20	20	15	20	100
M & J	5	10	60	5	20	100
S & B Building	30	20	20	10	20	100
Razz	40	20	15	15	10	100
Average	27.92	21.83	18.17	13.33	18.75	100

Table 4.6 reflects the average DBC scores rated by Contractors. Price is, by far, the most important DBC for Contractors when purchasing face brick. This is reflected in the average score of 27.92 achieved for this DBC. The 21.83 average for Availability is the second highest average of all the DBCs and implies that availability is the second most important DBC when a purchase

decision is made for face brick. Aesthetics scored the lowest with 13.33, and is consequently not that important during the decision-making process. In addition, quality appears not to be a high priority for Contractors as it is the second lowest score of the rated DBCs, although not far better than the score for Service. The results imply that the Contractor is more concerned about a product that is available and priced correctly, than with the aesthetics and quality of the product.

Table 4.7: Average competitor scores by Contractors for Corobrik.

Contractors	DBCs				
	Price	Availability	Quality	Aesthetics	Service
Bantry	10	10	7	4	7
GIP	10	9	7	3	8
Ferro Brother	10	10	7	2	8
Murry & Dickson	9	9	5	4	8
Group 5	10	9	6	3	5
Probuild	10	9	3	2	9
Probest	10	10	5	2	9
Netwater	9	9	7	4	9
Barrow	6	8	5	5	7
Adamson	7	9	10	10	8
Kirshmann	5	10	10	10	10
WBHO	1	8	8	8	8
Bartlett	1	5	5	5	5
M & M	8	8	8	8	9
PTH	4	10	10	10	10
GQ Projects	8	8	10	7	10
Tibeq	1	8	8	8	8
P Menor	7	8	10	10	10
TL Steward	7	9	10	10	9
Vlamine	4	6	9	8	8
Talana	6	7	8	5	10
M & J	1	5	6	5	7
S & B Building	2	8	10	10	10
Razz	2	2	8	8	6
Average	6.17	8.08	7.58	6.29	8.25

Table 4.7 depicts the competitor scores regarding the DBCs for Corobrik in relation to performance (as perceived by the Contractors). Corobrik scored the highest on Service, with an average score of 8.25. The most important DBC to the Contractors is that of Price and it is here that Corobrik has performed the poorest; an average score of 6.17 being achieved for this category. Availability was placed second highest, with a score of 8.08. This particular DBC was rated by the Contractors as the second most important, and with this relatively high score, Corobrik seems to be satisfying this need. It is interesting to note

that Corobrik was rated relatively low on Aesthetics, almost as low as Price. The general perception exists that Corobrik has aesthetically pleasing products, but the relatively low score of 6.29 contradicts this perception.

Table 4.8: Average competitor scores by Contractors for Brickor.

Contractors	DBC's				
	Price	Availability	Quality	Aesthetics	Service
Bantry	6	1	4	3	4
GIP	7	2	5	2	4
Ferro Brother	6	3	4	3	4
Murry & Dickson	5	4	4	1	2
Group 5	5	2	3	4	4
Probuild	10	3	3	1	4
Probest	8	7	4	1	5
Netwater	6	7	4	1	5
Barrow	1	1	1	1	1
Adamson	4	1	1	1	1
Kirshmann	does not deal	does not deal	does not deal	does not deal	does not deal
WBHO	does not deal	does not deal	does not deal	does not deal	does not deal
Bartlett	5	1	4	5	5
M & M	7	6	6	6	6
PTH	does not deal	does not deal	does not deal	does not deal	does not deal
GQ Projects	does not deal	does not deal	does not deal	does not deal	does not deal
Tibeq	does not deal	does not deal	does not deal	does not deal	does not deal
P Menor	9	9	8	8	9
TL Steward	does not deal	does not deal	does not deal	does not deal	does not deal
Vlamine	does not deal	does not deal	does not deal	does not deal	does not deal
Talana	4	3	6	4	3
M & J	does not deal	does not deal	does not deal	does not deal	does not deal
S & B Building	6	8	9	8	8
Razz	6	6	3	4	5
Average	5.94	4.00	4.31	3.31	4.38

Table 4.8 illustrates the ratings by the Contractors for Brickor on their performance relating to the relevant DBCs. Brickor has performed the best in the Price category, with a score of 5.94. The second highest score was obtained for Service, with a score of 4.38. Brickor has performed poorly in terms of Aesthetics, with a score of 3.31. It is important to note that the highest score for Brickor of 5.94 is lower than the lowest score of 6.17 for Corobrik, which was obtained in the Price category. This means that Corobrik in relation to its own score has done poorly to satisfy the customers' most important

need, namely Price. Brickor, on the other hand, has performed the best in this particular category in relation to its own score; however, viewed as a fixed score, Corobrik has actually outperformed Brickor in this category. The low scores of the other DBC ratings follow the same pattern when compared with the Corobrik scores and have a negative influence on Brickor's competitive-strength evaluation, as can be seen in Table 4.10. A few Contractors did not rate Brickor, as they do not deal with Brickor at all. The average scores, however, only incorporate the rated DBCs.

Table 4.9: Average competitor scores by Contractors for African Brick and West End Brick.

