

# **THE ROLE OF ETHICAL BUSINESS BEHAVIOUR AWARENESS IN CONSUMER SPORTS SUPPLEMENT PURCHASE INTENTIONS**

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By

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## **DECLARATION**

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I declare that THE ROLE OF ETHICAL BUSINESS BEHAVIOUR AWARENESS IN CONSUMER SPORTS SUPPLEMENT PURCHASE INTENTIONS is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Louise T. Götttsche

DATE: 2 May 2011

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**ABSTRACT**

The gap between ethical purchase intentions and ethical purchase behaviour is well-documented. Although this gap can be bridged by increasing the level of awareness among consumers with regards to ethical business practices, it was found that consumers between the ages of 19 to 56 years were already aware of ethical organisations and business practices in the South African sports supplement industry. They are however unaware of companies that operate unethically. Several factors such as brand familiarity, price and convenience were found to compete with ethical business behaviour during the purchase decision-making process. It is thus recommended that organisations that incorporate ethical business behaviour at a strategic level should provide ethical products that are competitively priced, convenient to use and from a brand that is familiar.

Key terms: Consumer ethics, consumer awareness, intention-behaviour gap, ethical product labelling, price, convenience, brand familiarity

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

CAGR: Compound Annual Growth Rate

CSIR: Council for Scientific and Industrial Research

EPQ: Ethical Position Questionnaire

FDA: Food and Drug Administration

RTD: Ready-to-drink

SAS: Statistical Analysis Software

TPB: Theory of Planned Behaviour

UK: United Kingdom

WADA: World Anti-Doping Agency

## **CHAPTER 1: INTRODUCTION AND BACKGROUND**

### **1.1 INTRODUCTION**

PVM Nutritional Sciences name is derived from Proteins, Vitamins & Minerals. It is a national, family-owned supplement manufacturing company that was established in the late 1960's as a result of intensive scientific research undertaken by the National Institute of Food Research of the Council for Scientific and Industrial Research (CSIR). PVM Nutritional Sciences became one of the first companies to manufacture clinical nutritional products to combat severe malnutrition and produced the World's Original Energy Bar®. The Energy Bar® is still the company's core business, but it now also manufactures supplements for the clinical nutrition, general health and wellness, and sports market (PVM Nutritional Sciences, 2010).

Ever since the development of the Energy Bar®, innovation was an important means to develop future options for the organisation. It enabled the organisation to adapt more effectively to demands from its dynamic business environment. For example, PVM Nutritional Sciences was the first South African company to include protein in energy and recovery drinks. Other companies soon followed.

Both innovation and stability is required for an organisation to be strategically flexible as stability enables the organisation to carry out routine tasks (Open University, 2006a). This is provided through the flat organisational hierarchy and the PVM Nutritional Sciences code of ethics. According to the PVM Nutritional Sciences code of ethics, marketing and advertising campaigns should be conducted in a responsible, truthful and tasteful manner and no unsubstantiated claims are allowed (PVM Nutritional Sciences, 2010). Marketing is the second last primary activity along the PVM Nutritional Sciences value chain. Hence, the only way that the marketing activities can be conducted in an ethical manner is when all the preceding primary activities and all the support activities are also conducted in an ethical manner.

### **1.2 BACKGROUND TO THE STUDY**

Marketing is the medium that connects organisations with consumers. It includes all the processes for creating, communicating and delivering values to consumers in a way that

benefits organisations. It is all about understanding every facet of consumer behaviour in order to develop a marketing mix that will meet consumer needs (Kotler & Keller, 2006). However, marketers that need to market ethically orientated products are hampered by the weak research knowledge base regarding ethical consumer behaviour (Shaw & Shiu, 2001; Brinkmann, 2004; Brinkmann & Peattie, 2008).

This is true for PVM Nutritional Sciences where ethical behaviour forms the backbone of their value chain. The PVM Nutritional Sciences code of ethics states: "*At PVM we ensure that we research, develop, produce and market quality nutritional products in a responsible and ethical manner.*" Examples of ethical PVM Nutritional Sciences behaviour is a guarantee that nutritional information is accurately disclosed at all times, that no unsubstantiated, irresponsible health or performance claims are made and that all ingredients are deemed legal and safe substances by the World Anti-Doping Agency (WADA) and the Food and Drug Administration (FDA) (PVM Nutritional Sciences, 2010).

Although ethical behaviour is characteristic of the PVM Nutritional Sciences internal environment, their external environment, in which consumers exercise their purchasing decisions, is poorly regulated. Consequently, the market is flooded with supplements that make unsubstantiated health or performance promises. Some supplements also contain ingredients that carry detrimental health risks (American Dietetic Association, 2008; Gibson-Moore, 2010).

Nevertheless, actual sales figures show that consumers are willing to pay for these types of products (Rheeder, 2011). This seems in contrast with the rise of ethical consumerism (Bezençon & Blili, 2010) and the wider range of ethical products available (Euromonitor, 2006; Bray, Johns, & Kilburn, 2011), suggesting that consumer behaviour is not easily explained.

Several perspectives have been described in an attempt to explain consumer purchase behaviour. The cognitive perspective assumes that consumers are complex, but rational decision-makers. Therefore, cognition precedes both feeling and behaviour. According to the behavioural perspective, consumers respond to stimuli (e.g. marketing stimuli) on an intuitive basis. The trait perspective states that behaviour is the result of personality characteristics (Open University, 2008).

These traditional perspectives have been criticised because they assume that consumer behaviour is controlled by external and internal forces beyond personal control. The post-modern perspective assumes that consumer behaviour is subjective and irrational which explains why some consumers buy quick fixes with an emotional appeal. It also assumes that consumer behaviour is changeable because consumers can interact with their internal and external environment (Open University, 2008).

### 1.3 PROBLEM REVIEW

A common denominator of consumer behaviour in business ethics literature is a focus on decision-making-process models. One such model is the Theory of Planned Behaviour (TPB) (Ajzen, 1991). At a very basic level, the theory proposes that behaviour is a function of salient information or beliefs relevant to behaviour. Beliefs then determine attitudes, attitudes lead to intentions and the stronger the intention to perform a given behaviour, the more likely is its execution (Figure 1.1) (Ajzen, 1991).

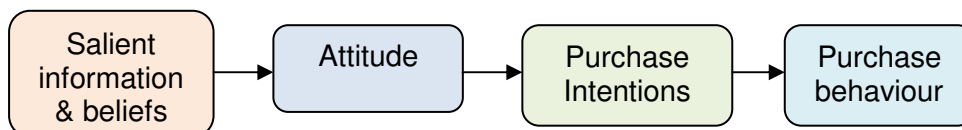


Figure 1.1: Theory of Planned Behaviour (TPB) (Ajzen, 1991)

Several authors (Shaw & Shiu, 2001; Carrington, Neville & Whitwell, 2010) rejected this model on the grounds of its poor ability to explain consumer behaviour. Consumer intentions rarely translate into actual behaviour at the moment of truth or the point of purchase. Ethical purchasing intentions of South African consumers seem high, but its manifestation in actual purchase behaviour is low (Tustin & De Jongh, 2008). This phenomenon has been termed the “ethical purchase gap” (Bray, *et al.*, 2011) which suggests that some gaps in this linear approach to human behaviour progression exist (Bocock, Dresler-Hawke & Mansvelt, n.d.).

The “ethical purchase gap” focuses only on the gap between purchase intention and purchase behaviour. However, by considering the model in the TPB (Figure 1), it may be that consumers’ intentions may differ from their behaviour due to other factors preceding this gap. For example a gap between attitude and purchase intention or a gap between information or beliefs and attitude may exist. Exploring factors that can

bridge these gaps may help companies to better understand consumer purchase behaviour.

### **1.3.1 THE GAPS BETWEEN ATTITUDE, PURCHASE INTENTION AND BEHAVIOUR**

The gap between purchase intention and actual behaviour and the gap between consumer attitude and purchase intention can be bridged by adding implementation intentions, actual behavioural control and situational context according to the conceptual framework of ethical-minded consumers developed by Carrington, Neville and Whitwell (2010).

Implementation intentions are plans formed by consumers that outline when, where and how their intention will be realised in actual behaviour. These plans enable consumers to shop on auto-pilot, which explains why brand loyalty is an important determinant of consumer behaviour. Actual behaviour control refers to consumers' ability to control their behaviour and may be influenced by internal and external factors. Factors that may affect behaviour control are price, availability, convenience, information, ethical issues and time (Carrington, *et al.*, 2010). The situational context refers to the external stimuli that affect consumer behaviour and can be either situation or object specific. Belk (1975), as described in the article of Carrington, *et al.*, (2010), suggested a taxonomy of five overarching situational factors which defines the situational context.

- Physical surroundings of the marketing environment such as product, placement, proximity of competing products and accessibility of price comparison.
- Social surroundings e.g. the presence of other individuals, their roles and the interpersonal interaction that may occur.
- Time-related aspects e.g. time of day, time restrictions or time since last purchase.
- Task definition of the individual within the market situation. For example is the consumer there to gather information, to select the most appropriate option or to purchase the products. Whether the buyer is the end-user or the product or service may also affect their task definition.

- Antecedent states or momentary states with which the consumer enters the market environment. This could be momentary mood (e.g. anxiety or excitement) or momentary constraints (e.g. cash on hand or illness) (Carrington, *et al.*, 2010).

What the conceptual framework of ethically-minded consumers add to the TPB is, that although consumers may have ethical intentions, it does not necessary translate to ethical behaviour due to several other competing factors that affect their behaviour. As a consequence, the role of ethical business practices should not be considered separately from the traditional factors known to affect consumer behaviour.

### 1.3.2 THE GAP BETWEEN BELIEFS AND ATTITUDES

What is unaccounted for in the framework developed by Carrington, *et al.*, (2010), is how consumers become ethical-minded. In other words, how the gap between beliefs and attitudes may affect consumer behaviour. The model of consumer attitudes towards ethical purchasing (Figure 1.2), suggest that consumers will only be ethically-minded if they have strong ethical purchase intentions and awareness with regard to ethical issues (Carrigan & Attalla, 2001).

		Ethical Awareness	
		High	Low
Ethical Purchase Intention	High	<i>Caring and ethical</i>	<i>Confused and uncertain</i>
	Low	<i>Cynical and disinterested</i>	<i>Oblivious</i>

Figure 1.2: Consumer attitudes to ethical purchasing (Carrigan & Attalla, 2001)

Thus, although consumers may be aware of ethical business practices, it does not necessarily affect their purchase intentions, because of other competing factors to which they pay more attention. A lack of awareness of ethical business practices may also hinder consumers from becoming ethically minded in the first place so that their intentions do not translate into ethical purchase behaviour.

Furthermore, several studies (Matthies, 2005; Morris, Venkatesh, & Ackerman, 2005; Yoon, Cole & Lee, 2009) showed that age may affect purchase intentions, because ethical sensitivity seems to increase with consumers' age (Yoon, *et al.*, 2009). The extent to which age affects purchase behaviour in the sports supplement industry is uncertain and deserves further attention as it is often used as a segmentation tool.

#### **1.4 PROBLEM STATEMENT**

The role of ethical business behaviour awareness in consumer sports supplement purchase intentions needs to be understood in order to create a competitive advantage for the manufacturing company.

#### **1.5 RESEARCH OBJECTIVES**

- a) To assess consumer awareness about ethical business behaviour in the South African supplement industry.
- b) To assess the relative importance of ethical business behaviour in consumer sports supplement purchasing intentions.
- c) To determine if age affects consumer awareness (objective a) and the relative importance of ethical business behaviour in purchase intentions (objective b).

#### **1.6. LIMITATIONS AND DELIMITATIONS**

The research took the form of a questionnaire. Questions with regard to ethical business practices related to issues relevant to the PVM Nutritional Sciences market environment and sports supplement industry. It thus ignored macro-consumerist issues such as green marketing and employee welfare. It was also limited to corporate ethical behaviour towards consumers. Issues related to corporate ethical behaviour towards other stakeholders such as suppliers, employees, shareholders and market competitors were not included.

A common bias in consumer studies is that one cannot force individuals to fill in a questionnaire. Thus, the researcher was aware that it was likely that only highly involved consumers would take part in the study which might have limited the representativeness of the sample (Bezençon & Blili, 2010). Furthermore, due to time



constraints, the number of questionnaires used for data analysis was limited to those completed and returned within one month. This caused the sample to be relatively small.

The researcher used questionnaires to study how awareness affects purchase intentions while consumers' actual behaviour was not studied. Survey research or research that makes use of questionnaires is unable to address social desirability bias, making it unsuitable for studying behaviour (Hiller, 2010). Several studies (Shaw & Shiu, 2001; Carrington, *et al.*, 2010), concluded that consumer purchase intentions do not translate to their actual purchase behaviour suggesting that consumers should be studied in real life settings. However, observing individuals in real life settings is prone to observer bias (Lowrey, Otnes & McGrath, 2005) and more time for this type of research is required than that available to the researcher. Participants may also have changed their behaviour because they knew they were being studied (Hiller, 2010), but ethical issues could arise when studying individuals without their informed consent. Therefore, exploration of consumers' intended behaviour is commonly used as an appropriate proxy for studying their purchase behaviour (Chandon, Morwitz, & Reinartz, 2005).

## **1.7 IMPORTANCE OF THE STUDY**

Research on industry life cycles showed that industries continue to grow until they reach maturity after which there is a decrease in growth rate (Open University, 2006b). The declining Forecasted Compound Annual Growth Rate (CAGR) for the sports supplement industry (Euromonitor, 2010) suggests that it has reached maturity. Organisations in mature market industries often attempt to pursue cost leadership strategies (Open University, 2006c) but, because ethical behaviour forms the backbone of the PVM Nutritional Sciences value chain, ethical augmentation as part of a differentiation strategy may provide PVM Nutritional Sciences with a competitive edge. This may be especially important with the Consumer Protection Act that became effective on 1 April 2011. This act gave consumers the right to demand quality service, full disclosure of the price of goods and protection against false, misleading or deceptive claims (South Africa, 2009). It may also become increasingly important when the new labelling and

advertising regulations as part of the Foodstuffs, Cosmetics and Disinfectants Act become effective in March 2012 (South Africa, 2010).

Consumer behaviour can however not be assumed or rationally explained and is affected by several internal and external factors (Open University, 2008). Consequently, companies that pride themselves on ethical behaviour should monitor consumer ethical expectations (Ingram, Skinner & Taylor, 2005). The study explored consumer ethical expectations by considering whether an increase in awareness of ethical business practices affects consumer purchase intentions. The knowledge gained can assist organisations such as PVM Nutritional Sciences, to determine whether ethical behaviour is a competitive advantage source as suggested by Viriyavidhayavongs and Yothmontree (2002).

## **1.8 SUMMARY**

The primary goal of the study is to assist strategic decision-making as explained in more depth in chapter 2. Strategy requires the coordination of multiple decisions from different parts of the organisation so that the organisation as a whole can succeed (Open University, 2006c). The study centres around ethical business behaviour as one of these decisions and its relevance in the business environment is discussed in more detail in chapter 3. Chapter 3 also describes how awareness may affect consumer purchase intentions. Several factors (e.g. brand familiarity, price and convenience) may compete with ethical attributes (e.g. corporate business behaviour) in the purchase decision-making process. More information with regard to these competing factors and how age, as a demographical factor, may influence consumer purchase intentions is included in chapter 3.

A questionnaire was used to gather data. More details on the questionnaire and the methodology followed to complete the study are given in chapter 4. Chapter 5 includes the findings of the study based on the information gained from the completed questionnaires. A discussion on these results can also be found in chapter 5, while chapter 6 concludes the dissertation with some recommendations.

## **CHAPTER 2: PROBLEM ANALYSIS**

### **2.1 INTRODUCTION**

Chapter 1 described some background to the research. It suggested that consumer awareness about ethical business behaviour in the South African supplement industry together with the relative importance of ethical business behaviour in consumer purchasing intentions should be assessed. This information may assist PVM Nutritional Sciences to determine whether ethical behaviour is a source of competitive advantages (Viriyavidhayavongs & Yothmontree, 2002).

Identifying competitive advantages is necessary for strategy formulation and implementation. Strategy is necessary in every organisation, because it provides direction on how to allocate resources effectively and how to co-ordinate multiple decisions from different parts of the organisation so that the organisation as a whole can meet its objectives and goals. Although strategy is continuous and dynamic, it can only be effectively implemented after analysing the internal and external business environment and assessing all stakeholders' expectations (Open University, 2006c).

One important stakeholder group is consumers. Chapter 1 mentioned that an "ethical purchase gap" exists. This gap and the gap between attitude and purchase intentions shown in the TPB (Figure 1.1) can possibly be explained as a result of several competing factors that affect behaviour at a given time. The gap between beliefs and attitude may exist due to a lack of awareness with regards to ethical business behaviour.

This chapter explores these gaps in more depth by considering the sports supplement industry life cycle and how ethical augmentation can be incorporated in a differentiation strategy. A key strategic element of differentiation strategies is creative marketing abilities (Grant, 2008). The chapter describes how ethical augmentation is part of a holistic marketing approach.