Contractors	DBC's				
	Price	Availability	Quality	Aesthetics	Service
Bantry	5	3	3	4	5
GIP	5	4	2	3	4
Ferro Brother	4	5	3	2	7
Murry & Dickson	6	2	3	2	3
Group 5	5	3	2	2	4
Probuild	9	4	2	2	4
Probest	8	6	4	1	3
Netwater	7	9	2	1	4
Barrow	4	2	3	1	2
Adamson	does not deal	does not deal	does not deal	does not deal	does not deal
Kirshmann	does not deal	does not deal	does not deal	does not deal	does not deal
WBHO	does not deal	does not deal	does not deal	does not deal	does not deal
Bartlett	5	1	3	3	3
M & M	7	8	8	8	7
PTH	does not deal	does not deal	does not deal	does not deal	does not deal
GQ Projects	does not deal	does not deal	does not deal	does not deal	does not deal
Tibeq	does not deal	does not deal	does not deal	does not deal	does not deal
P Menor	8	5	5	4	5
TL Steward	does not deal	does not deal	does not deal	does not deal	does not deal
Vlamine	does not deal	does not deal	does not deal	does not deal	does not deal
Talana	does not deal	does not deal	does not deal	does not deal	does not deal
M & J	7	5	1	1	6
S & B Building	8	8	10	10	4
Razz	does not deal	does not deal	does not deal	does not deal	does not deal
Average	6.29	4.64	3.64	3.14	4.36

Table 4.9 shows the average competitor scores for African Brick and West End Brick, as perceived by Contractors. The best score was achieved for Price, averaging 6.29. The lowest score was achieved in the Aesthetics category with an average of 3.14, following more or less the same trend for the other competitors. The score of 6.29 for Price is slightly higher than the 6.17 that was achieved by Corobrik in this particular category. Therefore, West End Brick and African Brick satisfy the Price need, which was identified as the most important DBC, the best for Contractors. Unfortunately for these two companies their other scores are all relatively low compared with those of Corobrik; it is important to achieve a high average on all DBCs in order to be regarded as the market leader in a particular segment. West End Brick and African Brick achieved a score of 4.64 for Availability (second most important DBC for Contractors), which is the second highest score of the DBC ratings, meaning that they are aligned with customer demand. This is, however, the rating in isolation, which changes when compared with those of rivals. This particular score is much lower than Corobrik's 8.08 rating for the same DBC and, as is the case with Brickor, the low scores on the other DBCs have a negative impact on the competitive-strength evaluation, as can be seen in Table 4.10. A few Contractors did not rate West End Brick and African Brick since they do not deal with these companies at all. The average scores, however, only incorporate the rated DBCs.

Table 4.10: Consolidated competitive-strength evaluation by Contractors

DBC	Weight	Corobrik		Brickor		West End and African Brick	
		Score	Total	Score	Total	Score	Total
Price	27.92	6.17	1.72	5.94	1.66	6.29	1.75
Availability	21.83	8.08	1.76	4.00	0.87	4.64	1.01
Quality	18.17	7.58	1.38	4.31	0.78	3.64	0.66
Aesthetics	13.33	6.29	0.84	3.31	0.44	3.14	0.42
Service	18.75	8.25	1.55	4.38	0.82	4.36	0.82
Total	100		7.25		4.58		4.67

Table 4.10 contains the competitive-strength evaluation results of all the competitors. Corobrik, with a score of 7.25, has clearly outperformed the rivals and can be regarded as the market leader in terms of the Contractor segment. Corobrik has scored the highest in all the DBCs, except for Price, having a

score of 6.17. Compared with West End Brick and African Brick with a score of 6.29, Corobrik loses by a close margin. Corobrik has achieved significantly higher scores than the opposition in all categories, which makes what the importance weighting for the DBCs is (from the customer) almost irrelevant. However, Price seems to be Corobrik's weakness in this segment and could be a base for an attack from the opposition in their attempt to gain market share, and the fact that Contractors have rated Price as the most important DBC cannot be ignored.

Table 4.11: Architects' average DBC scores.

Architects	DBCs					
	Price	Availability	Quality	Aesthetics	Service	Total
LVM	10	5	35	30	20	100
APMI	20	10	30	40	0	100
Flagstone	20	10	30	30	10	100
ATT	20	20	25	15	20	100
Afritects	15	35	30	15	5	100
Monzeglio	15	15	20	20	30	100
Capex Projects	25	20	20	15	20	100
DREW	25	15	25	20	15	100
BW Design	20	10	20	30	20	100
Strydom	20	10	20	40	10	100
BAU	20	20	20	30	10	100
ADA	30	15	15	30	10	100
GM	20	20	20	20	20	100
Ikemeleng	15	20	20	10	35	100
Urban edge	10	30	40	10	10	100
Average	19.00	17.00	24.67	23.67	15.67	100

Table 4.11 depicts the results of the Architects' average DBC ratings. The most important DBC to the group of Architects is that of Quality, with an average rating of 24.67. Aesthetics achieved the second highest score of 23.67 and, for practical purposes, it may be regarded just as important as Quality because of the close scores. This group rated Price as only the third most important DBC, which is quite different from the view of the previous two groups. Service was rated the lowest of the DBCs, with a score of 15.67. The results indicate that Architects seem to decide on face brick based on the product's aesthetic appearance, and they require a good quality product in order to achieve aesthetic appeal in their designs.

Table 4.12: Average competitor scores by Architects for Corobrik.