### **2.2 SPORT SUPPLEMENT INDUSTRY LIFE CYCLE**

Business environments are dynamic and organisations never stop changing. This is partly because the industry in which an organisation operates, matures. To analyse the stage of maturity of an industry, an industry life cycle analysis is frequently applied. The

industry life cycle (Figure 2.1) can be considered the supply-side equivalent of the product life cycle. It highlights the entry and exit of organisations within an industry and thereby depicts the generalised pattern of industry evolution. It is particularly useful in estimating the current level of competitive intensity within an industry and helps organisations to predict the future level of competition at various stages (Open University, 2006b; Grant, 2008).

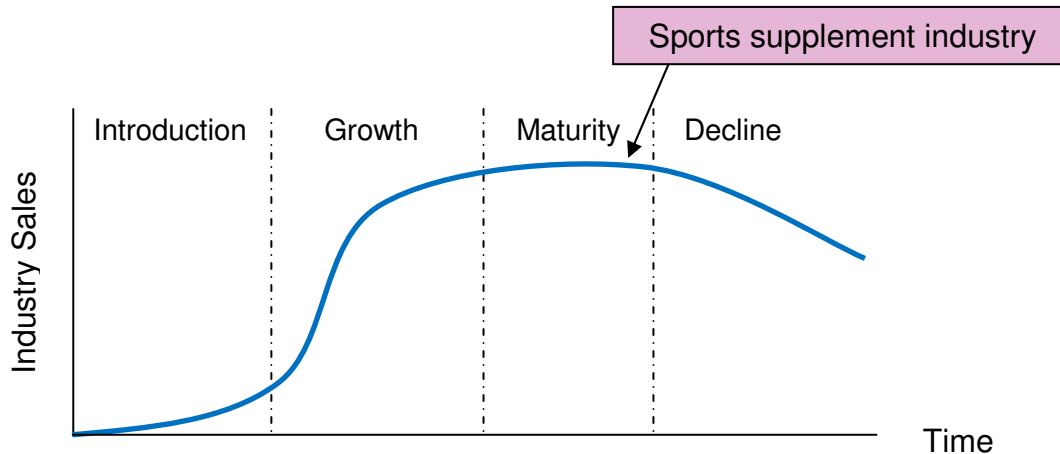


Figure 2.1: Industry Life Cycle (adapted from Grant, 2008)

The declining Forecasted Compound Annual Growth Rate (CAGR) for the sports supplement industry (Euromonitor, 2010) suggests that the sports supplement industry has reached maturity. Maturity generally has two implications for establishing and maintaining competitive advantages. Firstly, it tends to reduce the number of opportunities within the industry and secondly, it shifts competitive opportunities from differentiation-based factors to cost-based factors. As a consequence, organisations usually aim to establish cost leadership to sustain profitability for a longer period of time (Grant, 2008).

### **2.3 MAINTAINING A COMPETITIVE ADVANTAGE**

Cost leadership is one of the generic strategies developed by Porter (1980) and described by Grant (2008). Porter developed four possible generic strategies for obtaining a competitive advantage by combining the two types of competitive advantage

within an organisation's choice of scope. These strategies are cost leadership, differentiation, focused cost leadership and focused differentiation (Figure 2.2).

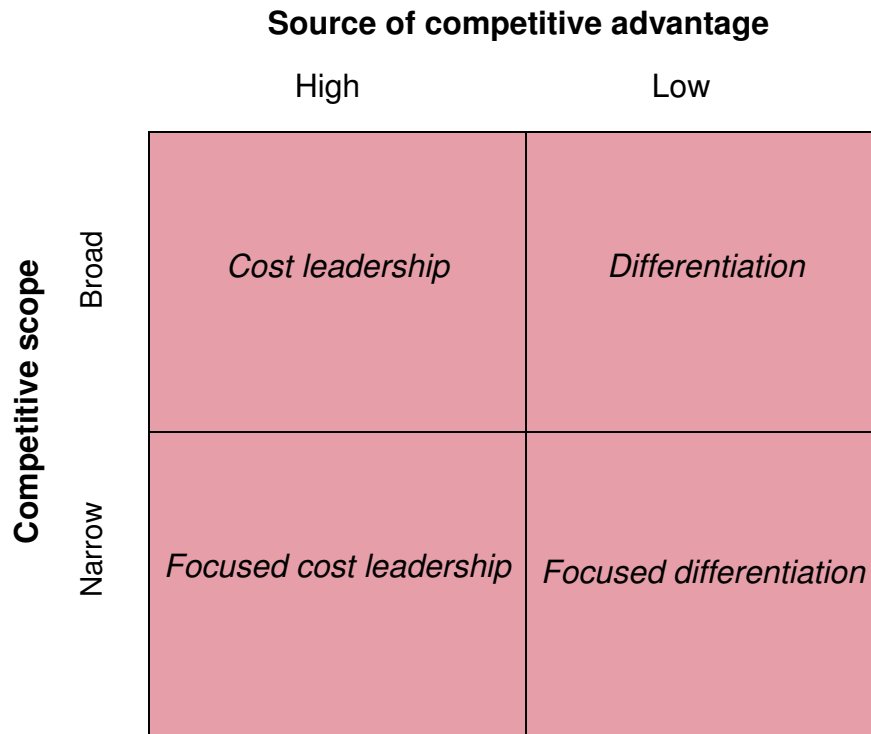


Figure 2.2: Porter's generic strategies (Grant, 2008)

Patterns of industry evolutions may however differ. Some industries never decline, while others experience rejuvenation of their life cycle (Grant, 2008). Rejuvenation of the sports supplement industry may have started with the Consumer Protection Act that became effective on 1 April 2011 (South Africa, 2009). This trend will continue when the new South African labelling and advertising regulations as part of the Foodstuffs, Cosmetics and Disinfectants Act become effective in March 2012 (South Africa, 2010). As a result of these stricter regulations, some organisations are expected to exit the sports supplement industry (Euromonitor, 2010).

PVM Nutritional Sciences is likely to comply with the new legislation (Rheeder, 2011) and will thus remain a key player within the industry. The organisation currently follows a broad differentiation strategy by manufacturing several types of sports supplement for endurance and strength training athletes. PVM Nutritional Sciences would like to continue with this differentiated industry-wide scope in the future, which is in contrast with cost leadership strategies usually followed within mature industries (Grant, 2008).

However, because the industry is expecting to change, PVM Nutritional Sciences should consider the exact scope of their strategic position to avoid strategic drift (Grant, 2008).

## **2.4 ETHICAL BUSINESS BEHAVIOUR AND STRATEGIC DIRECTION**

Ethical business behaviour forms the backbone of the PVM Nutritional Sciences value chain. This allows ethics to be incorporated at various levels to form ethical product matrixes for products (Crane, 2001). Several South African companies have already started making ethical claims with regard to their products and are expected to continue to do so (Tustin & de Jongh, 2008). These ethical claims can be theorised as part of a complex bundle of attributes and perceived benefits sought by consumers. The three product level analysis developed by Levitt (1980) and described by Crane (2001) is one of the best known models used for understanding consumer needs. According to the three product level analysis, products can be conceptualised at three different levels:

- The core product, which is the fundamental benefit sought by consumers.
- The actual or expected product, which is the basic physical product that delivers the core product benefits.
- The augmented product, which is the addition of extra benefits that may prompt consumer purchase (Crane, 2001).

Ethical considerations are viewed as product augmentations and are often referred to as ethical augmentations (Crane, 2001). Ethical augmentation largely serves as competitive differentiators that can be incorporated throughout the entire brand/ product lifecycle (Tustin & de Jongh, 2008). It is already part of the PVM Nutritional Sciences value chain and can thus successfully and continuously be applied as part of a differentiation strategy.

Although ethical augmentation is generally a complex and time consuming activity (Crane, 2001), it is nevertheless expected that other organisations will also try to gain ethical high ground for their products. This is because there is a widespread view among companies that a non-proactive stance on ethical products will create a competitive disadvantage when competing with products with ethical provenance established in the consumer mind (Euromonitor, 2007). This narrows the extent to which ethical augmentation provides a source of competitive differentiation.

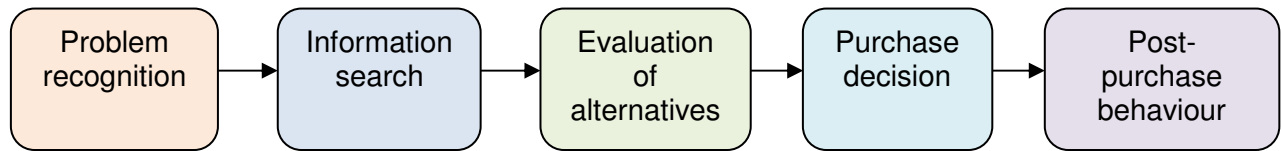
A study done in the United Kingdom (UK) showed that although consumers feel an obligation to make ethical purchase decisions, only 15 % said they would actually buy ethical or eco-friendly gifts. For example, three quarters claimed they would buy more food and drink than what is needed and two thirds said that decorative lights are important despite their increased energy impact (Euromonitor, 2006). Furthermore, ethical purchase behaviour accounted for roughly 5 % of the total annual consumer spending in the UK in 2007. Similar figures for South Africa are lacking, but it is suspected that actual ethical purchasing by South African consumers is fairly low (Tustin & de Jongh, 2008). Thus, increased competition with regard to ethical differentiation and the possibility that consumers may not appropriately value it as suggested by Viriyavidhayavongs and Yothmontree (2002), requires PVM Nutritional Sciences to determine the extent to which ethical augmentation would be valued and the extent to which it should be communicated or integrated in the marketing mix.

Organisations focusing on cost leadership strategies may also attempt differentiation strategies such as ethical augmentation to attain some insulation from the rigors of price competition in mature industries, because cost leadership is often difficult to sustain. This presents another concern for PVM Nutritional Sciences. The scope of differentiation is generally narrow in mature industries, which reduces consumer willingness to pay premium prices for differentiation (Grant, 2008). Thus, although several authors (Megicks, Memery & Williams, 2008) concluded that consumers are willing to pay a premium price for ethical product differentiation, it may not necessarily be the case. Price is thus likely to be a significant external factor competing with ethics at the point of purchase.

## **2.5 MARKETING AS A STRATEGIC ELEMENT**

Product price determination forms part of an organisations' marketing strategy (Open University, 2007; Silbiger, 2007). In mature markets, such as the sports supplement industry, organisations are forced to follow a customer-orientated marketing strategy approach (Open University, 2007). The formulation of such a marketing strategy requires a clear understanding of consumer needs, their motives and their purchase decision making processes (Megicks, *et al.*, 2008). One tool often used, is the five-stage model depicted in Figure 2.3. According to this model, the buying process starts when consumers recognise a problem or need that should be satisfied. This is followed

by a search for information and the evaluation of alternatives (Kotler & Keller, 2006; Open University, 2007).



**Figure 2.3:** Five-stage model of the consumer buying process (Kotler and Keller, 2006; Open University, 2007)

The downside of this consumer buying process model is that it can only partly describe consumer behaviour, because it tends to focus more on hedonic, self-interested outcomes, while ethical concerns are more societal-orientated (Shaw & Shiu, 2001). The stimulus-response model of consumer behaviour (Figure 2.4 overleaf), which includes societal factors, may provide a more holistic approach to consumer behaviour (Kotler & Keller, 2006).

Integrated in this model are several other stimuli such as external marketing stimuli and internal cognitive constructs (beliefs, attitudes and intentions) that may affect consumer purchase intentions and behaviour (Kotler & Keller, 2006; Carrington, *et al.*, 2010). This may explain the mismatch between ethical purchase intentions and actual ethical purchase behaviour (Carrington, *et al.*, 2010). It also highlights that ethical augmentations should be view as part of a more holistic approach in deciding upon a suitable strategic direction and marketing strategy.



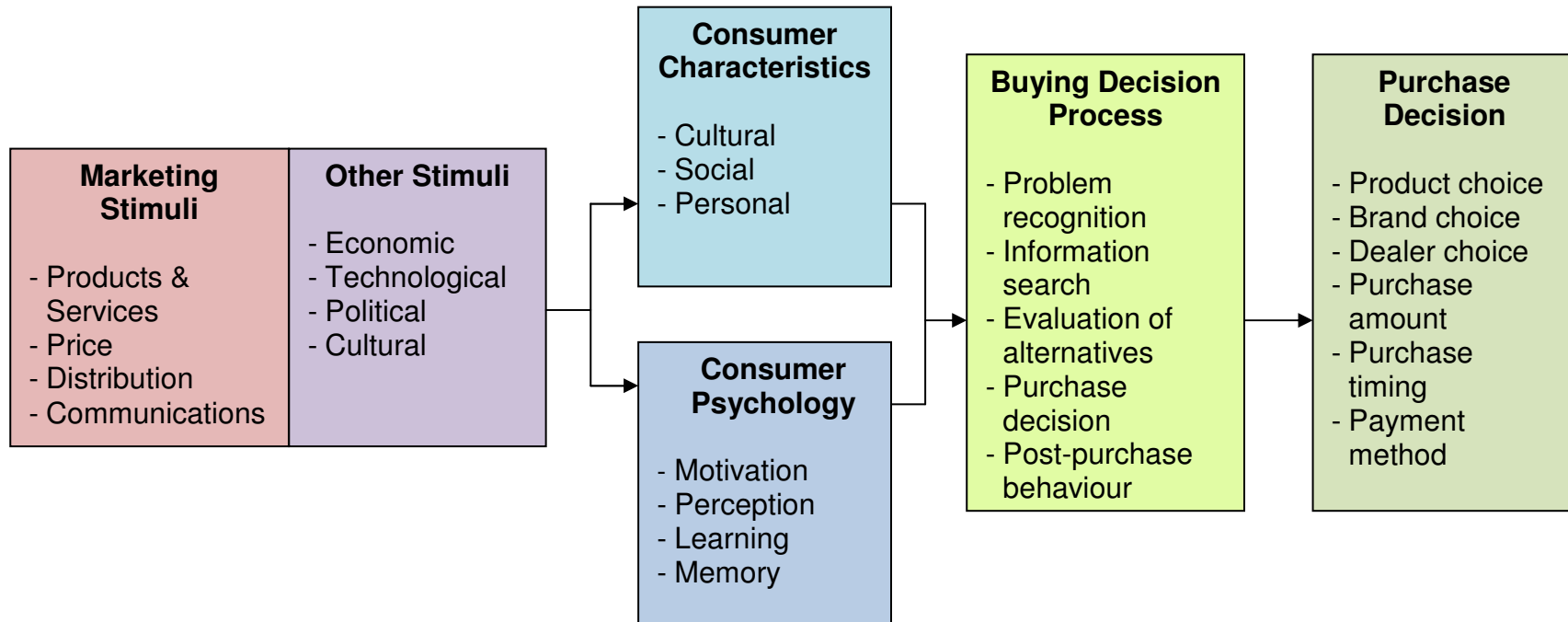


Figure 2.4: Stimulus-response model of consumer behaviour (Kotler & Keller, 2006)

## **2.6 SUMMARY**

PVM Nutritional Sciences manufacture supplements for the mature sports supplement industry where organisations usually follow cost leadership strategies. In contrast to the norm, PVM Nutritional Sciences currently follows a differentiation strategy. Ethical augmentation may help to sustain such a differentiation strategy in the future, especially because the industry is expecting a change as a result of stricter legislation. The stimulus-response model of consumer behaviour (Kotler & Keller, 2006) indicates that several factors affect consumer purchase intentions and behaviour. Thus, it is likely that other factors will compete with ethical augmentation in consumer purchase intentions. These should be explored to determine if a differentiation strategy based on ethical augmentation is truly justified and whether it should be incorporated as part of the sports supplement marketing mix.

## **CHAPTER 3: LITERATURE REVIEW**

### **3.1 INTRODUCTION**

Competitive strategies link organisations with its industry environment (competitors, suppliers and consumers) which is vital to the survival of an organisation (Grant, 2008). Ethical augmentation can be viewed as a strategy differentiator. However, the “ethical purchase gap” states that there is a gap between purchase intentions and purchase behaviour so that consumers ethical purchase intentions do not translate to actual ethical purchase behaviour. In the previous chapters, it was shown that there are two possible reasons for this phenomenon:

- Consumers may not have sufficient or adequate information or awareness with regard to ethical business behaviour.
- The relative importance of ethical attributes is affected by several other competing factors during the purchase decision-making process.

This chapter considers these issues in more detail by using the stimulus-response model of consumer behaviour as a reference framework. It also includes the role of ethics in the business environment.

Ethical attributes discussed in this chapter include a wide range of ethical behaviour such as foods produced under environmentally sustainable methods, boycotting companies that use sweatshop labour, favouring products with low carbon emissions, recycling diligently and buying products from animal origin from suppliers that use humane husbandry methods such free range eggs (Starr, 2009). None of these are part of the PVM Nutritional Sciences code of ethics. Examples of ethical PVM Nutritional Sciences behaviour are guarantees that nutritional information is accurately disclosed at all times, that no unsubstantiated, irresponsible health or performance claims are made and that all ingredients are deemed legal and safe substances by WADA and the FDA (PVM Nutritional Sciences, 2010). Research focusing specifically on these issues is limited. Therefore, the results of studies with regards to a wide range of ethical product attributes were considered as a proxy for PVM Nutritional Sciences ethical behaviour.

### 3.2 ROLE OF ETHICS IN THE BUSINESS ENVIRONMENT

Ethics refers to moral principles or values that guide behaviour for deciding what is right and wrong (Fan, 2005). It revolves around three concepts namely “self”, “good” and “other”. Ethical behaviour is the result of deciding what is good for oneself as well as others and is thus by nature concerned with the quality of the interaction. The concepts of “self”, “good” and “other” can be extended to the business environment. Within the business environment, ethical behaviour is concerned with what is “good” that guide an organisation in its interaction with its stakeholders (Viriyavidhayavongs & Yothmontree, 2002; Rossouw & Van Vuuren, 2010). Stakeholders are any group of people affected by an organisation’s objectives and typically include stockholders, consumers, suppliers, employees and host communities (Viriyavidhayavongs & Yothmontree, 2002). Hence, the practice of business ethics is to give content to the “good” and to determine whether the interaction between the organisation and its stakeholders lives up to the “good” (Rossouw & Van Vuuren, 2010).

The result of evaluating what is “good” or “bad” is the development of a system of values (Adam, Aderet & Sadeh, 2007). Although there is a relationship between values and ethical behaviour, the two concepts do not necessarily refer to the same thing. Values can be defined as relatively stable convictions about what is important (Rossouw & Van Vuuren, 2010: 8). Trust is such a value that organisations need to establish (Adam, *et al.*, 2007). It refers to the positive assumption that a person or organisation will interact with one another on a reliable and predictive basis. Trust precedes actions such as commerce (Naude, n.d.). Thus, commerce is impossible in the absence of trust and, because human survival in the modern society is dependent on our ability to conduct business, business ethics is important and necessary (Adam, *et al.*, 2007).

Organisations’ ability to conduct business is realised in their actual behaviour which cannot be seen independently from consumer behaviour (Brinkmann & Peattie, 2008). Consumers are the major participants in the business process and ignoring them in ethics research may result in an incomplete understanding of the business process. This is because all aspects of consumer behaviour such as their intention to purchase, their actual purchase behaviour and their disposition of goods, tend to have an integral ethical component (Mitchell & Ka Lun Chan, 2002).

Consumer purchase decisions can be seen as consumer “purchase votes” in the market environment to “elect” the society they would like to live in (Brinkmann, 2004). For example green consumers will try to indicate their concern for the environment by purchasing only green products (Neale & Fullerton, 2010; Rahbar & Wahid, 2010). Ethical purchase behaviour is thus shown when consumers buy products that are made ethically by companies that act ethically. It can be a subjective term, but in the truest sense it means without harm to the environment, animals and humans (Brinkmann, 2004; Tustin & de Jongh, 2008; Bocoock, *et al.*, n.d.). Harm may relate to health, odds of survival, basic material comfort, and other basic elements of a satisfying and dignified life (Starr, 2009).

Consumers are increasingly willing to integrate ethical considerations in their purchase decisions (Shaw & Shiu, 2001; Tustin & de Jongh, 2008; Bezençon & Blili, 2010). They consistently say they are concerned about the impact their brand and/ or product purchase decisions might have on the society and the environment, and that they prefer to buy from companies that take social and environmental responsibilities seriously (De Pelsmacker, Janssens, Sterckx & Mielants, 2005; Tustin & de Jongh, 2008). Ethical purchase behaviour can thus take on many forms. Examples include buying foods produced under environmentally sustainable methods (organic and local produce), buying products procured via fair-trade agreements, boycotting companies that use sweatshop labour, favouring products with low carbon emissions, recycling diligently and buying products from animal origin from suppliers that use humane husbandry methods such free range eggs (Starr, 2009).

Consumers are also no longer only interested in the final format of a product. They are also interested in the whole transformation of goods and services leading up to the final product e.g. production processes and packaging (Tustin & de Jongh, 2008). Ethical considerations and augmentation thus relate to products’ whole lifestyle, because products cannot be ethical per se. They may only carry ethical attributes (Crane, 2001; Bezençon & Blili, 2010).

Companies have reacted to the increased demand by making a much wider range of ethical products available (Euromonitor, 2006). For example, multinational organisations such as The Body Shop and Levi Strauss have published codes of conduct to

demonstrate their commitment to better business behaviour. Other organisations have augmented their products e.g. McDonald's changed the nutritional content of their products (Carrigan & Attalla, 2001). South African companies have also increasingly made ethical claims about the intrinsic values and benefits of their brands or products (Tustin & de Jongh, 2008). PVM Nutritional Science would be such an example (Rheeder, 2011).

The growth and sales of products with an ethical dimension is thus largely consumer driven (Euromonitor, 2006; Auger, Devinney, Louviere & Burke, 2008). If consumers did not demand the integration of ethical values of a brand or product throughout its entire product lifecycle, companies would not have been driven to make this ethical shift (Tustin & de Jongh, 2008). Consumer demands or choices and the way organisations responds, illustrates the interdependent relationships between consumer purchase behaviour and organisational behaviour (Brinkmann & Peattie, 2008). This implies that consumers have some responsibility for the outcome of commerce (Neale & Fullerton, 2010). The more companies make ethical claims, the more consumers will demand it, and this wider consumer movement will continue to stimulate what is now commonly known as ethical consumerism (Tustin & de Jongh, 2008).

Ethical consumerism can be considered as the conscious and deliberate choices of consumers due to personal and moral beliefs (Auger & Devinney, 2007) that guide consumer behaviour throughout the whole consumer buying process (Mitchell & Ka Lun Chan, 2002). It can also be defined as consumer concerns and attitudes with regard to consumerist issues in the sequential activity from problem recognition to the actual point of purchase and post-purchase behaviour showed in Figure 2.4 (Kotler & Keller, 2006; Ismail & Panni, 2008).

Personal and moral beliefs differ between individuals due to several demographical factors such as age (Anich & White, 2009), gender and culture (Swaidan, Rawwas & Al-Khatib, 2004). For example, Swaidan, *et al.* (2004) found that females are more likely to reject questionable or illegal activities and are more attracted by "no harm" claims. Therefore, the definition of business ethics given in the beginning of this section may be too static as it implies that there is consensus about what constitutes "good" or "ethical" behaviour. A more dynamic and idealistic description would be concerned with clarifying

what constitutes human welfare and the necessary behaviour to promote it. This implies that clarifying ethical thought is essentially an evolving and moving target (Neale & Fullerton, 2010).

Evolution or change is also characteristic of the market environment (Grant, 2008). This may explain why the linear buying decision process model (Figure 2.4) only partly describes consumer purchase behaviour. The stimulus-response model of consumer behaviour (Figure 2.4) includes more variables (e.g. age, gender and culture) that may influence consumer purchase behaviour. It may thus be a more suitable model for understanding consumer purchase behaviour, especially with regard to understanding purchase behaviour as votes for what consumers view as human welfare constituents. The stimulus-response model is therefore a more holistic approach to consumer behaviour. A summarised version of this model is shown in Figure 3.1.

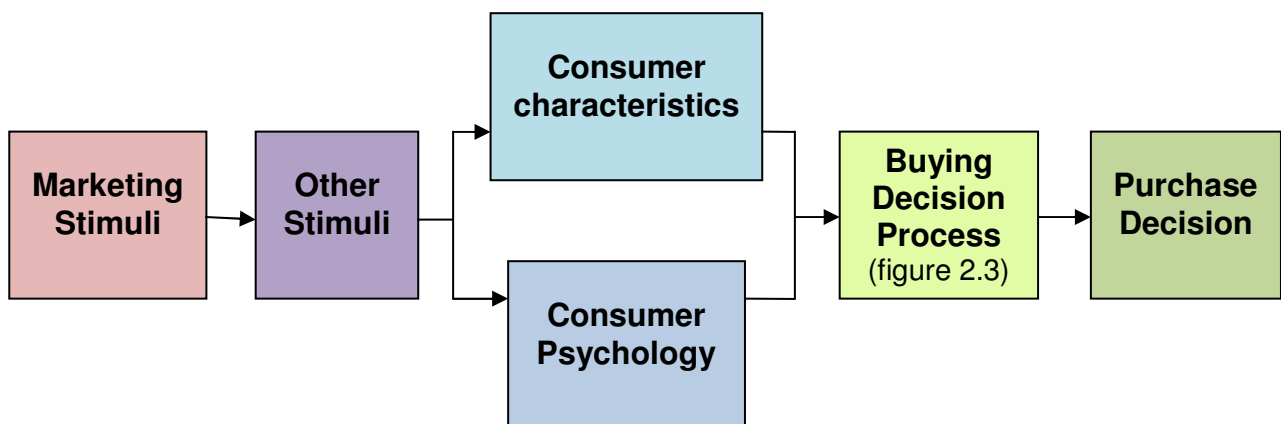


Figure 3.1: Summary of stimulus-response model of consumer behaviour (adapted from Kotler & Keller, 2006)

Considering this model from right to left, it can be seen that the purchase decision process precedes actual purchase behaviour. Consumer purchasing behaviour includes both the decision processes and acts of people when buying products (Ismail & Panni, 2008). Due to constraints discussed in paragraph 1.6, the study focuses on consumer purchase intentions as a proxy for studying their purchase behaviour (Chandon, *et al.*, 2005). Consumers' purchase intentions are what they think they will buy and can be viewed as subjective judgements of future behaviour (Lin & Chen, 2009).

The stimulus-response model shows that consumer characteristics influence purchase decisions, which will be discussed in more detail in section 3.3. Age as a consumer characteristic influencing consumer behaviour is discussed in section 3.4. Also included in the stimulus-response model are consumer psychological factors. This includes motivation, perception, learning and memory. Brand familiarity is the result of memory and its effect on purchase intentions and it is discussed in section 3.5. Similarly, awareness is the result of learning which will be discussed in section 3.6. Other external stimuli that may affect consumer intention and subsequent behaviour are political, economical, technological and cultural factors (Kotler & Keller, 2006). Culture is also a consumer characteristic briefly dealt with in section 3.3. The other factors are not discussed because it falls beyond the scope of this review. Marketing stimuli is the last set of factors mentioned in the stimulus-response model and is discussed in section 3.7.

### **3.3 CONSUMER CHARACTERISTICS AND PURCHASE INTENTIONS**

Humans are active participants in their own lives and not mere recipients of larger forces such as organisations (Hiller, 2010). Therefore, their purchase behaviour is influenced by factors such as cultural, social and personal attributes (Kotler & Keller, 2006).

Children acquire a set of values, perceptions, preferences and behaviour through their family and other key environments or institutions, which are commonly associated with his or her culture (Kotler & Keller, 2006). Cultural aspects affect consumers' behavioural ethics which are reflective of this collective programming of the mind. Standards differ from one culture to another and as a consequence, the actions regarded as "right" by one culture may be different from another. Therefore, culture may play a significant role in consumer ethical purchase behaviour (Swaidan, *et al.*, 2004).

Cultures can be subdivided in subcultures such as nationalities, religions, racial groups and geographical regions (Kotler & Keller, 2006). South Africa is known for its unique diversity of subcultures, but research with regards to the South African context, especially with regards to ethical consumerism is limited (Tustin & de Jongh, 2008).

In addition to cultural factors, consumers' behaviour may also be influenced by social factors such as reference groups. Reference groups consist of any group of people that may directly or indirectly affect consumer behaviour (Kotler & Keller, 2006). It could be



any individual or group of individuals that serves as a point of comparison for an individual when forming either general or specific values, attitudes, or behavioural intentions (Lin & Chen, 2009).

A number of reference group types such as primary, secondary, membership, aspirational and dissociative groups have been identified. Individuals are influenced by reference groups in three possible ways. They:

- Expose individuals to new behaviours and lifestyle, which is based on the desire of consumer to make informed decisions.
- Influence attitude and self-concept, which is characterised by the need for psychological association with a person or group.
- Create pressure for conformity that may affect actual product and brand choices which is reflective of attempts to comply with the wishes of others to achieve rewards or avoid punishment (Kotler & Keller, 2006; Lin & Chen, 2009).

The study focuses specifically on sports supplement consumers and it would therefore be interesting to see if this reference group causes them to view organisational ethical business practices in the same way.

Joergens (2006) found that in the fashion industry, consumers are more interested in their own personal needs than that of other stakeholders (Joergens, 2006) which may explain why consumers do not always make ethical purchase decisions. This is an example of how personal attributes may affect consumer behaviour. Other personal attributes that may affect consumer ethical purchase behaviour include occupation and age (Kotler & Keller, 2006). For example, Rode, *et al.* (2008) found that students of business and economics were less willing to pay price premiums for ethical attributes than those from other social sciences and the humanities. Age is a demographic variable that may affect behaviour (Anich & White, 2009) and ethical purchase intentions according to age groups is discussed in section 3.4.

### **3.4 AGE AND ETHICAL PURCHASE INTENTIONS**

Several previous studies (Matthies, 2005; Morris, *et al.* 2005; Yoon, *et al.*, 2009) showed that variances in age generally affect purchase intentions. However, De Pelsmacker, *et*

*al.*, (2005) suggest that demographic factors are not necessarily a predictive factor of ethical views and ethical purchase intentions, but several authors (Anich & White, 2009; Bray, *et al.*, 2011) seem to disagree.

Ethical sensitivity is reported to increase with consumers' age. While younger consumers may not have established themselves yet and may have fewer financial resources, older consumers have usually established themselves in a career, have a family, have determined their ethical values and have the money to support those values. They have usually already established their self esteem and no longer need to spend their money on products to promote it. They are more concerned about establishing a better lifestyle for their children (Schnitz, 2008) and place greater emphasis on achieving emotionally meaningful goals than on knowledge-related goals (Yoon, *et al.*, 2009).

Several possible explanations account for this greater emphasis. Yoon, *et al.* (2009) mentioned that older consumers can better understand and integrate emotional information. This is an adaptive skill that improves with age. As a result, older consumers appear to be better at acknowledging their emotions, solving emotionally charged problems and enduring the tension of mixed emotional experiences. They can thus shift their goals from information acquisition, to more emotion regulation so that they could influence decision-making by affecting the information and strategies they preferred to use for problem solving. For example, older consumers may use emotional markers such as 'caring for their family' instead of more effortful decision rules to make a decision (Yoon, *et al.*, 2009).

Older adults may have impaired inhibitory processing ability, making them more susceptible to interference from distracting and irrelevant information than younger adults. These distractions may be from external sources (e.g. background noise) or internal sources (e.g. personal concerns). This may hinder them from recalling brand names so that they may rely more on information from the external environment such as brand reputation or simple cues that trigger heuristic processing (Yoon, *et al.*, 2009).

Consumers seem to become more and more brand conscious and make positive choices at an increasingly younger age. It was found that many consumers establish

their brand preferences between the ages of 15 and 25 (Radder & Huang, 2008), which is in contrast with what Yoon, *et al.* (2009) said. They mentioned that brand loyalty seems to increase with age (Yoon, *et al.*, 2009). This is very similar to what is mentioned by Tustin and de Jongh (2008) who suggest that consumers between the ages of 13 and 25 years are more likely to switch from one brand to another (price and quality being equal) if the second brand is associated with a good cause (Tustin & de Jongh, 2008).

According to Yoon, *et al.*, (2009) brand loyalty seems to increase with age so that older consumers consider fewer brands and fewer distributors when evaluating alternatives. They also search less for information than younger consumers, especially when decision-making surrounds a high involvement product and those with new informational constraints. This may be because older consumers are less able to search for information given cognitive capacity constraints as cognitive function declines with age. They may also restrict their information search, because they wish to conserve scarce cognitive or physical resources. It may also be due to the fact that when older consumers engage in familiar purchase decision-making, such as buying a new car, older consumers may engage in less informational searches, because they use their years of shopping experience to design efficient search strategies (Yoon, *et al.*, 2009). Older consumers' memories have been reported to be more biased in favour of past purchase choices made compared to those of younger adults (Yoon, *et al.*, 2009; Anich & White, 2009).

Independence is also a significant predictor of intentions for individuals older than 30 years (Anich & White, 2009), who found that the need for autonomy is reflected in a person's desire to be in control of their own destiny and high levels of autonomy are associated with intrinsic motivation where one acts out of more altruistic reasons rather than seeking financial or hedonic rewards. Given the fact that ethically augmented products are generally more expensive, it seems logical that those with high autonomy would be attracted towards this kind of purchase.

While a sense of autonomy is the strongest predictor of purchase intentions in older individuals, attitude is the best predictor of purchase intentions in younger consumers between the age of 15 and 30 years (Anich & White, 2009). For example, Joergens

(2006) found that 18-26 year olds are more concerned with their own needs than that of others. This may make them seem less “ethically aware” (Carrigan & Attalla, 2001). However, although older consumers seems to be “more ethical” (Bray, *et al.*, 2011), Anich and White (2009) imply that older consumers may suffer from “ethical fatigue” as a result of accumulating unrequited ethical purchasing decisions over time. They concluded that older consumers have a weakened sense of connection between their beliefs and the probability that their ethical decisions will satisfy or affirm their beliefs, which is linked with the fact that attitude is not a good predictor of their behaviour (Anich & White, 2009).