Architects	DBCs				
	Price	Availability	Quality	Aesthetics	Service
LVM	not rated	not rated	not rated	not rated	not rated
APMI	not rated	not rated	not rated	not rated	not rated
Flagstone	5	6	6	6	7
ATT	5	8	8	8	9
Afritects	6	5	7	6	6
Monzeglio	5	5	8	8	6
Capex Projects	7	3	2	3	4
DREW	4	3	3	3	4
BW Design	not rated	not rated	not rated	not rated	not rated
Strydom	not rated	not rated	not rated	not rated	not rated
BAU	not rated	not rated	not rated	not rated	not rated
ADA	not rated	not rated	not rated	not rated	not rated
GM	not rated	not rated	not rated	not rated	not rated
Ikemeleng	4	6	9	9	7
Urban edge	5	8	10	10	8
Average	5.13	5.50	6.63	6.63	6.38

The results of the ratings by the Architects in terms of Corobrik's performance can be seen in Table 4.12. The Architects perceived Corobrik to be performing best in Quality and Aesthetics, with both scores averaging exactly the same on 6.63. This should be pleasing news to Corobrik, since these two DBCs are the most important to Architects. The Service rating of 6.38 is also relatively high, with Price once again rated as Corobrik's worst area of performance. All the DBC scores, however, are relatively high and it could be said that Corobrik seems to satisfy the needs of Architects. Some Architects did not rate Corobrik's performance for reasons mentioned in the beginning of this chapter. The averages, however, only apply to the rated scores.

Table 4.13: Average competitor scores by Architects for Brickor.

Architects	DBCs				
	Price	Availability	Quality	Aesthetics	Service
LVM	not rated	not rated	not rated	not rated	not rated
APMI	not rated	not rated	not rated	not rated	not rated
Flagstone	does not deal	does not deal	does not deal	does not deal	does not deal
	does not deal	does not deal	does not deal	does not deal	does not deal
ATT	deal	deal	deal	deal	deal
	does not deal	does not deal	does not deal	does not deal	does not deal
Afritects	deal	deal	deal	deal	deal
Monzeglio	8	2	2	5	6
Capex Projects	5	4	3	4	3
DREW	5	6	4	5	4
BW Design	not rated	not rated	not rated	not rated	not rated
Strydom	not rated	not rated	not rated	not rated	not rated
BAU	not rated	not rated	not rated	not rated	not rated
ADA	not rated	not rated	not rated	not rated	not rated
GM	not rated	not rated	not rated	not rated	not rated
Ikemeleng	6	2	3	6	5
Urban edge	7	3	4	2	1
Average	6.20	3.40	3.20	4.40	3.80

Only a few Architects interviewed rated Brickor’s performance with respect to the relevant DBCs. Some of them do not deal with Brickor at all and some did not rate the company for reasons mentioned earlier. The averages in Table 4.13 are derived from a relatively small number of data (not many data available). However, the results were still analysed and they indicate that Architects perceive Brickor as performing the best in terms of Price; a score of 6.20 being achieved for this category. Brickor performed the worst in Quality, with a score of 3.20, while this was rated the most important DBC to Architects. Brickor’s performance in Aesthetics was rated the second best of the DBCs, with a score of 4.40, but is still much lower than the 6.63 scored by Corobrik. The rest of the DBC scores averaged less than 4.00, which would be regarded as poor. These results indicate that Brickor is not satisfying the most important needs of the Architects.

Table 4.14: Average competitor scores by Architects for African Brick and West End Brick.

Architects	DBCs				
	Price	Availability	Quality	Aesthetics	Service
LVM	not rated	not rated	not rated	not rated	not rated
APMI	not rated	not rated	not rated	not rated	not rated
Flagstone	does not deal	does not deal	does not deal	does not deal	does not deal
ATT	does not deal	does not deal	does not deal	does not deal	does not deal
Afritects	does not deal	does not deal	does not deal	does not deal	does not deal
Monzeglio	3	2	2	5	6
Capex Projects	5	5	6	5	5
DREW	5	7	6	5	6
BW Design	not rated	not rated	not rated	not rated	not rated
Strydom	not rated	not rated	not rated	not rated	not rated
BAU	not rated	not rated	not rated	not rated	not rated
ADA	not rated	not rated	not rated	not rated	not rated
GM	not rated	not rated	not rated	not rated	not rated
Ikemeleng	6	2	1	1	1
Urban edge	3	1	1	2	1
Average	4.40	3.40	3.20	3.60	3.80

Once again, only a few Architects interviewed did rate the performance of African Brick and West End Brick regarding the relevant DBCs. The reasons for this were discussed earlier in the chapter and some Architects do not deal with African Brick and West End Brick at all and therefore could not do a rating. As was the case with Brickor, the results were analysed and can be seen in Table 4.14. African Brick and West End Brick were rated the highest on Price, with a score of 4.40. The lowest score achieved was 3.20 for Quality; this incidentally, being the DBC most important to Architects and another competitor has performed dismally in the view of the Architects with regards to this vital DBC. In general, the low scores on the DBCs indicate that African Brick and West End Brick are not in a position to satisfy the needs of Architects.

Table 4.15: Consolidated competitive-strength evaluation by Architects.

DBC	Weight	Corobrik		Brickor		West End and African Brick	
		Score	Total	Score	Total	Score	Total
Price	19.00	5.13	0.97	6.20	1.18	4.40	0.84
Availability	17.00	5.50	0.94	3.40	0.58	3.40	0.58
Quality	24.67	6.63	1.63	3.20	0.79	3.20	0.79
Aesthetics	23.67	6.63	1.57	4.40	1.04	3.60	0.85
Service	15.67	6.38	1.00	3.80	0.60	3.80	0.60
Total	100		6.11		4.18		3.65

The competitive-strength evaluation of the rival companies, as rated by the Architects, is displayed in Table 4.15. The results clearly indicate that Corobrik is the market leader (as perceived by the Architects). Corobrik has scored 6.11 compared with the 4.18 and 3.65 scored by Brickor and African Brick and West End Brick respectively. Corobrik has achieved the highest scores on all the DBCs, except on the Price category. The Price is not as important to Architects as are Quality and Aesthetics, but the result cannot be ignored since this is the third group to have rated Corobrik as not being the best in the Price category. This is also the third consecutive group to have scored Price as the worst performing DBC for Corobrik. However, based on the total scores from Table 4.15, the competitors appear not to be a threat for Corobrik, keeping in mind that the data were gathered from a less than satisfactory number of Architects.

4.3 PROPOSITIONS

As the results have now been analysed, the implications for the propositions, made earlier in the study, can be assessed.

Proposition 1: Architects will regard Aesthetics as the most important DBC.

Table 4.11 contains the scores allocated by the Architects with regard to the importance of the relevant DBCs when purchasing face brick. The scores revealed that Quality scored the highest with 24.67, but Aesthetics was not far

behind with a score of 23.67. Technically, this proposition was proven wrong; however, the close scores need to be kept in mind. The above-mentioned scores do, however, indicate the importance to Architects of the Quality and Aesthetics of the product they use for their designs.

Proposition 2: Contractors will regard Availability as the most important DBC.

The Contractors scored Availability as the second most important DBC when purchasing face brick. Availability scored an average importance rating of 21.83, as reflected in Table 4.6. The Price, however, was rated the most important DBC and scored an average of 27.92. Therefore, this proposition is proven incorrect. The importance of the Price signifies the need for Contractors to increase the profit margin of a particular project by purchasing the cheapest possible product that still complies with the specifications.

Proposition 3: Consumers will regard Price as the most important DBC.

The Consumers in this study were represented by Distributor Centre Managers for reasons mentioned elsewhere. The results from Table 4.1 revealed that Price was indeed rated as the most important DBC that Consumers would consider when purchasing face brick. The score of 31.88 for Price is well ahead of the second highest score of 25.63 for Availability. Therefore, this proposition has been proven correct and shows the price sensitivity in this segment of the market.

Proposition 4: Corobrik will score the lowest with regard to the Price as DBC, compared with competitors.

The Distributors rated Corobrik the worst performer in terms of Price, with a score of 4.50 compared with 7.67 and 7.88 for Brickor and the group of African Brick and West End Brick respectively. These results are reflected in Table 4.5.

The Contractors scored Corobrik second with a score of 6.17, after African Brick and West End Brick, with a score of 6.29. Brickor was scored the lowest with a score of 5.94. The Contractor scores are summarised in Table 4.10. The Architects rated Brickor the best performer regarding Price, with a score of 6.20. Corobrik was, once again, rated second with a score of 5.13. The worst performers were the group of African Brick and West End Brick, with a score of 4.40. These results can be seen in Table 4.15.

If all these results are considered, proposition 4 would be proven wrong because Corobrik was rated by only one group as the worst. Two other groups, however, have scored Corobrik as the second best out of three groups of competitors and this factor should be seen as a weakness in the marketing mix of Corobrik.

Proposition 5: Corobrik will be perceived as more successful than competitors in delivering quality and aesthetically pleasing products.

The results in Table 4.5 reveal that the Distributors have scored Corobrik the highest in both Quality and Aesthetics, with scores of 8.00 and 8.38 respectively. African Brick and West End Brick were scored the second highest with scores of 7.13 and 7.38 for Quality and Aesthetics respectively. Brickor was scored the worst, with scores of 5.00 and 5.33 for Quality and Aesthetics respectively.

The results in Table 4.10 show similar results, with Corobrik outperforming the competition. Corobrik scored 7.58 and 6.29 for Quality and Aesthetics respectively and Brickor was rated second best performer with scores of 4.31 for Quality and 3.31 Aesthetics. African Brick and West End Brick obtained scores of 3.64 and 3.14 for Quality and Aesthetics respectively.

Table 4.15, once again, shows a similar pattern, with Corobrik scoring 6.63 for both Quality and Aesthetics from the Architects. Brickor scored 3.20 for quality and 4.40 for Aesthetics. African Brick and West End Brick scored 3.20 for Quality and 3.60 for Aesthetics.

Therefore, Corobrik has outperformed the competitors in all instances and proposition number 5 is proven correct.

Proposition 6: Corobrik will score the highest with regard to Availability as DBC compared with competitors.

If the results of Table 4.5 are considered, it is clear that Corobrik has performed better than the opposition according to the ratings of the Distributors. Corobrik was rated an average score of 7.25 compared with 6.75 for African Brick and West End Brick and 4.00 for Brickor. Table 4.15 contains the Architects' ratings and reveals that Corobrik's score is the highest at 5.50 and that the other two competitor groups are equal on 3.40.

Corobrik has scored the highest rating for Availability by all three groups, and, therefore, proposition number 6 is proven correct.