Therefore, despite the fact that it is suggested that ethically concerned consumers could not be segregated by basic demographic factors (Auger, *et al.* 2007), it seems that age as a demographical factor plays a role in consumer purchase intentions (Anich & White, 2009). The reasons for this mentioned in this section is that consumers from different age groups are motivated by different factors and may also rely more or less on short- or long-term memory when making decisions.

By referring back to Figure 3.1, psychological factors can affect consumer purchase intentions and behaviour of which motivation and memory are examples. All information and experiences people encounter from their day to day activities can end up in their long-term memory. Any type of information can be stored, including information that is verbal, visual, abstract, or contextual. How information is stored is often compared to a network with interlinking components of nodes or memory boxes. When a node becomes activated as a result of encoded external or internal information, other nodes may also become activated if it is sufficiently strongly associated with that node. Consumer brand knowledge could similarly be stored in consumer’s memory so that it may affect consumer purchase intentions (Kotler & Keller, 2006).

### **3.5 BRAND FAMILIARITY AND PURCHASE INTENTIONS**

Consumers in the study done by Bray, *et al.*, (2011) showed great brand loyalty and image consciousness to the extent that when price was ignored, brand loyalty still prevented some consumers from buying an ethical alternative (Bray, *et al.*, 2011). This

shows that branding has a significant impact on consumer decision-making (De Pelsmacker *et al.*, 2005).

Branding elements includes all those factors chosen to increase consumers' ability to identify a brand under different conditions as well as to differentiate it from other brands. Examples are the name, logo, symbol, slogan, physical appearance and packaging chosen (Megicks, *et al.*, 2008; Radder & Huang, 2008). It has also been expanded to include ethical attributes of a product (Tustin & de Jongh, 2008).

During the decision-making process, consumers retrieve from their long-term memory, those products and brands of which they are aware. The more easily the consumer recalls a brand in an unaided recall situation, the higher their purchase intention and the more likely their purchase of the brand (Radder & Huang, 2008; Shabbir, *et al.*, 2010). Brand awareness or brand familiarity can be defined as the number of product- or service-related experiences that have been accumulated by consumers (Tam, 2008). It can be achieved through the application of several visual and verbal effects in advertising that helps to entrench the brand name in consumers' memory (Radder & Huang, 2008). Although consumers' reaction to a product is intrinsically linked to their perceptions, which is in itself determined by a number of personal, cognitive and other factors (Tustin & de Jongh, 2008), brand awareness will increase when consumers have enough experience of the brand by seeing, hearing or thinking about it (Radder & Huang, 2008). Therefore, other indirect experiences such as interactions with salespersons, word of mouth communications and consumption trail may also increase brand familiarity (Tam, 2008).

Low brand familiarity requires that consumers exert greater cognitive efforts in evaluating a brand's performance so that they are likely to experience some disconfirmation of their expectations. On the other hand, customers with high brand familiarity require less cognitive effort in evaluating a brand's performance, because they have a better knowledge structure. Familiarity tends to lead to positive evaluations of a service or object, because consumers may feel a glow of warmth and intimacy (Tam, 2008). This supports the theory of planned behaviour (TPB) (Ajzen, 1991) that a positive attitude is a significant predictor of purchase intention (Kim & Pysarchik, 2000).

Consumers with high brand familiarity will not only have a greater intention to purchase a brand, but are also more likely to make repeated purchases when they have some positive evaluations or associations of the brand (Tam, 2008). Brand awareness and brand familiarity therefore positively influence consumer purchase behaviour (Tam, 2008; Shabbir, *et al.*, 2010), especially if consumers decide to be brand loyal (Kotler & Keller, 2006). It makes the establishment of an alternative brand option difficult, even if it is of higher quality (Hopkins, 2007). This implies that consumers may often choose brands with which they are familiar, regardless of their having ethical attributes or not (Tam, 2008).

Brand familiarity is the result of several cues through which consumers acquire and store information. The process of acquiring and storing information is called learning (Kotler & Keller, 2006), which explains why knowledge and brand familiarity are closely related (Tam, 2008). Learning involves changes in individual's behaviour as a result of new experiences or information acquired (Kotler & Keller, 2006). This, as mentioned in chapter 1 (section 1.2) implies that consumers may change their purchase behaviour when they become aware of the ethical attributes of a product.

### **3.6 AWARENESS AND CONSUMER BEHAVIOUR INTENTIONS**

Consumer researchers and ethicists alike are interested in how information is handled and how choices are made. These common interests allow conceptualization of consumer ethics around consumer purchase decision-making (Brinkmann & Peattie, 2008). Consumers must first recognize a moral issue to be present, which often requires awareness of the moral issue (Jones & Middleton, 2007). When recognising a moral issue, consumers' moral judgment may affect their moral intent to engage or not engage in moral behaviour. If consumers are unable to identify or incorrectly identify the level of "harm", they may not even recognize ethical issues or attributes (Jones & Middleton, 2007). Therefore, awareness or having information with regard to a particular issue (The Oxford Mini Dictionary, 1990) can thus influence consumer buying behaviour (Tam, 2008; Shabbir, Kaufmann, Ahmad & Qureshi, 2010).

It has been argued that consumers are unable to successfully exercise their purchasing power as votes within the marketplace when information is limited (Shaw, Grehan, Shiu,

Hassen & Thompson, 2005). Several authors (Shaw, *et al.*, 2005; Joergens, 2006; Euromonitor, 2007) found that consumers need more knowledge to be able to act ethically. Boulstridge and Carrigan (2000) who studied consumer response to ethical marketing behaviour found that most consumers lacked information to distinguish whether organisations behaved ethically or not.

Similar results were found by Bray, *et al.* (2011). However, Bray, *et al.* (2011) took their findings a step further by suggesting that consumers' increased awareness and interest with regard to ethical issues over the last decade may have increased consumers' appetites to be better informed. This highlights the desire for adequate product information that enables consumers to make informed individual choices (Shaw, *et al.*, 2005).

Information processing is guided by a consumer's existing expectations (Ingram, *et al.*, 2005). Expectations are based on the consumer's direct experiences with the company or indirect experiences via information gathered from secondary sources such as word-of-mouth communications (Ingram, *et al.*, 2005). It is dynamic and changes based on new information acquired (Tam, 2008). The rise of ethical consumerism shows that consumers have increased ethical expectations of organisations (Shaw & Shiu, 2001; Bezençon & Blili, 2010), but also that there is an increased amount of information available (Jones & Middleton, 2007).

The public domain contains much information relevant to ethical consumption (Jones & Middleton, 2007) and consumers are most likely to use the web to gain information and to evaluate ethical brand claims (Euromonitor, 2007). However, labelling can be viewed as a primer or point of reference that draws attention to products' attributes (Jones & Middleton, 2007).

Anderson and Hanson (2004) reported an experiment conducted at two Home Depot stores, where "ecolabelled" and unlabeled plywood were sold. They found that the "ecolabelled" version of the product was associated with increases sales when the products were sold side by side at the same price. However, sales dropped when the "ecolabelled" was sold at a premium (Anderson & Hanson, 2004). Similarly, Kimeldorf, Meyer, Prasad and Robinson, (2006) used a "good working conditions" label to

differentiate otherwise equivalent sport socks. They too showed that, even at a price premium of 40 %, nearly a quarter of sales came from the labelled version of the product.

Labelling can thus be viewed as an effective means of communicating ethical credentials of a product to consumers (Shaw, *et al.*, 2005; Tustin & de Jongh, 2008). A study done by Tustin and de Jongh (2008) found that at least 70 % of the consumers studied show preferences for the following information on products labels:

- Nutritional information when it was a food product
- Ingredients or materials used to produce the product
- Country of production (The study was done in South Africa and consumers preferred to purchase locally-produced products)
- Environment-friendly packaging
- Organically produced products
- Recycled materials used
- Apt treatment of animals (Tustin & de Jongh, 2008).

The study clearly indicates consumers' desire to be informed about ethical products or services and ethical business behaviour (Tustin & de Jongh, 2008). However, although some literature suggests that consumers require (Shaw, *et al.*, 2005; Joergens, 2006; Euromonitor, 2007) and crave more information (Bray, *et al.*, 2011), others (Boulstridge & Carrigan, 2000) suggest that there is too much information available to consumers. They argue that it may actually detract consumers from ethical choices, because it may be too much to deal with alongside other factors that affect purchase decisions (Boulstridge & Carrigan, 2000). Consumers' limited individual cognitive capacity may then cause them to reach decisions that are not always optimal (Szmigan, Carrigan & McEachern, 2009) and may also cause consumers to feel extremely confused (Euromonitor, 2007; Megicks, *et al.*, 2008).

In such situations where task and contextual demands exceed the resources available for consumers to make a decision, consumers may adapt their decision making processes. For instance, they might draw on their existing knowledge and experience, which allows them to successfully compensate for decrements in resources (Yoon, Cole



& Lee, 2009). When consumers cannot draw on their existing knowledge and experience bases, they may make decisions based on the situational and contextual information available. This implies that the amount of information available is not necessarily the problem, but rather that it is not presented in a meaningful or user-friendly way (Yoon, *et al.*, 2009).

Also in contrast with the view that consumers lack information to make ethical purchase decisions, is the view by some authors (Boulstridge & Carrigan, 2000; Auger, *et al.*, 2008; Rahbar & Wahid, 2010) that the amount of information would in any case make little difference in consumer's purchase decisions. Rahbar and Wahid's (2010) explanation hereof is that a high degree of awareness does not necessarily lead to ethical behaviour, due to the lack of substitutes and the higher cost of products with ethical dimensions such as green products (Rahbar & Wahid, 2010). Another explanation may be that consumers are knowledgeable about the nature of social attributes and that they are aware of certain social attributes associated with some types of products, for example, child labour in shoe production and animal testing in the cosmetic industry (Auger, *et al.*, 2008).

To summarise, information on ethical products or services and ethical business behaviour may contribute to higher awareness, improved purchasing intentions and ethical buying behaviour of consumers (Tustin & de Jongh, 2008). Fifty-six percent (56%) of the survey respondents believed that companies should promote their ethical credentials more strongly (Euromonitor, 2007). However, the way it is communicated is important (Megicks, *et al.*, 2008; Yoon, Cole & Lee, 2009). Consumers often face a number of different types of ethical claims, some less appealing than others. Consumer willingness to purchase ethically labelled products will depend on their credibility including the amount of credible information and trustworthiness of the sender or issuer (De Pelsmacker, *et al.*, 2005), because consumers seem to avoid products or companies that have received bad press (Bray, *et al.*, 2011).

Marketing is the medium used to transfer information from organisations to consumers. It includes all the processes for creating, communicating and delivering values to consumer in a way that benefits organisations. Therefore marketing stimuli can affect purchase intentions (Crane, 2001; Kotler & Keller, 2006).

### 3.7 MARKETING STIMULI AND PURCHASE INTENTIONS

Marketing stimuli is the far left factor shown in the stimulus-response model (Figure 3.1). It is responsible for creating a balanced exchange between the company and the consumer, where parties attempt to proportionally maximize their rewards and minimize their costs hopefully resulting in satisfaction (Ingram, Skinner & Taylor, 2005). Marketing stimuli are commonly referred to as the marketing mix or 4Ps. It includes promotion or communication, product or services, place or distribution and price (Kotler & Keller, 2006; Open University, 2007; Silbiger, 2007). Communication includes all messages sent and received by organisations and consumers via a range of media (Steyn, n.d.) such as labelling with the aim to increase awareness (Tustin & de Jongh, 2008).

Products and services are what an organisation has on offer to meet the needs of consumer or to provide a solution to their problems (Open University, 2007a). A wide range of products is characteristic of the mature sports supplement industry (Euromonitor, 2010). Thus, although ethical augmentation could relate to intrinsic product attributes that may figure significantly in consumers' purchase intentions, it is unlikely that it will be the core benefit sought by consumers (Crane, 2001), especially if the intention to purchase is to satisfy an urgent need (Megicks, *et al.*, 2008). If this were the case, there would be no "ethical purchase gap" (Bray, *et al.*, 2011).

Bocock, *et al.* (n.d.) found that ethical production and realism was found to be the least important consideration when purchasing low involvement products. The most important consideration is price followed by convenience (Bocock, *et al.*, n.d.). Convenience could refer to several factors such as easy access. Easy access relates to place or distribution and refers to the location where commerce takes place (Open University, 2007; Silbiger, 2007), which may have a significant impact on consumer purchase decisions (De Pelsmacker, *et al.*, 2005; Carrington, *et al.*, 2010). Convenience may also translate to usage conditions or functional desirability, which is not easily sacrificed for social ethical desirability features (Auger, *et al.*, 2008).

Price is the fourth element of the 4Ps marketing mix (Open University, 2007; Silbiger, 2007) and an important consideration when buying low involvement products (Bocock,

*et al.*, n.d.). Price could either play a negative or positive role in consumer purchase behaviour. The negative role refers to the traditional economic sense of monetary value. Price indicates the amount of money that consumers must give up to acquire a product. When consumers are uncertain of the quality or benefits they might receive from the product acquisition, price is also used to deduce what is to be gained by purchasing the product (Kukar-Kinney, Ridgway & Monroe, 2007). For example, if consumers lack explicit knowledge of costs incurred by product manufacturers to meet ethical standards, Rode, Hogarth & Menestrel (2008) found that they may still pay a premium for ethically produced goods. This is considered the positive role of price (Kukar-Kinney, *et al.*, 2007).

Under general conditions, the probability of purchasing a product decreases as its price increases, (Auger, *et al.*, 2008). This illustrates the negative role of price. Auger, *et al.* (2008) showed that for products with ethical attributes, consumers' purchase intentions tend to also decrease with increases in price. They demonstrated that the ratio of ethical to total purchases of athletic shoes and soap bars remained relatively constant across a range of price levels suggesting that the relative importance of the ethical attributes did not systematically vary across different levels of price (Auger, *et al.*, 2008).

Although Auger, *et al.* (2008) showed that the probability of purchasing a product with ethical attributes decreases as its price increases, several authors (De Pelsmacker *et al.*, 2005; Auger, Devinney & Louviere, 2007; Megicks, *et al.*, 2008; Rode, Hogarth & Menestrel, 2008) found that a growing number of consumers are prepared to pay a premium price to acquire products from organisations that demonstrate ethical behaviour. This illustrates the positive role of price. For example, price appears to be less of an issue when products are locally produced (Bray, *et al.*, 2011) which is viewed by some authors (Megicks, *et al.* 2008; Tustin & de Jongh, 2008) as an ethical attribute. A reason may be that some consumers think purchasing imported products is "bad", because it harms the domestic economy, causes unemployment and is unpatriotic (Kim & Pysarchik, 2000).

In contrast with these findings, Rahbar and Wahid (2010) found that Malaysian consumers were unwilling to pay higher prices for green products. Bray, *et al.*, (2011) also found that consumers cared more about financial than ethical values, particularly if

it is a food or frequently purchased item. Bray, *et al.*, (2011) suggest that this may be due to post-purchase dissonance as soon as consumers notice the premium price charged for ethical products. The participants in their study said that they do care about ethical issues and were willing to pay slightly more, but remain reluctant to pay much more for goods without a significant tangible reward (Bray, *et al.*, 2011). Consumers are willing to pay more for products made under desirable conditions, but the price of similar products affected how much more (Elliott & Freeman, 2004).

### **3.8 ELABORATION LIKELIHOOD MODEL**

The contrasting findings with regards to price as a marketing stimulus can be explained by the elaboration likelihood model. It also links well with the five-stage model of the consumer buying process (Figure 2.4) as it describes how consumers evaluate alternatives in low and high involvement circumstances (Kotler & Keller, 2006).

The elaboration likelihood model describes consumer involvement. Consumer involvement can be defined as the level of engagement and active processing undertaken by consumers in a response to persuasive marketing communication (Kotler & Keller, 2006). As shown in Figure 3.2, the model suggests that there are two routes of decision-making namely: the central route and the peripheral route.

The central route of decision-making is based on much thought and rational considerations, while the peripheral route is a consequence of brand association. Consumers will follow the central route only when they possess sufficient knowledge, motivation and the opportunity (time and setting) to evaluate alternatives. When any of these factors are lacking, consumers tend to follow the peripheral route where they base their purchase decisions on extrinsic factors (Kotler & Keller, 2006; Bain & Moutinho, 2011). Therefore, the level of involvement determines the depth, complexity and extensiveness of cognitive and behavioural processes during the consumer choice process (Bain & Moutinho, 2011).