Proposition 7: Corobrik will score the highest with regard to the perceived Service to customers compared with competitors.

Table 4.5 reveals that the Distributors rated Corobrik the highest for Service, with a score of 7.50. African Brick and West End Brick achieved an average rating of 6.75, with the lowest rating of 4.83 achieved by Brickor.

The contractor ratings in Table 4.10 show the same trend, with Corobrik at the top with a score of 8.25 and Brickor second, with 4.38, and African Brick and West End Brick last, with a rating of 4.36.

The architects rated Corobrik the highest on Service with a score of 6.38 and the competitors in joint second place, with a score of 3.80. These results are reflected in Table 4.15.

Proposition number 7 can be accepted as correct since all the customers rated Corobrik as the best performer regarding Service as DBC.

4.4 POSITIONING MAPS

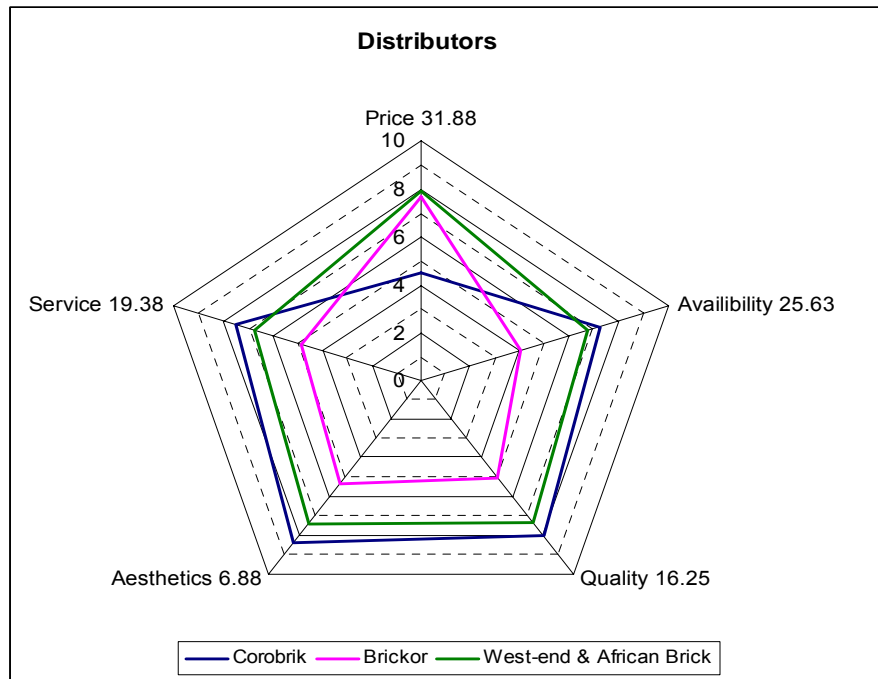


Figure 4.1: Spidergram with Distributors' ratings for competitor evaluation.

Figure 4.1 is a spidergram positioning map of the competitors' strength evaluation utilising the Distributor ratings. The information from Table 4.5 was utilised to visually show the results. The importance ratings of the relevant DBCs are situated at the end of each spoke, and the lines between each spoke depict the competitors' performance in relation to the DBCs; the closer the lines are to the end of the spoke, the better the performance. The inverse is true if the lines are close to the hub of the spidergram.

From the spidergram in Figure 4.1 it is clear that Corobrik leads in all except the Price DBC. The spidergram does not show that African Brick and West End Brick are actually the market leaders in this segment (as portrayed in Table 4.5). African Brick and West End Brick show a more balanced performance and hence the higher average. This implies that Corobrik's performance in Price is bad enough to lower its average score below that of the segment leader. This spidergram visually illustrates where the areas of concern are and, in the case of Corobrik, Price is the area to concentrate on.

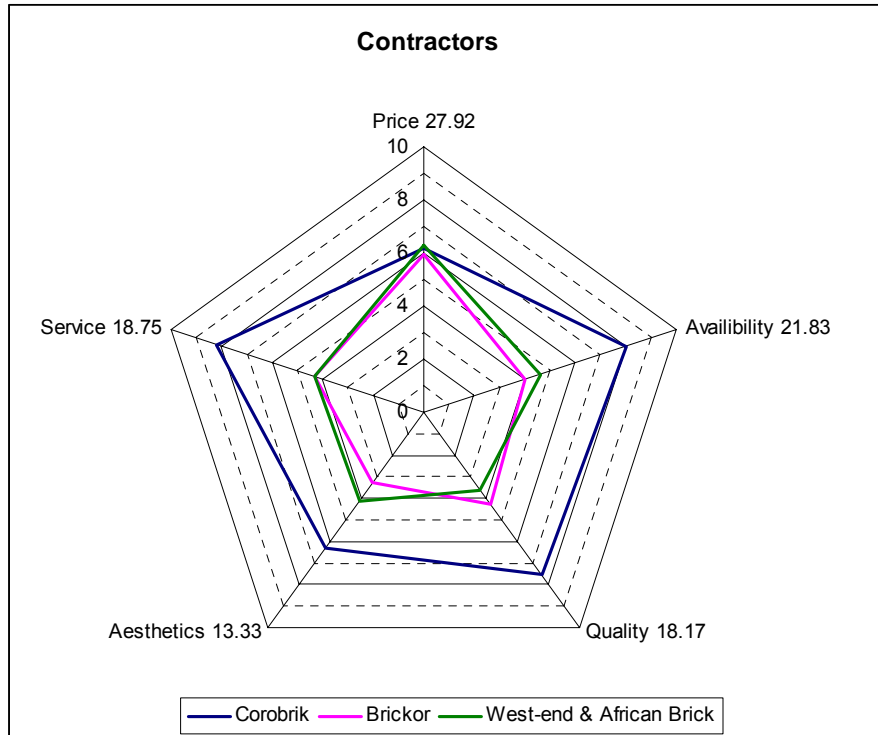


Figure 4.2: Spidergram with Contractors' ratings for competitor evaluation.

The spidergram in Figure 4.2 illustrates the findings depicted in Table 4.10, where the Contractor ratings are used for the competitive-strength evaluation. Corobrik scored the highest average score and was perceived as the market leader in this segment. In this segment, Corobrik is perceived to be performing better on Price, but only leads on the other DBCs. The spidergram clearly shows that Corobrik needs to focus on this area, especially considering the importance rating of Price by the Contractors. All the DBCs, except Price, appear to be the weakness of the opposition if the relatively big gap between the lines of Corobrik and the rest is taken into consideration

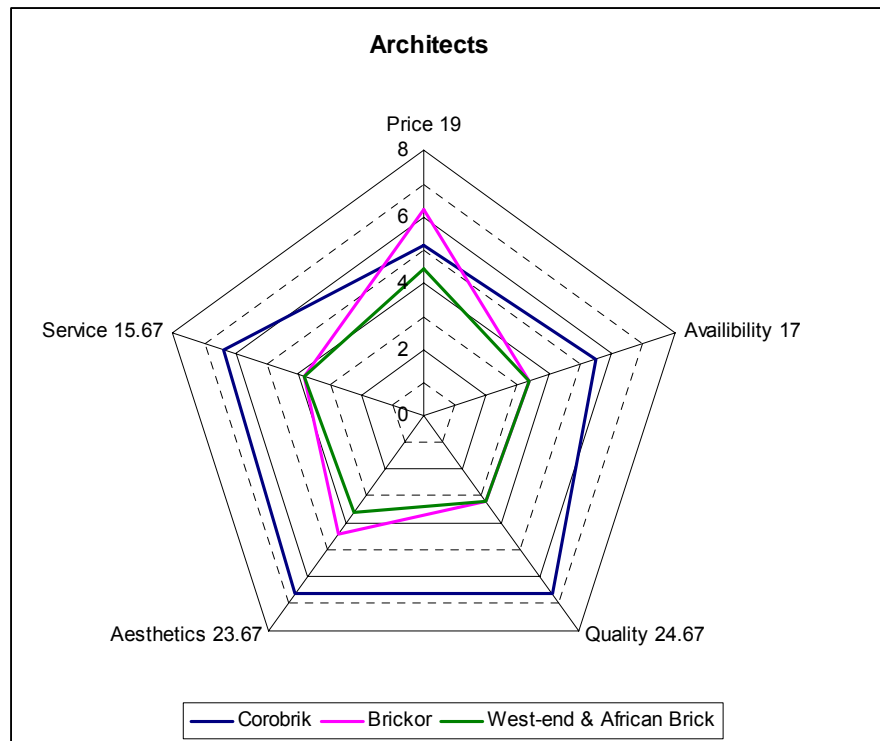


Figure 4.3: Spidergram with Architects' ratings for competitor evaluation.

Figure 4.3 illustrates a spidergram of the competitors' strength evaluation, using the ratings of Architects for this purpose. The information from Table 4.15 was utilised to illustrate these results. The spidergram indicates that Corobrik leads in all the DBCs, except Price. The Architects have indicated that the Quality of the product, as well as the Aesthetics, is perceived as the most important criteria when purchasing face brick. This can be seen from the importance ratings located at the end of each spoke. This spidergram, once again, points out the weakness of Corobrik in terms of Price.

CHAPTER 5

5. CONCLUSION AND RECOMMENDATIONS

5.1. BACKGROUND

The literature study has revealed that the marketing domain is a cyclical progression that contains a few interrelated sub-processes and is a means to measure and manage marketing effectiveness. The first step in the domain is to 'define markets and understand value', with which markets are defined, a better understanding of the values required by the customers is obtained, as well as an understanding of how well the company is satisfying the needs of customers in comparison with rival companies. The last step in this process is to evaluate the market segments' attractiveness, and then to decide on which segment to focus.

The next step in the marketing domain is the 'determine value proposition' process during which marketing strategies, amongst others, are defined. Marketing strategies revolve around the four Ps (Product, Price, Promotion and Place) that are referred to as the levers of marketing control, also called the 'Marketing Mix'; this refers to 'how' the company will deliver what the customer wants and needs.

The third step in the marketing domain concerns the 'deliver value' step and explains how the value is delivered to the customer, while the last step involves a monitoring programme in the 'monitor value' step.

The factor emphasised in this study is to understand the value required by customers when they make a decision to purchase face bricks. The performance of competitors in the face-brick market was also measured and quantified in terms of the value required by the customers. Three groups of customers were interviewed to obtain these results, namely: Distributors, Contractors and Architects. These results were utilised in reviewing the marketing mix and will be included in the recommendations to improve the

offerings to the customers as part of the overall marketing strategy. The discussions and recommendations are given from the perspective of Corobrik. With respect to the literature survey, this study can be seen as a monitoring exercise to improve marketing effectiveness in order to retain valuable current customers and acquire attractive new customers for Corobrik.