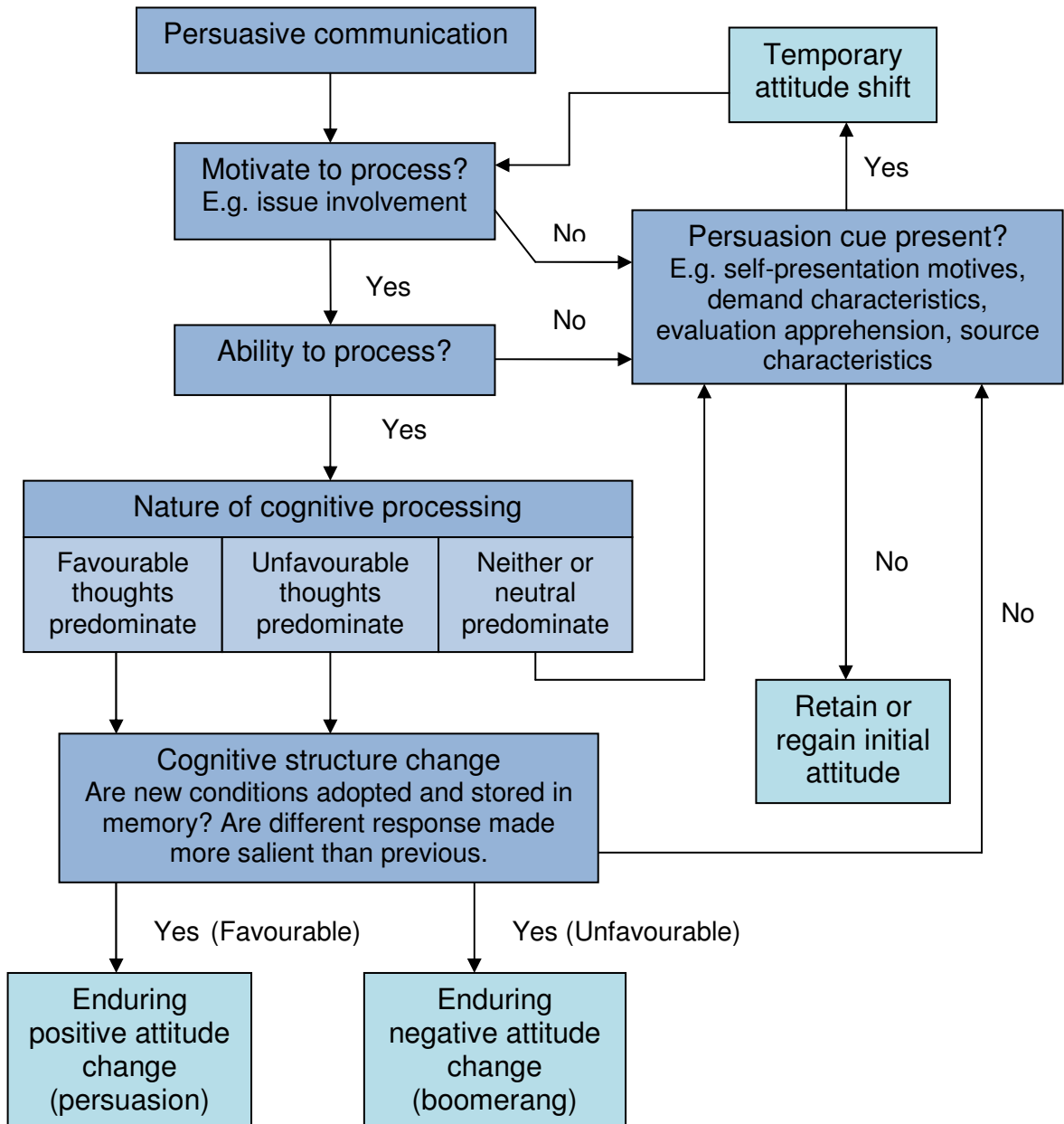


Figure 3.2: Elaboration likelihood model (adapted from Hanekom (2006))

Ethical augmentation is often viewed as an attribute of high involvement product decision-making requiring the consumer to weigh up social and ecological importance, together with a multitude of other variables that might influence consumers (Anich & White, 2009). This will require consumers to follow the central route of decision-making. However, section 3.6 suggested that consumers lack sufficient information with regard to ethical product attributes so that the peripheral route of decision-making is rather followed. Furthermore, ethical augmentation is also considered an extrinsic product

factor, because it is integrated throughout the whole manufacturing transformation process (Crane, 2001). This also suggests that a peripheral route of decision-making will be followed (Kotler & Keller, 2006) for low involvement food purchases (Anich & White, 2009) such as sports supplements (Rheeder, 2011).

Therefore, it seems that consumers are most likely to follow the peripheral route when making their purchase decision of sports supplements. If this is the case, it is suggested that marketers should provide consumers with one or more positive cues that can be used to justify their purchase choice (Kotler & Keller, 2006). This suggests that the importance of ethical product attributes needs to be assessed in a multi-attribute trade-off preference-formation situation which includes a relevant range of product and marketing attributes that may affect consumer decision-making (De Pelsmacker, *et al.*, 2005), because consumers often adapt their decision-making to different contexts and tasks (Yoon, *et al.*, 2009).

The elaboration likelihood model suggests that consumers are likely to follow a peripheral decision-making route when buying sports supplements. This implies that consumers do not have sufficient knowledge, motivation and the opportunity (time and setting) to evaluate product alternatives, which may explain the “ethical purchase gap”.

### **3.8 SUMMARY**

The chapter started off by suggesting that there are two possible reasons for the “ethical purchase gap”:

- Consumers may not have sufficient or adequate information or awareness with regard to ethical business behaviour.
- The relative importance of ethical attributes is affected by several other competing factors during the purchase decision-making process.

These were explored in more detail by using the stimulus-response model of consumer behaviour as a reference framework. A closer look at consumer characteristics showed that research with regards to ethical consumerism in South Africa is limited (Tustin & de Jongh, 2008). The research did not look at this specifically because it could be deduced from the PVM Nutritional Sciences sponsored and semi-sponsored athlete profile. PVM

Nutritional Sciences do not approach any potential beneficiaries of sponsorships, but only respond to unsolicited application for sponsorships. This naturally resulted in a study population that included only South African athletes.

Ethical sensitivity with regard to ethical augmentation seems to be affected by the age of consumers. No research is available with regard to the relationship between age and sports supplement purchases. In general, older consumers are more likely to acquire products with ethical attributes and seem to be more brand loyal. Brand familiarity as a consumer psychological factor was determined to be a significant factor competing with ethical attributes during the purchase decision-making process.

A reason for older consumers to be more brand loyal, is that they rely more on previously acquired knowledge or memory when making purchase decisions. This may explain the contrasting views on the role of awareness with regards to ethical attributes. Some authors (Shaw, *et al.*, 2005; Joergens, 2006; Euromonitor, 2007) suggest that consumers require more information to be able to make ethical purchase decisions and that labelling information may be a good starting point (Tustin & de Jongh, 2008). Others (Boulstridge & Carrigan, 2000) suggest that the public domain is stocked with enough information, which detracts consumers from making ethical purchase decisions. Yet, another group of authors (Auger, *et al.*, 2008; Rahbar & Wahid, 2010) suggest that too much or too little information or awareness with regards to ethical attributes will in any case make no difference.

Older consumers are more likely to have the monetary means to acquire products with ethical attributes sold at a premium price (Schnitz, 2008). Price also seems to compete with ethical attributes in the purchase decision-making process. Products should also be readily available and convenient to use. If not, consumers are likely to put aside their ethical intentions (Euromonitor, 2006) which suggest that convenience is another factor competing with ethical attributes.

In conclusion, awareness may affect consumer purchase intentions and research is required to determine sports supplement consumers' level of awareness and how it relates to their purchase intentions. Brand familiarity, price and convenience may compete with ethical attributes in the purchase decision-making process. Research is

required to determine the relative importance of each. It is also worthwhile to determine whether age affects consumer awareness and the relative importance of ethical attributes in forming purchase intentions because this may be a new target market for the company.



## **CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY**

### **4.1 INTRODUCTION**

The previous chapter showed that consumer awareness with regard to ethical behaviour should be assessed because it may affect consumer purchase intentions. It was also identified that brand familiarity, price and convenience may compete with ethical attributes in the purchase decision-making process.

This chapter focuses on the methodology employed to determine the level of awareness (objective a), the extent to which brand familiarity, price and convenience affect purchase intentions (objective b) and how age affect the aforementioned (objective c). It includes a discussion on the methods used for sampling, data collection and data analysis. Considerations with regard to validity, reliability and ethical issues are also included.

### **4.2 RESEARCH DESIGN**

The study made use of an across-method methodological triangulation approach. Thurmond (2001) described this approach as one that includes both qualitative and quantitative data collections methods. Quantitative studies are based on principles from logical positivism and allow research to be conducted from an objective and measurable base (Palmer, 2009). The majority of studies on consumer ethics made use of quantitative scales e.g. the Muncy and Vitell (1992) scale, while qualitative data collection appears to be under utilised.

Qualitative studies are based on aspects of phenomenology that seek to appreciate the experiences of individuals, while exploring human responses and societal influences on individual perceptions. It is ideal for establishing the connection between phenomena and participants' perceptions of the phenomena being studied (Palmer, 2009) e.g. the relationship between ethical business practices, brand familiarity, price and convenience. Qualitative data collection methods offer epistemological potential so that ethical consumption and how it relates to consumer behavioural intentions could have been studied in more depth (Hiller, 2010).

One of the disadvantages of triangulation approaches is that the study may require more time to complete and that a vast number of data is generated which may lead to false interpretations of the phenomenon being studied (Thurmond, 2001). In this research study, the approach however assisted the researcher to complete the study within a short time frame, because she had immediate access to the PVM Nutritional Sciences sponsored athlete database (please refer to appendix A).

Using triangulation in this study increased the confidence of the research findings by overcoming researcher bias. Research bias may have resulted due to the fact that the researcher is part of the organisation studied and are subsequently close to the problem (Thurmond, 2001). Possible research bias was further reduced by appointing a research assistant. She was responsible for all communication with participants ensuring that the researcher had no direct contact with them.

### **4.3 SAMPLING**

The researcher gained access to the PVM Nutritional Sciences sponsored and semi-sponsored athlete database. This database was used to obtain a purposive non-probability sample (Leedy & Omrod, 2001) which ensured that all study participants were sports supplement consumers.

During the time the study was conducted, PVM Nutritional Sciences sponsored only South African sportsmen and –women so that the study population naturally included only South African athletes. This enabled the researcher to gain data for this cultural group for which the number of research with regard to ethical consumerism is limited (Tustin & de Jongh, 2008).

All the PVM Nutritional Sciences sponsored and semi-sponsored athletes were asked to participate in the research study, except for the Free State Cheetah Rugby players. They were excluded because contact details of these players were lacking as all communication with them occurs via their coaches. The sampling approach initially ensured that thirty two (32) possible participants could be included in the study. However, two weeks after the questionnaire was sent to these 32 possible participants, PVM Nutritional Sciences signed sponsored agreements with twenty three (23) more athletes. They were also asked to participate in the study so that the total number of

possible participants was fifty five (55). Of these 55 possible participants, thirty two (32) attempted to complete the questionnaire, but three of these were excluded from data analyses as the questionnaires were incomplete.

The sample obtained may be too small to generalise the findings of the study to the South African population as a whole, but will nevertheless provide some indication. The sponsored athletes are all professional athletes or they compete on a high level. The inclusion of banned substance or raw materials that may be detrimental to human health is therefore a big concern to them. This is because taking such substances places them at risk of losing sponsorship and other financial rewards. Ensuring that products do not include such raw materials is one example of ethical business behaviour. One may therefore assume that if they are not aware of ethical business practices, it is likely that the general population will also not be aware of the practices. Also, if ethical business practise is no more important than price, convenience and brand familiarity in their purchase intentions, it is likely to be similar for the general population.

Another concern with regards to the representativeness of the sample is that one cannot force individuals to fill in a questionnaire. Returned questionnaires are likely to be from highly involved consumers only (Bezençon & Blili, 2010). The researcher is unable to pinpoint the exact cause why some athletes did not return the questionnaire, which may be a source of sampling bias. Possible reasons could be a lack of interest, limited time available or poor internet access.

#### **4.4 DATA COLLECTION**

Data was collected with a questionnaire (Appendix C) sent electronically to the research population together with an invitation letter (Appendix B). It is a simple and straightforward data collection method, but appropriate, given the limited time that was available for conducting the study (Leedy & Omrod, 2001; Coldwell & Herbst, 2004). It is also suitable to describe the incidence, frequency and distribution of certain population characteristics (Leedy & Omrod, 2001). Time constraints were further managed by making use of the internet. This also minimised the impact of the great demographic distance between the researcher and some of the respondents (Leedy & Omrod, 2001; Wright, 2005).

By making use of a questionnaire, the research captures a fleeting moment in time and therefore extrapolation is only a conjecture (Leedy & Omrod, 2001). An advantage of questionnaires is that it can be administered to a great number of people in a non-threatening and anonymous manner. Data obtained are generally easily compared and analysed (Coldwell & Herbst, 2004) and yield a considerable degree of accuracy. The depth to which a variable or topic can be explored, is however limited (Charlesworth, Lewis, Martin & Taylor, 2003; Coldwell & Herbst, 2004; Palmer, 2009). Therefore, a limitation of the study is that only a few variables that may affect purchase intentions are studied. This is linked to the fact that there is a trade-off between the exploration depth and the questionnaire length. Questionnaires should be short to increase the response rate and to reduce respondent fatigue (Baker, 2003).

The majority of studies on consumer ethics made use of the Muncy and Vitell (1992) or the Forsyth Ethical Position Questionnaire (EPQ) (Forsyth (1980) in Wuensch, Jenkins, & Poteat, 2002). Although these questionnaires were found to have a high degree of reliability and validity, it is the researcher's opinion that the questions are too broadly worded to have predictive power in the PVM Nutritional Sciences context. Therefore, a questionnaire was developed specifically for the study. It included specific questions with regards to the variables studied so that results for the PVM Nutritional Sciences context were obtained. It had more predictive power than those of general nature (Auger & Devinney, 2005).

The questionnaire included open-ended (age only) and structured questions. Baker (2003) suggests that varying the type of questions may help to keep respondents involved and interested. Age was asked so that the completed questionnaires could be grouped accordingly. This was done to enable the researcher to address objective (c).

To assess consumer awareness and the relative importance of awareness with regard to ethical business behaviour, the researcher used qualitative questions to be answered on a Likert-type scale. Qualitative research questions are appropriate for collecting data pertaining to objective (b), because several known variables will be studied (Leedy & Omrod, 2001). The number of variables was limited, because the presentation of a

large number of variables could pose a burden on short-term memory of participants which could have affected the results of the study (Adam, *et al.*, 2007).

A section (Part C) was included in the questionnaire, where participants had the opportunity to indicate whether they agree or disagree with pre-identified examples of ethical business behaviour. These examples were based on those activities regarded as ethical business behaviour. This was added to determine if the activities PVM Nutritional Sciences regard as ethical are consistent with what consumers view as ethical business behaviour. The information gathered helped to add more depth to the data gathered for objective (a) as it indicated what type of behaviour consumers are aware of.

The questionnaire was piloted with the PVM Nutritional Sciences sales representatives, before it was sent to the study population. The sales representatives were chosen, because they do not work in the same department as the researcher. This limited possible bias and ensured that honest objective feedback could be obtained. No problems arose from the pilot study and the same questionnaire sent to the representatives was sent to the study population.

Questionnaires are prone to social desirability bias (Coldwell & Herbst, 2004; Hiller, 2010). This was limited by ensuring that participants remained anonymous. Response bias was limited by not referring directly to PVM Nutritional Sciences in any of the questions.

The majority of the study population was given one month to return their completed questionnaires and a reminder note (Appendix D) was sent to them ten days after the questionnaires went out. This helped to increase the number of completed questionnaires received. Some respondents had only two weeks to complete the questionnaire, because they only signed sponsorship agreements with PVM Nutritional Sciences two weeks after the first questionnaires went out.

#### **4.5 DATA ANALYSING**

The use of a Likert scale enabled the researcher to gather ordinal data for objective (a) and (b). Ordinal data allows data to be rank-ordered (Leedy & Omrod, 2001) so that the

researcher could count how often each answer was recorded. In order to do this, all questions were pre-coded using alphabetical letters for each section and numbers for each question. Data was then transferred to excel spreadsheets before data analysis. Three spreadsheets were created: The first spreadsheet for the age group 19 to 30 years, a second for the 30 to 56 years age group and another spreadsheet that summarised the answers of the whole study population. The cut-off age ranges were chosen based on the age groups used in previous studies (Radder & Huang, 2008; Anich & White, 2009) and the age profile of the PVM Nutritional Sciences sponsored athletes. The majority of the athletes are within the 19-30 year age group, possibly because this is the general age range at which professional athletes can compete. Results of these analyses are reported as frequencies and/ or percentile ranks in chapter 5.

Regression analysis helps to identify how the value of a dependent variable changes when the independent variables is varied (Leedy & Omrod, 2001). Such statistical analysis would have been suitable to assess the relative importance of ethical business behaviour in consumer sports supplement purchasing intentions (objective b), but because the sample was too small this could not be done.