5.2 CONCLUSION

The study has highlighted a few issues that will be discussed in this section. The Distributors rated Price as the most important DBC when purchasing face bricks, while Availability was rated as the second most important DBC, followed by Service. Quality and Aesthetics were rated the lowest of the DBCs. These results imply that the customer buying 'over the counter' for mostly residential purposes, is more concerned about an affordable product that is available on demand and must to be fit for purpose, rather than about the aesthetic appeal of the face brick.

Corobrik, Brickor as well as African Brick and West End Brick have been rated by the Distributors, representing their customers, in respect of how they perceive the competitors' performance relating to the DBCs. Corobrik has performed the worst in terms of Price, and Corobrik's best rating was that of Aesthetics; this is in direct conflict with that which is needed by the customers in this segment. African Brick and West End Brick scored the highest in the competitive-strength evaluation and, according to the results, they can be regarded as the market leader in this segment. Corobrik has outperformed all the competitors on all the DBCs, except Price, which cost them the first position (market leader).

Corobrik's bad performance in the Price category should be a point of concern to their management team. Approximately 50 per cent of all Corobrik products are sold in the Gauteng region to Distributors, of which 80 per cent are sold to the residential market. This means that a substantial number of sales go to Distributors and eventually to the residential customer, who is very particular about the cost of the product. Corobrik's competitors, on the other hand, have seized their opportunity to provide products that satisfy the customers' most

important need, namely Price. Their performance in relation to the other DBCs was not as good, but these are less important than the Price to the customer. These results explain the inability of Corobrik to gain market share in this segment, i.e. the opposition is able to supply a product that satisfies the most important needs (Price) of customers. In the current booming market of South Africa, availability of products is an important factor as imbalance could develop because of supply and demand dynamics. Corobrik has performed better than the competitors in this category, which has surely assisted in maintaining competition to the opposition companies.

The Contractors also rated Price and Availability as the first and second most important DBC respectively. It can thus be assumed that Contractors share the same views as the previous customer group, namely to have an affordable product available on demand. The Contractor usually purchases the product to complete the project and receives payment for phases completed. In this case, customers need the products to be priced 'correctly' and to be available on demand in order that their profit margin is increased and they receive payment for the completed project as soon as possible. Although the motives of the two groups (Distributors and Contractors) are different, their needs are very similar.

Corobrik received its worst score for Price (from the Contractors) in the relevant competitive-strength evaluation. The performance ratings of Corobrik on the other DBCs were much better and the company has actually beaten the competition soundly, except on Price. African Brick and West End Brick performed better with regard to Price, although only by a small margin. Corobrik has scored the best in the competitive-strength evaluation and can be regarded as the market leader (as perceived by the Contractors). Although Corobrik's rating from the Contractors on Price was not as bad as from the Distributors, both groups regarded Price as Corobrik's worst performing DBC. Price, on the other hand, was the best performing DBC of both Brickor and African Brick and West End Brick, although not as good as that perceived by the Distributors. Therefore, Corobrik's competition in this segment is from companies that attempt to satisfy Contractors' most important need, namely Price. The opposition's poor performance in the other DBCs becomes almost

irrelevant if the high premium placed on Price (for which they did score very well) is taken into account. The above shows that there is a weak spot in the marketing strategy of Corobrik (as perceived by Contractors), and the opposition has the chance to gain market share with aggressive pricing strategies.

Approximately 30 to 35 per cent of the Corobrik brick sales goes to the commercial and industrial markets (bought by Contractors) and this customer segment regards Price as the most important criteria when purchasing face brick. Sales to Distributors and Contractors amount to approximately 85 per cent of the total sales of Corobrik and they perceive Corobrik as expensive while Price remains a sensitive issue to them.

The Architects, however, regarded Quality as the most important criterion when purchasing face-brick products, Aesthetics being almost as important, followed by Price. It was expected that Architects would endeavour to design structures that reflect Aesthetic appeal, which can only be obtained by using high-quality products.

In the competitive-strength evaluation, using Architects' perception ratings, Corobrik achieved the highest score and can be regarded as the market leader. This good performance is further emphasised when it is taken into account that the highest scores were obtained in the two most important DBCs to the Architects, namely Quality and Aesthetics. It is interesting to note that, once again, Corobrik's worst score was for Price, while this was the best score of the opposition. Unfortunately for Corobrik's opposition, Price is not the most important DBC to Architects and the rival companies are unable satisfy this customer segment's key needs. Architects, on the other hand, scored Corobrik, very high. These ratings indicate that Corobrik's opposition concentrates mainly on product price and not as much on anything else to hold on to market share.

When contractors purchase face bricks for commercial or industrial purposes, the Architect, up to 75 per cent of the time, influences the choice of product. This choice could be specific, e.g. product X with specification ABC, or less

specific, e.g. product X or Y or Z as long as it is light red and conforms to certain other standards. The Contractor, on the other hand, could also take the role of Specifier in terms of product choice, or assist with this function. The implication for this market segment is that if the Contractors have the greater influence on choice of product, customer needs will be affordable products; on the other hand, when the Architect influences the choice of product, the needs are the quality and aesthetics of the product.