Instead, data as recorded in the excel spreadsheets, was transferred to the Statistical Analysis Software (SAS) programme. This enabled predictive modelling. Predictive modelling is a type of data mining that describe the likelihood that a customer will exert a particular action (Shamsuddin, Yusob & Ismail, 2009). Data mining makes use of statistical models to extract valuable, valid, and actionable information from databases or excel spreadsheets to discover new knowledge or to assist decision-making (Chen & Lin, 2006; Shamsuddin, *et al.*, 2009). This enabled the researcher to draw a decision tree. Decision trees are used to partition data by employing independent variables in order to identify the subgroups that contribute most to the dependent variable. In other words, it divided the heterogeneous data from the spreadsheets into successively smaller sets of homogeneous data by using a sequence of simple decision rules with respect to a selected target variable (Chen & Lin, 2006).

#### **4.6 VALIDITY AND RELIABILITY**

An examination of existing literature was aimed at improving the construct validity of the research findings (Leedy & Omrod, 2001). External validity of the study results is limited, because the study sample is small. This is especially true for the data mining decision tree, which is likely to apply to the PVM Nutritional Sciences context only. It may nevertheless assist PVM Nutritional Sciences in decision-making.

The questionnaire was designed to apply specifically to the research problem and its validity and reliability was thus not previously tested. Nevertheless, its internal consistency reliability is likely to be high because all items in the questionnaire will yield similar results (Leedy & Omrod, 2001). Unlike most questionnaires, that include only simple ratings scales, the questionnaire included structured choice experiments, which forced respondents to trade-off product attributes against one another. This is likely to have led to more reliable estimates of relative valuation (or utility) than would have been the case where such choice constraints are not imposed (Auger & Devinney, 2007).

PVM Nutritional Sciences sponsored and semi-sponsored athletes were asked to participate in the study, which could affect the reliability of the study (Auger & Devinney, 2007). This was minimised by the fact that they were not forced to participate and the questionnaire in no way implied that PVM Nutritional Sciences demonstrates ethical behaviour.

#### **4.7 ETHICAL CONSIDERATIONS**

All participants received a notice explaining the nature of the study conducted. The wording of the notice was formulated in a way likely to have prevented respondent bias. Participants gave their informed consent by completing and returning the questionnaire. They were also assured that all information provided would be kept confidential and would be used for research purposes only (Leedy & Omrod, 2001).

Results of the study are reported in a complete and honest way without misinterpreting or intentionally misleading others with regard to the research findings. The study is the researcher's own work and where other researchers' ideas or words were used, it was acknowledged in the research report (Leedy & Omrod, 2001).

## **4.8 SUMMARY**

This chapter provided more detail on how the study was conducted. Data was collected by using a questionnaire, which was then transferred to excel spreadsheets. Thereafter, frequencies and percentile ranks were calculated and reported in chapter 5. A decision tree was also drawn from the heterogeneous data from the spreadsheets and is shown and explained in chapter 5.



## **CHAPTER 5: RESULTS AND DISCUSSION**

### **5.1 INTRODUCTION**

Up to this point, the dissertation focused on the background of the study (Chapter 1), the importance of the study within the PVM Nutritional Sciences context (Chapter 2), what other authors said about the topic (Chapter 3) and how the study was conducted (Chapter 4). This chapter focuses on the results of the study and provides answers to the research questions:

- To assess consumer awareness about ethical business behaviour in the South African supplement industry.
- To assess the relative importance of ethical business behaviour in consumer sports supplement purchasing intentions.
- To determine if age affects consumer awareness and the relative importance of ethical business behaviour in purchase intentions.

Chapter 3 concluded that research with regards to ethical consumerism in South Africa is limited (Tustin & de Jongh, 2008). The researcher did not study this, because it could be deduced from the PVM Nutritional Sciences sponsored and semi-sponsored athlete profile, that all the study participants are South African citizens. Age-related information and a discussion on the results are also included in this chapter.

### **5.2 SAMPLE CHARACTERISTICS**

A total of 32 questionnaires of the 55 questionnaires sent out were returned to the researcher. Of these, three was excluded from analyses because some answers were missing. The total response rate was therefore 52.7 percent (%) which is acceptable, because non-response bias with a response rate of 50 % to 60 % or greater is minimal (Draugalis & Plaza, 2009). It is also in line with average response rates found for other studies. Baruch and Holtom (2008) mentioned that the average response rate of studies that utilized data collected from individuals was 52.7 % with a standard deviation of 20.4.

Of the twenty nine (29) completed questionnaires, eighteen (18) (or 62.1 %) belonged to the 19 to 30 year age group and eleven (11) (or 37.9 %) to the 30 to 56 year age group.

The mean age of the 19 to 30 year age groups was 23.0 years and that of the 30 to 56 age group was 41.3 years. Mean age of all participants were 29.9 years. Age was asked in part A of the questionnaire. The results of the questions posed in parts B, C, and D are in each case reported for the whole study population as well as per age group.

### 5.3 AWARENESS ABOUT ETHICAL BUSINESS BEHAVIOUR

Awareness with regard to ethical business behaviour was assessed in part B of the questionnaire. Only one respondent (3.4 %) indicated that he/ she did not know of an organisation that operates ethically (question B1). All the other respondents either indicated that they agreed (51.7 %) or strongly agreed (41.4 %) to knowing such an organisation. One participant (3.4 %) felt neutral about the question. Figure 5.1 indicates the number and percentages of the answers of each age group.

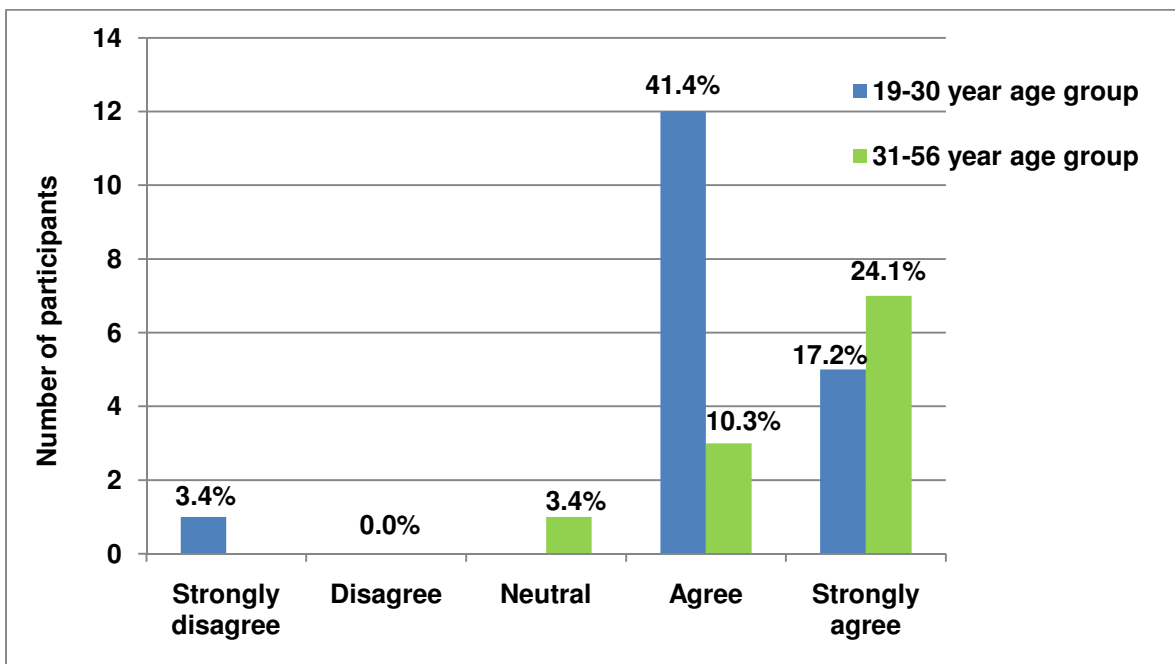


Figure 5.1: Sample frequency of answers reported to question B1 (“I know sports supplement companies that operate extremely ethically”).

In the 19-30 year age group, those who agreed to know companies that are extremely ethically were twelve (41.4 %). Those who strongly agreed were five (17.2%). Participants who agreed and those who strongly agreed in the 31-56 year age group

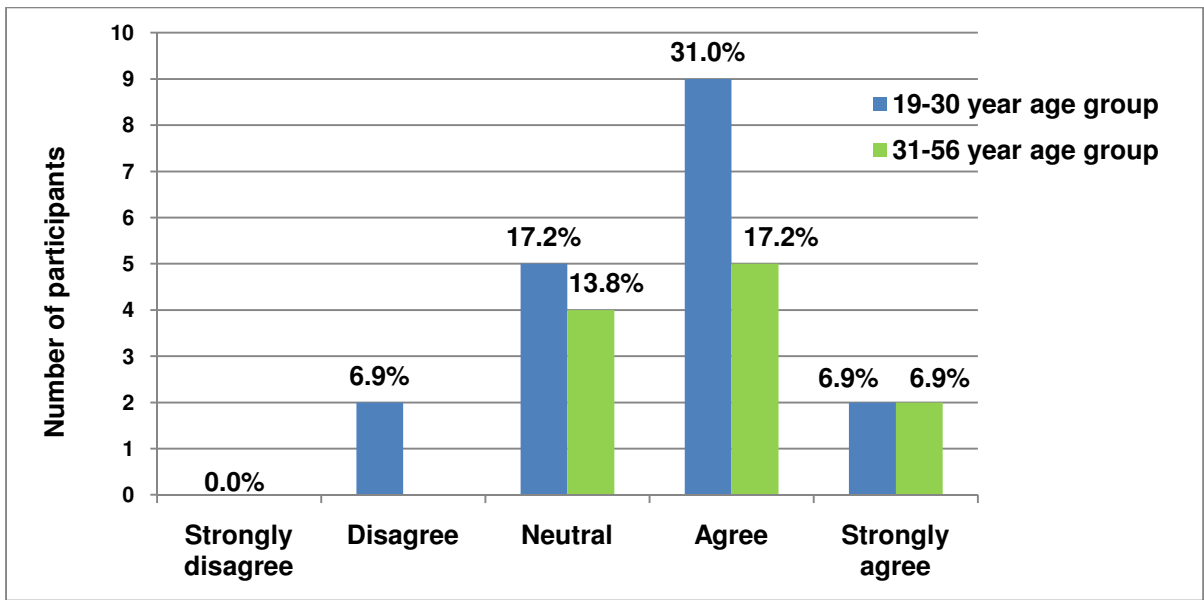
were three (10.3 %) and seven (24.2 %) respectively. It therefore seems as if the percentages of those participants who agreed and those who strongly agreed in the 31-56 year age group follow an opposite pattern than that of the 19-30 year age group. Table 5.1 summarises the answers per age group.

Table 5.1: Age group frequency of answers reported to question B1 (“I know sports supplement companies that operate extremely ethically”).

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
<b>19-30 year age group</b>						
Number	1	0	0	12	5	<b>18</b>
Percentage	5.6%	0%	0%	66.7%	27.8%	<b>100%</b>
<b>31-56 year age group</b>						
Number	0	0	1	3	7	<b>11</b>
Percentage	0%	0%	9.1%	27.3%	63.6%	<b>100%</b>

The answers to question B1 indicated that consumers are in general aware of companies that operate extremely ethically. However, they seemed less aware of those companies who do not operate extremely ethically. This was indicated by the answers to question B3 (Figure 5.2) which was oppositely phrased to question B1. Participants also did not strongly disagree to knowing such companies. Only two (6.9 %) participants disagreed to knowing companies that operate extremely unethically.

The highest number of “neutral” response was recorded for this question compared to all the other questions. Nine (31.1%) participants (five from the 19-30 year age group and four from the 31-56 year age group) indicated that they feel neutral about this question. The majority of participants (fourteen or 48.3 %) agreed to the question or statement and was mostly recorded for the 19-30 year age group (nine or 31.0 %). Only four (13.8%) participants strongly agreed to the statement, with two votes coming from each age group. Once again the percentage values of the information per age group are shown in Table 5.2.



**Figure 5.2:** Sample frequency of answers reported to Question B3 (“I know sports supplement companies that operate extremely unethically”).

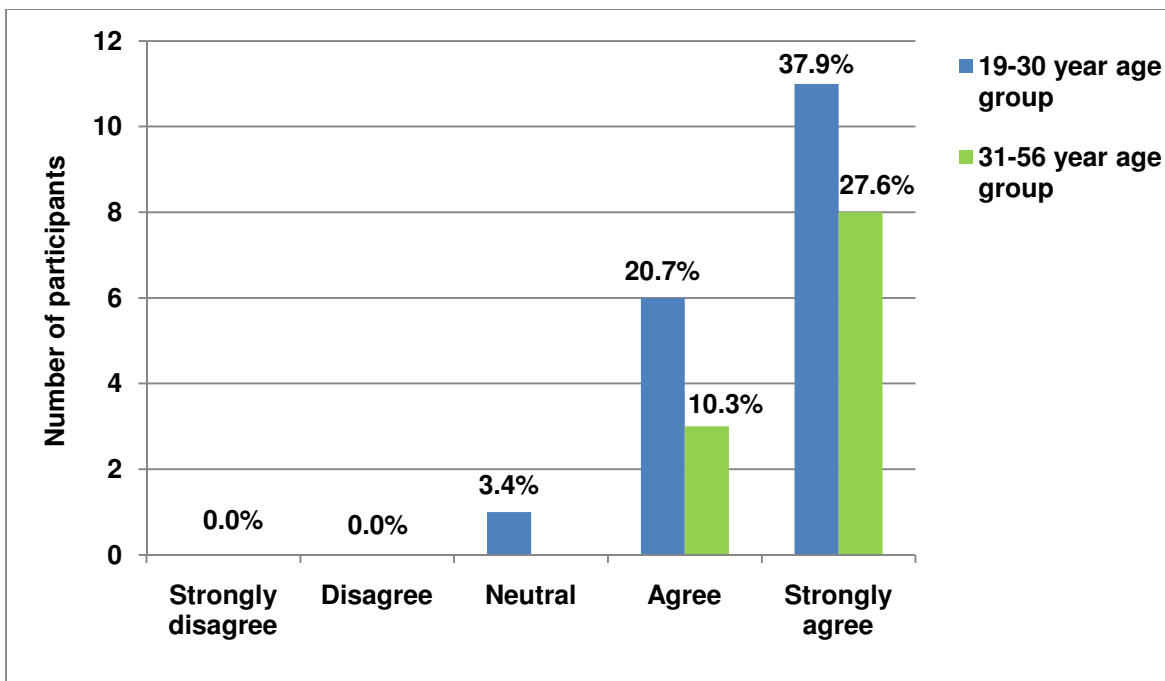
**Table 5.2:** Age group frequency of answers reported to Question B3 (“I know sports supplement companies that operate extremely unethically”).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>19-30 year age group</b>						
Number	0	2	5	9	2	<b>18</b>
Percentage	0.0%	11.1%	27.8%	50.0%	11.1%	<b>100%</b>
<b>31-56 year age group</b>						
Number	0	0	4	5	2	<b>11</b>
Percentage	0.0%	0.0%	36.4%	45.5%	18.2%	<b>100%</b>

The combined data of question B1 and B3 indicates that consumers are in general aware of companies that operate extremely ethically, but not of those who operate extremely unethically. The trend is also consistent for both age groups, but younger consumers seem to be less certain because answers are more evenly spread across the Likert scale. No one in the older age category disagreed or strongly disagreed to any of the two questions, suggesting that awareness may increase with age. It seems as if

younger consumers may have not yet decided whether an organisation behaves ethically or unethical. Marketing of ethical business behaviour targeted at younger consumers may have greater impact and rewards.

The majority of participants strongly agreed (nineteen or 65.5 %) to question B2 (I purchase or use sports supplements from a company because of their ethical behaviour). Only one participant (3.4 %) indicated that he/ she felt neutral with regards to the question. Nine (31.0 %) participants agreed as shown in Figure 5.3.



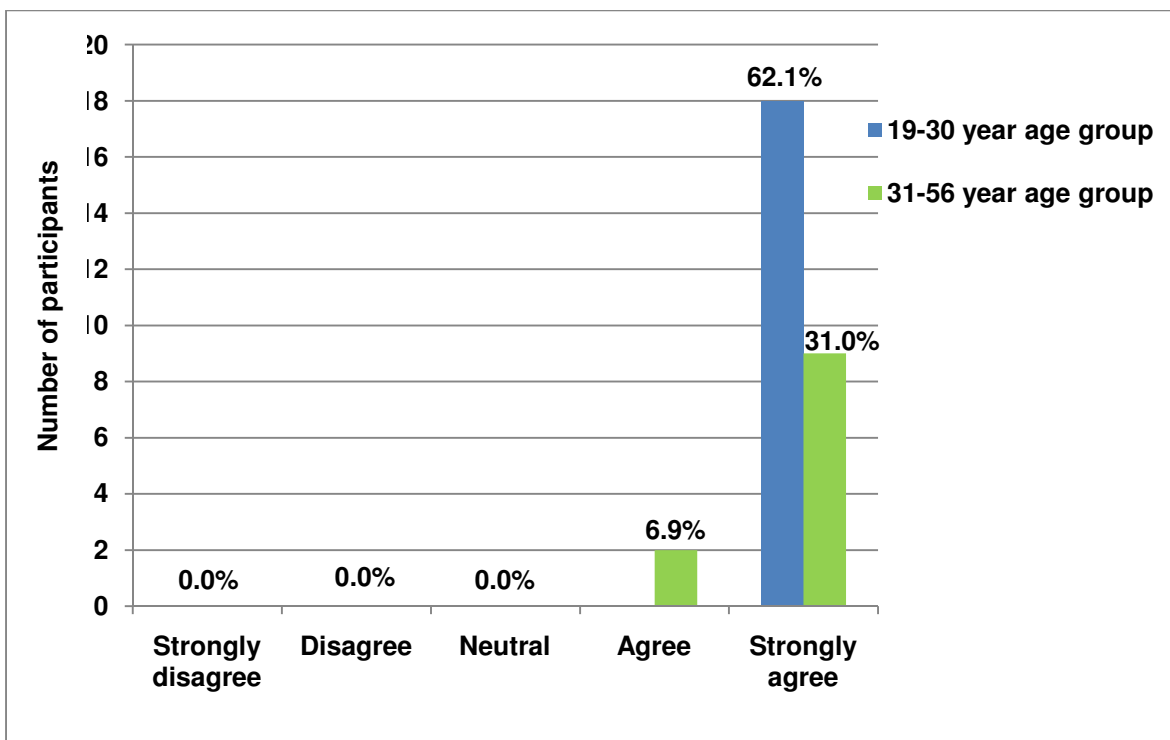
**Figure 5.3:** Sample frequency of answers reported to question B2 (“I purchase or use sports supplement from a company because of their ethical behaviour”).

The frequency trend was also consistent between both age groups. The number of participants who answered “agree” were six (20.7%) for the 19-30 year age group and three (10.3 %) for the 31-56 year age group. Those who answered “strongly agree” in the 19-30 year and 31-56 year age were eleven (37.9 %) and eight (27.6 %) respectively. Table 5.3 summarises this information per age group.

**Table 5.3:** Age group frequency of answers reported to question B2 (“I purchase or use sports supplement from a company because of their ethical behaviour”).

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
<b>19-30 year age group</b>						
Number	0	0	1	6	11	<b>18</b>
Percentage	0.0%	0.0%	5.6%	33.3%	61.1%	<b>100%</b>
<b>31-56 year age group</b>						
Number	0	0	0	3	8	<b>11</b>
Percentage	0.0%	0.0%	0.0%	27.3%	72.7%	<b>100%</b>

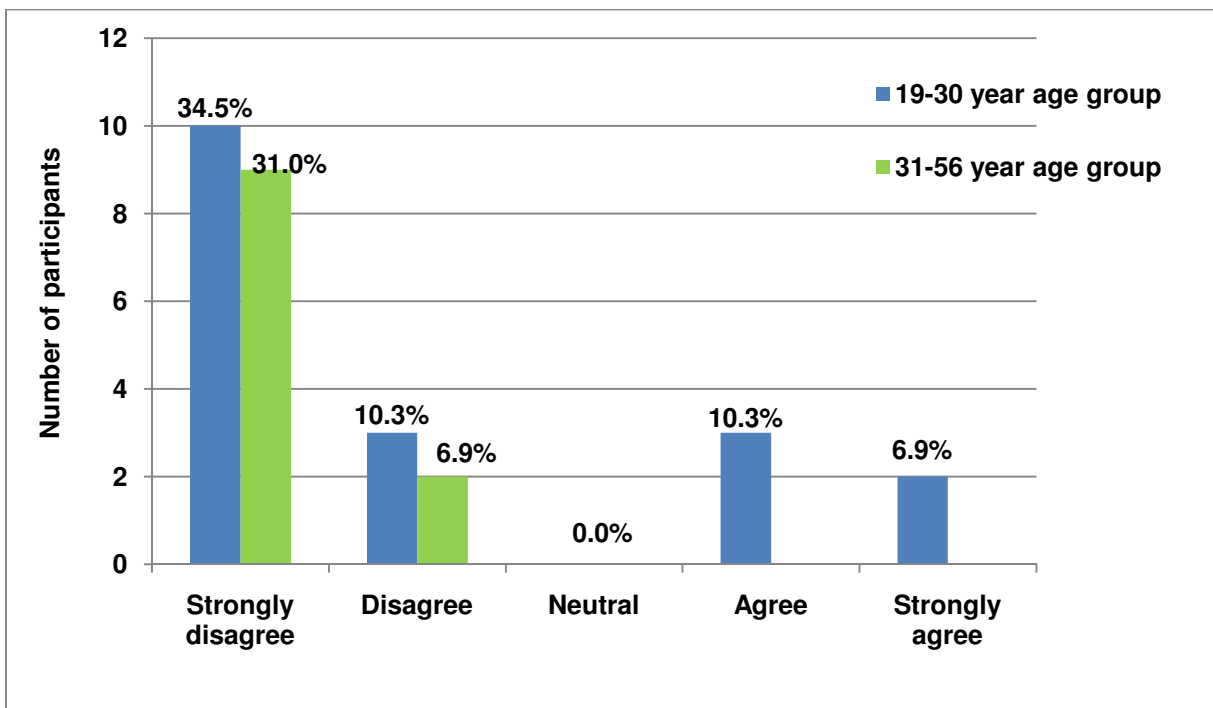
The answers to question B4 (I don't purchase or use sports supplements from a company if it is unethical) is consistent with that of B2. Two (6.9%) participants in the 31-56 year age group agreed to the question, while all the other participants (93.1 %) strongly agreed to the question.



**Figure 5.4:** Sample frequency of answers reported to question B4 (“I don't purchase or use sports supplements from a company if it is unethical”).

The answers to questions B2 and B4 show that although participants are not necessarily aware of companies who operate extremely unethical, all participants indicated that they have no intention to use or purchase sports supplements from such companies. This is consistent with the answers to questions B5 and B6.

The majority of participants (19 or 65.5 %) indicated that they strongly disagree with question B5 (whether a company behaves ethically is not important to me in making my buying or usage decision). Five (17.2 %) disagree, three (10.3 %) agree and two (6.9 %) strongly disagree as shown in Figure 5.5.



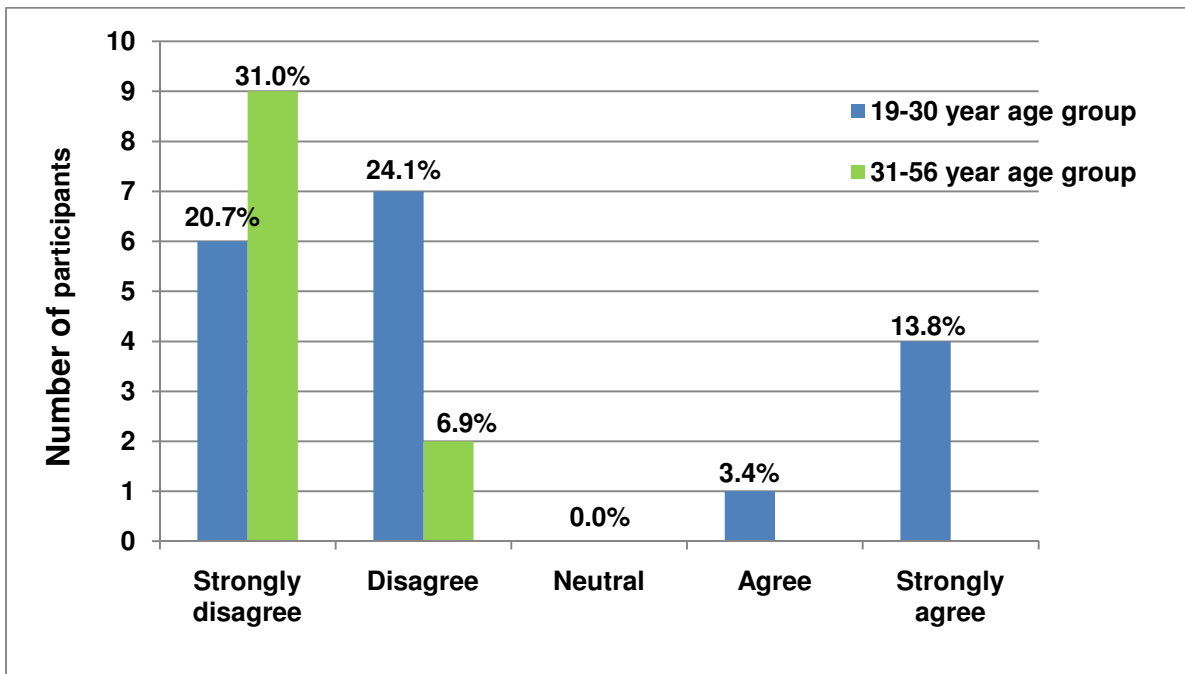
**Figure 5.5:** Sample frequency of answers reported to question B5 (“Whether a company behaves ethically is not important to me in making my buying or usage decision”).

Although both age groups indicated that they strongly disagree with the statement, it seems as if ethical business behaviour is less important to younger consumers. Their answers showed great variances across the Likert scale. Also, the same number of younger participants disagreed and agreed to the statement. Table 5.4 summarises the data per age group.

**Table 5.4:** Age group frequency of answers reported to question B5 (“Whether a company behaves ethically is not important to me in making my buying or usage decision”).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>19-30 year age group</b>						
Number	10	3	0	3	2	<b>18</b>
Percentage	55.6%	16.7%	0.0%	16.7%	11.1%	<b>100%</b>
<b>31-56 year age group</b>						
Number	9	2	0	0	0	<b>11</b>
Percentage	81.8%	18.2%	0.0%	0.0%	0.0%	<b>100%</b>

As shown in Figure 5.6 and Table 5.5, the answers to question B6 (“Whether a company behaves unethically is not important to me in making my buying or usage decision”) are similar to that of B5. Fifteen (51.7%) of the participants strongly disagreed with the statement, while nine (31.0 %) disagreed, one (3.4 %) agreed and four (13.8%) strongly agreed.



**Figure 5.6:** Sample frequency of answers reported to question B6 (“Whether a company behaves unethically is not important to me in making my buying or usage decision”).



**Table 5.5:** Age group frequency of answers reported to question B6 (“Whether a company behaves unethically is not important to me in making my buying or usage decision”).

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
<b>19-30 year age group</b>						
Number	6	7	0	1	4	<b>18</b>
Percentage	33.3%	38.9%	0.0%	5.6%	22.2%	<b>100%</b>
<b>31-56 year age group</b>						
Number	9	2	0	0	0	<b>11</b>
Percentage	81.8%	18.2%	0.0%	0.0%	0.0%	<b>100%</b>

Questions B2 and B4 show that participants have no intention with regards to using or purchasing sports supplements from such companies. This is consistent with the answers to question B5 and B6, indicating that whether a company behaves ethically and/ or unethically is important to consumers when making their sports supplement buying or usage decisions. It is also consistent with the answers to question B7 (If I became aware of unethical behaviour by a company from which I use sports supplements, I would not purchase or use their supplements again).

The answers to question B7 is summarised in Figure 5.7 (overleaf). The majority of consumers indicated that they would not purchase or use supplements from a company if they became aware of their unethical behaviour. Of the total number of participants (21 or 72.4 %) who strongly agreed to the statement in question B7, thirteen (44.8 %) were from the 19 – 30 year age group and eight (27.6 %) from the 31-56 year age group. Six (20.7 %) participants agreed, with an equal distribution between both age groups (10.3 %). Only two (6.9 %) strongly disagreed (19 -30 year age group).

The age group frequency of the answers to question B7 is shown in Table 5.6. What the answers to question B7 add to the data from the other questions is that consumers may change their purchase intentions and behaviours.

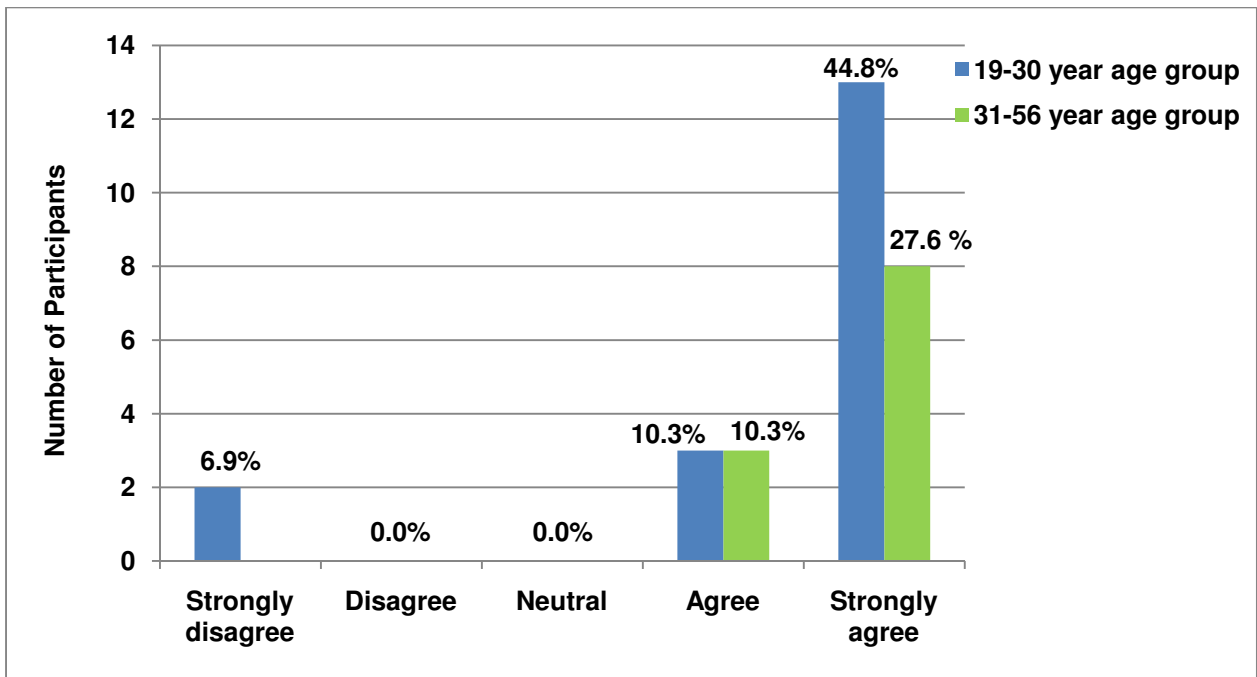


Figure 5.7: Sample frequency of answers reported to question B7 (“If I became aware of unethical behaviour by a company from which I use sports supplements, I would not purchase or use their supplements again”).

Table 5.6: Age group frequency of answers reported to question B6 (“If I became aware of unethical behaviour by a company from which I use sports supplements, I would not purchase or use their supplements again”).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>19-30 year age group</b>						
Number	2	0	0	3	13	18
Percentage	11.1%	0.0%	0.0%	16.7%	72.2%	100%
<b>31-56 year age group</b>						
Number	0	0	0	3	8	11
Percentage	0.0%	0.0%	0.0%	27.3%	72.7%	100%

To conclude this section, the data indicated that consumers of all ages are in general aware of companies that operate extremely ethical. They are however, less aware of those who operate extremely unethical. This is similar to the findings of Bocock, *et al.* (n.d.). They found that 80% of the respondents in their study could name companies

they perceived to have a positive ethical reputation. They also found that only 61% of the respondents could name companies with negative associations (Bocock, *et al.*, n.d.).

By referring back to the literature review, this could be explained by the fact that consumers should first recognize a moral issue to be present, before they will tend to engage in moral behaviour (Jones & Middleton, 2007). This links with the answers obtained from question B7, which showed that consumers are willing to switch between brands if they became aware of unethical behaviour of an organisation. It can be deduced that consumers may change their purchase intentions and behaviours. This is in accordance with other authors (Tam, 2008; Shabbir, *et al.*, 2010) suggesting that awareness with regard to ethical product attributes can influence consumer buying behaviour. Marketing efforts focusing on ethical product attributes are therefore likely to result in financial rewards.

The results also showed that although participants are not necessarily aware of companies that operate extremely unethical, they seem to have no intention to use or purchase sports supplements from such companies. Therefore, as previously suggested by Auger, *et al.* (2008), organisations can be negatively impacted by having their products identified as being made under unethical conditions, even when they may have little to gain from marketing their products as being manufactured and sold under ethical conditions. This is especially important when competing in the poorly regulated sports supplement industry.

The answers from younger consumers (19-30 years) however did show greater variances which suggest that ethical awareness or sensitivity increases with age, which is in accordance with the findings of Schnitz (2008) and Bray, *et al.* (2011). Since younger consumers seem less aware of ethical or unethical business behaviour, it is therefore likely that marketing efforts targeted at this group will have greater effects and returns compared to older age groups. This may be because they do not yet have pre-established perceptions. However, although the marketing of ethical attributes is likely to influence consumer purchasing intentions, it may only be the case when the ethical attributes are what consumers perceive to be important, because consumers are unlikely not sacrifice basic product functionality for more socially desirable features such (Auger, *et al.*, 2008) such as ethical business behaviour.