5.3. RECOMMENDATIONS

In the light of the results of the study, it seems that Corobrik is meeting the requirements of Architects quite well and is doing so better than the opposition. It could be recommended that Corobrik simply maintain the status quo; however, it must be noted that this study only considered face bricks and did not compare face bricks with rival materials such as glass, aluminium, wood, plaster and paint, etc. Consequently, Corobrik's performance was not compared with the manufacturers of these rival products with regard to the relevant DBCs. It is therefore recommended that such a study be conducted in order that Corobrik's performance in comparison with these opposition companies is determined. The proposed study should include the same market segments of this current study.

Corobrik should also consider a marketing objective of new product development, i.e. developing new products for existing market segments (Architects) with the purpose of competing better with alternative building materials, such as glass, aluminium and others. This strategy can also be used to gain market share, not only in the brick market, but also in the bigger construction market.

Examples of such new products are specially shaped products or bricks with surface coatings to produce a much wider range of colours than is currently available. In this way, the Architect would have more choices in order to satisfy his key needs, namely Quality and Aesthetics.

Marketing strategies are the means to achieve marketing objectives and they are generally concerned with the four Ps of the marketing mix. Obviously a product with new features would take care of the 'product' as one of the marketing levers. This product, however, needs to be 'promoted' and the benefits need to be communicated to the customer for him to see the how it can satisfy his needs. Corobrik manufactures special shaped bricks, but the product must to be promoted much more aggressively in order that more customers are aware of it and for the design flexibility benefits they hold. Product development still needs to be done on the surface-coated bricks and specially textured products before they can be promoted.

The segment for the Distribution market seems to be very Price sensitive, with Quality and Aesthetics being less important to this group of customers. This is the segment in which Corobrik has performed the worst in terms of Price. Corobrik has become used to supplying the commercial and industrial markets (Architects and Specifiers) with products. However, the residential market (Price sensitive) has enjoyed a boom phase together with the other markets. Corobrik has managed to increase its capacity in order to keep up with demand, but it is not sure if enough products were designed and made available to keep up with the residential demand. It appears that Corobrik has followed a marketing objective of supplying existing products to new segments (residential market) and the impression is that the new segment does not really want the product because of its affordability. The new market segment is referred to as the Distribution or 'man in the street' segment. Although this 'new' segment of the market is not really new to Corobrik, it is considered new because its growth has opened up many new opportunities for Corobrik and its rival companies.

It is therefore recommended that Corobrik adjusts its marketing objective to develop new products for this 'new' segment.

Referring to the marketing mix, the main objective or feature of the new product is to be fit for purpose with acceptable Quality and Aesthetics, taking care of the Product in the marketing mix. The Price is by far the most important factor in this marketing mix and absolutely needs to be affordable. The new

product does not necessarily need to be the cheapest, but its performance in terms of Price needs to be acceptable to the consumer. Therefore, a product or product range needs to be developed that can be made fairly cheaply, and manufacturing large volumes of this product in one or more facilities will help to gain economies of scale. The Promotion of these new products, as well as existing products, is crucial to achieving success. The benefits of face brick with regard to after-sales maintenance need to be communicated. Extremely little or no maintenance is needed after installation, having major cost benefits for existing and new products. It is recommended that the cost of erecting a face-brick wall versus using other materials, as well as the cost of maintenance after installation must be calculated and communicated to the customer. The customer must be made aware of the cost of the 'total package', i.e. product and maintenance, and not only the product cost. Corobrik is known for its good quality, aesthetically pleasing products and was rated accordingly by all customers. In order to capitalise on this positive factor, the visual aspects of the end product (house or other building) for which Corobrik products were used (versus using the rival products) need to be promoted much more aggressively, thereby concentrating on Corobrik's strengths. The future value of the final product, consequently, needs to be part of the Promotion. Lastly the Branding of the Corobrik centres needs more attention and needs to compare with the Branding of rival companies such as the CTM tile-distribution centres or Tile Africa centres. The Promotion needs to be done in such a way that the customer perceives Corobrik centres and its products as the automatic choice.

The above recommendations should steer Corobrik to have products available for specific market segments that will better satisfy the specific needs of customers. The above recommendations apply also to Contractors, since their needs are the same as those of the Distribution segment.

If these recommendations are implemented successfully, Corobrik will certainly retain their current customer base, will be able to acquire new customers and will definitely be able to take market share away from opposition brick manufacturers and possibly from companies manufacturing rival construction products.

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APPENDICES

APPENDIX A

Self-developed questionnaire

Competitive-strength evaluation

Question 1

Dividing 100 units between the following 5 attributes, please indicate their importance to you as customer when purchasing face bricks. Please note that the sum of the ratings must total 100.

- Price
- Availability
- Quality
- Aesthetics
- Service

Question 2

Consider three groups of competitors:

- Corobrik
- Brickor
- West End Brick and African Brick

Please rate these groups on a scale from 1 to 10 in terms of performance relating to the 5 attributes in the previous question. Note that their performance relates to your perception as customer. A score rating of 1 will indicate poor performance toward a particular attribute. A rating of 10 will indicate the best possible rating toward a particular attribute.

Customer group:							
DBC	Weight	Corobrik		Brickor		West End and African Brick	
		Score	Total	Score	Total	Score	Total
Price							
Availability							
Quality							
Aesthetics							
Service							
Total	100						

DBC = Decisive Buying Criteria