## 5.4 ETHICAL BUSINESS BEHAVIOUR EXAMPLES

Part C of the questionnaire aimed to determine if the activities PVM Nutritional Sciences regard as ethical, are consistent with what consumers view as ethical. In order to determine this, study participants was given a list of ethical business activities and participants had to indicate whether of these they consider as ethical business behaviour. Results are summarised in Figure 5.8 (overleaf).

All participants agreed that the following is example of ethical business behaviour:

- Accurate labelling disclosure of nutritional information (100 %)
- Accurate labelling disclosure of product ingredients (100 %)
- A guarantee that product is free of banned substances (100 %)

PVM Nutritional Sciences and likely most of the sports supplement manufacturers accurately disclose nutritional information and product ingredients because it is also legal requirements. Labelling is part of the product packaging. For this reason, these findings are in slight contrast to that of Bockock, *et al.* (n.d.) who found that packaging is not an important consideration for carpets, rugs and white ware. It may be explained by the fact that sports supplements are intended for human consumption, while the objects studied by Bockock, *et al.* (n.d.) are not. It is natural to be more concerned about those items you put in your mouth than in your house. This may explain why the findings of the study are similar to that of Tustin and de Jongh (2008) who found that at least 70% of the consumers they studied showed preferences for nutritional information on food product labels.

All participants agreed that a guarantee stating that a product is free of banned substance is important. This suggests that PVM Nutritional Sciences' product guarantee indicated on labels is likely to be valued by most consumers. However, although all participants indicated that a banned substance free product is ethical, not all viewed accurate labelling disclosure of banned substance content as ethical. Twenty seven (27) (or 93.1 %) of the twenty nine (29) participants indicated that they view accurate labelling disclosure of banned substance content as ethical business behaviour. The two (6.9 %) participants who did not agree were both from the 19-30 year age group.

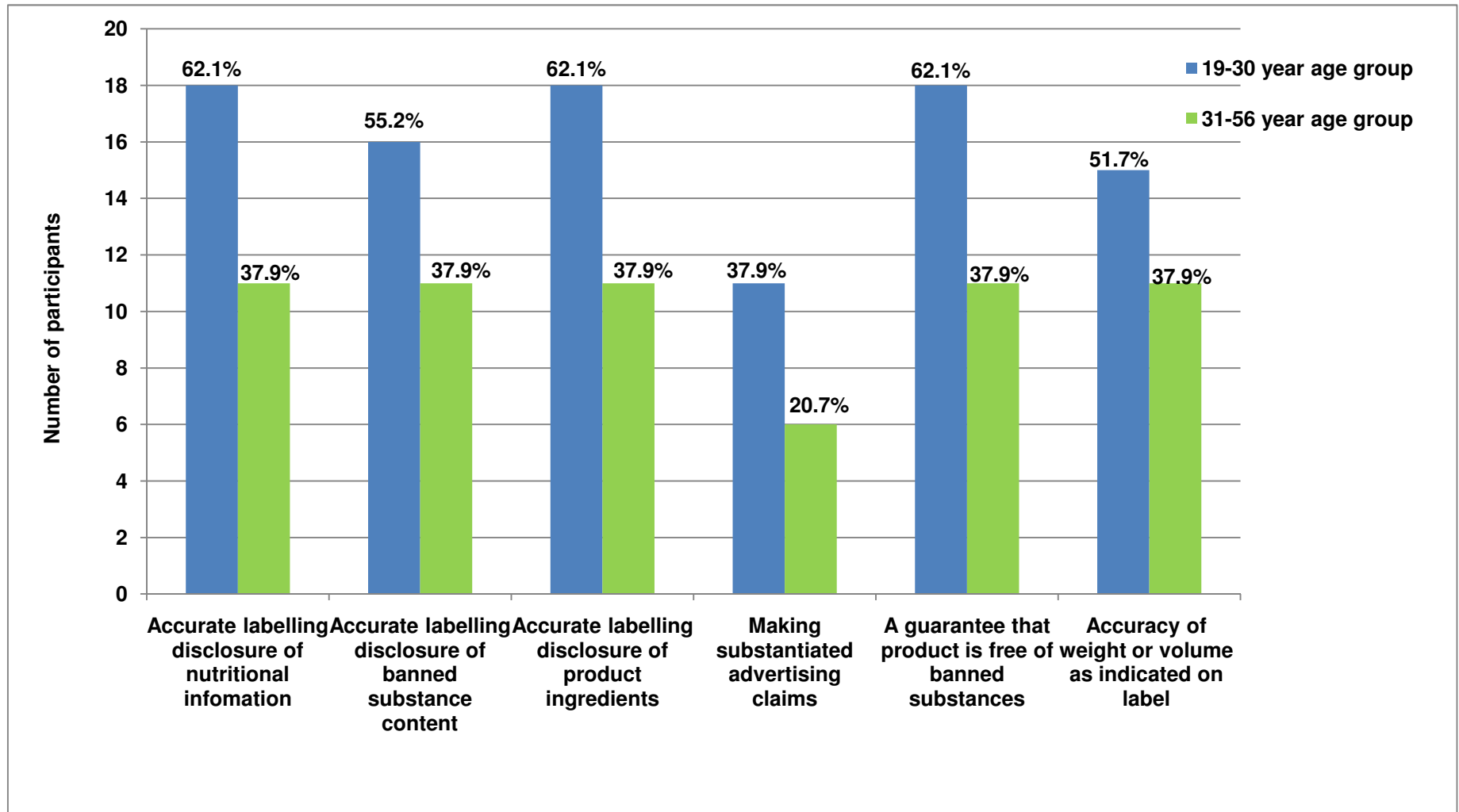


Figure 5.8 Sample frequency of the activities viewed as ethical business behaviour

The findings therefore seem to be in contrast. It is also in contrast with the findings pertaining to accurate disclosure of product ingredients. It is uncertain why this is the case, but it might be that consumers are not necessarily able to identify such substances on the label so that disclosure would make no difference. This may be especially the case for younger consumers who are likely to have had less contact with banned substances or WADA listings.

Although the majority of participants (17) (or 58.6 %) indicated that they feel making substantiated advertising claims is ethical, the lowest number of participants who agreed was recorded for this statement. This may be because consumers do not really pay attention to advertising claims or that they do not really care. Another possibility is that they are naturally skeptical. None of these were assessed and therefore remain speculation.

The low level of agreement towards substantiated advertising claims was found to be similar for both groups. Eleven of the eighteen (61.1 %) 19-30 year old participants agreed, while six (54.6 %) of the eleven 31-56 year old participants agreed. Regardless of what the reason may be, this evidence is alerting. A great proportion of the PVM Nutritional Science Research and Development budget is spent on ensuring that claims can be substantiated by scientific research. One is tempted to assume that this may not be money well spent, because it is not valued by consumers.

Ensuring that the weight or volume is accurately indicated on the label is not only an ethical business activity, but also a legal requirement. Although the majority of the participants agreed, three (10.3 %) of the 19-30 year old participants did not. Why this is the case was not assessed, but it may be that they are less aware of such irregularities.

In conclusion, the majority of the participants agreed that they regard the same activities that PVM Nutritional Sciences regard as ethical business behaviour, as ethical.

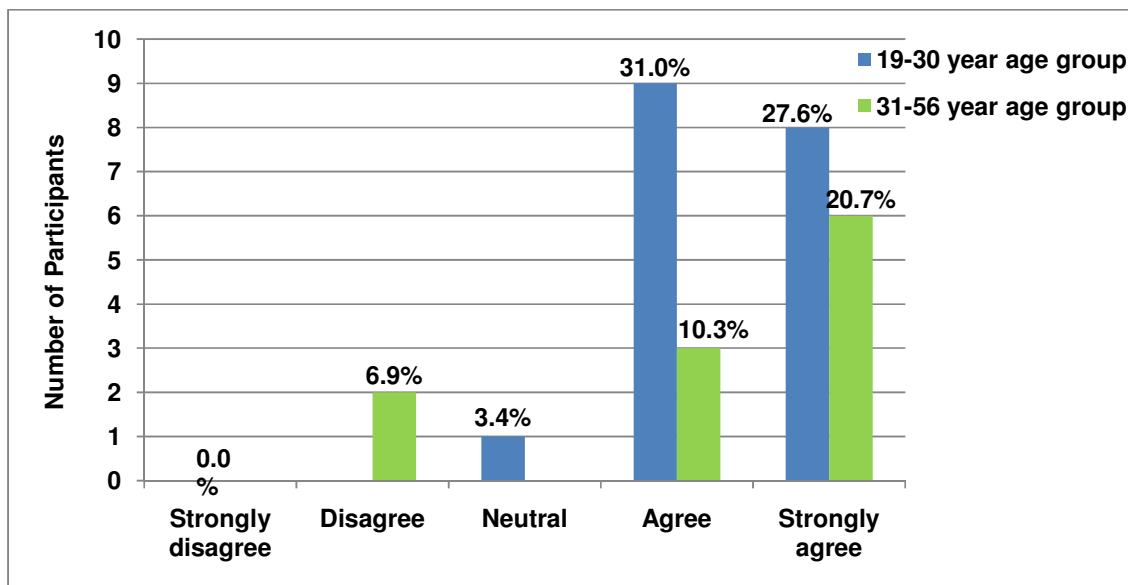
## **5.5 IMPORTANCE OF ETHICAL BUSINESS BEHAVIOUR RELATIVE TO PRICE, CONVENIENCE AND BRAND FAMILIARITY**

Chapter 1 mentioned that although awareness may affect ethical purchase intentions, it may not necessarily translate to ethical purchase behaviour because

there are a range of factors that may compete with ethical product attributes at the point of purchase. Chapter 3 indicated that price, convenience and brand familiarity may be such competing factors as they all affect purchase intentions and behaviour. It is however crucial to determine which is most crucial in consumer purchase choice (Hiller, 2010). This may help to identify which factors are traded-off to the greatest extent and what is the relative importance of ethical attributes. This was assessed in part D of the questionnaire.

In question D1, price was traded-off against ethical business behaviour. The majority of participants agreed (12 or 41.4 %) or strongly agreed (14 or 48.3 %) that they would be prepared to pay more for a sports supplement from a company that they knew to be extremely ethical operating (refer to Figure 5.9). PVM Nutritional Sciences may therefore charge a premium price for ethical business behaviour, similarly to what is suggested by several other authors (De Pelsmacker *et al.*, 2005; Auger, Devinney & Louviere, 2007; Megicks, *et al.*, 2008; Rode, *et al.*, 2008).

One participant (3.4 %) felt neutral, while two (6.9 %) disagreed, which showed that they prefer buying sports supplements at a lower price, regardless of the business behaviour of the manufacturing company.

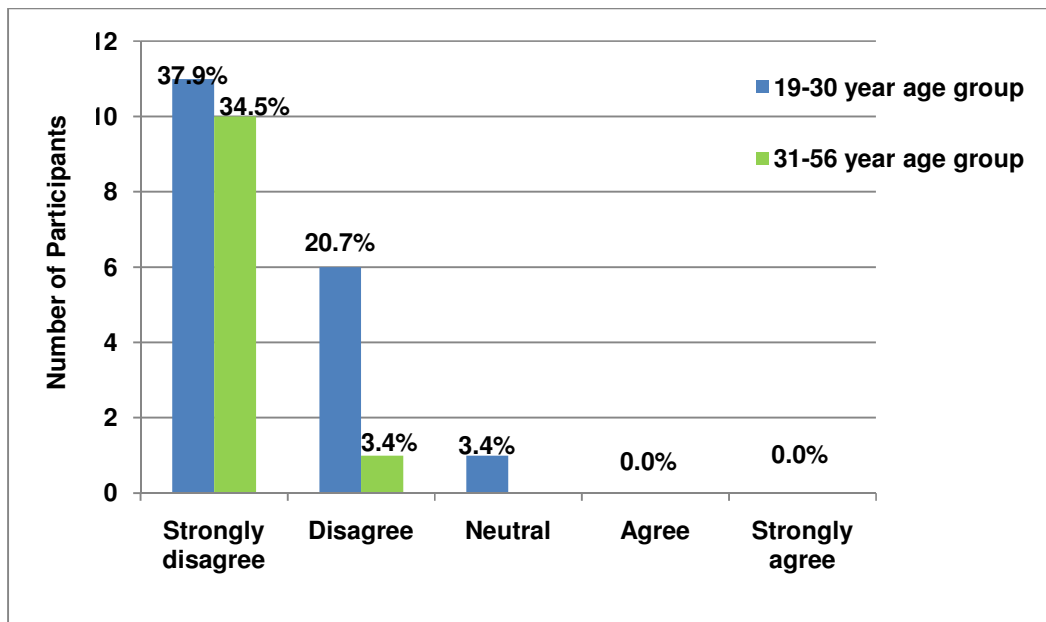


**Figure 5.9:** Sample frequency of answers reported to question D1 (“I would be prepared to pay more for a sports supplement from a company that I know to be extremely ethical”).

The information gathered from question D1 should be read in conjunction with that of question D4 (“I would consider buying a sports supplement from a company that I

know to be unethical if the price is right"), since it is almost oppositely phrased. As shown in Figure 5.10, the majority participants strongly disagreed (21 or 72.4 %) or disagreed (7 or 24.1 %) to the question. Although the answers are not the exact opposite of that found to question D1, it confirms that consumers are willing to pay a premium price for sports supplements manufactured by companies who operate ethically.

More participants strongly disagreed to question D4 than to question D1. This indicates that participants will not deliberately compromise on ethics when choosing sports supplements. However, results with regard to awareness (section 5.3) showed that consumers are unaware of companies that operate unethically. Consumers may buy a cheaper product from a company that do not operate extremely ethically, because they do not know that the organisation operates unethically. Therefore, although consumers intend to pay a premium price for products from organisations that are ethically operating, their lack of awareness of organisations that is unethical operating makes price a dominant factor during the moment of truth at the cash register. PVM Nutritional Sciences may thus charge a premium price for ethical behaviour, but the average price of similar products affected was so much more. This is consistent with the findings of Elliott and Freeman (2004) and Bray, *et al.*, (2011).



**Figure 5.10:** Sample frequency of answers reported to question D4 ("I would consider buying a sports supplement from a company that I know to be unethical if the price is right").



Table 5.7 and Table 5.8 summarises the answers per age group. It indicates that participants from both age groups were willing to pay more for sports supplements from companies they knew to be ethical.

Table 5:7: Age group frequency of answers reported to question D1 (“I would be prepared to pay more for a sports supplement from a company that I know to be extremely ethical”).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>19-30 year age group</b>						
Number	0	0	1	9	8	<b>18</b>
Percentage	0.0%	0.0%	5.6%	50.0%	44.4%	<b>100%</b>
<b>31-56 year age group</b>						
Number	0	2	0	3	6	<b>11</b>
Percentage	0.0%	18.2%	0.0%	27.3%	54.5%	<b>100%</b>

Table 5:8: Age group frequency of answers reported to question D4 (“I would consider buying a sports supplement from a company that I know to be unethical if the price is right”).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>19-30 year age group</b>						
Number	11	6	1	0	0	<b>18</b>
Percentage	61.1%	33.3%	5.6%	0.0%	0.0%	<b>100%</b>
<b>31-56 year age group</b>						
Number	10	1	0	0	0	<b>11</b>
Percentage	90.9%	9.1%	0.0%	0.0%	0.0%	<b>100%</b>

The two participants from the 31-56 year age group indicated they care more about price than corporate ethical behaviour. This may also be explained by the fact that older consumers are more aware of what constitutes ethical business behaviour. Having a better understanding may cause them to feel that it is not worth paying a premium price. Anich and White (2009) concluded that older consumers suffer from “ethical fatigue” as a result of accumulating unrequited ethical purchasing decisions over time. Older consumers may have a weakened sense of connection between their beliefs and the probability that their decisions will affirm their beliefs (Anich &

White, 2009). The findings of Anich and White (2009) is however not affirmed by this study since only two participants indicated that they felt price is more important than ethical business behaviour.

Question D2 compared the importance of price to usage convenience. None of the participants indicated that they strongly disagree to paying more for a sports supplement that is convenient to use. However, as shown in Figure 5.10, the answers were fairly scattered across the Likert scale. Six (6) (or 20.7 %) of the participants disagreed to paying more for a sports supplement that is convenient to use, while six more indicated that they felt neutral about the issue. One possible explanation for the difference is that “convenience” may be different for different sport types. For example, when participating in an endurance cycling event where cyclist have limited space for water bottles, a gel or sachet that can be placed in a backpack might be more convenient. This is generally no concern for gym training of short duration.

Although a large number of participants (12 or 41.1 %) were unwilling to pay more for convenience, the majority of the participants indicated that they were prepared to more for convenience. Table 5.9 shows that the findings were consistent for both age groups.

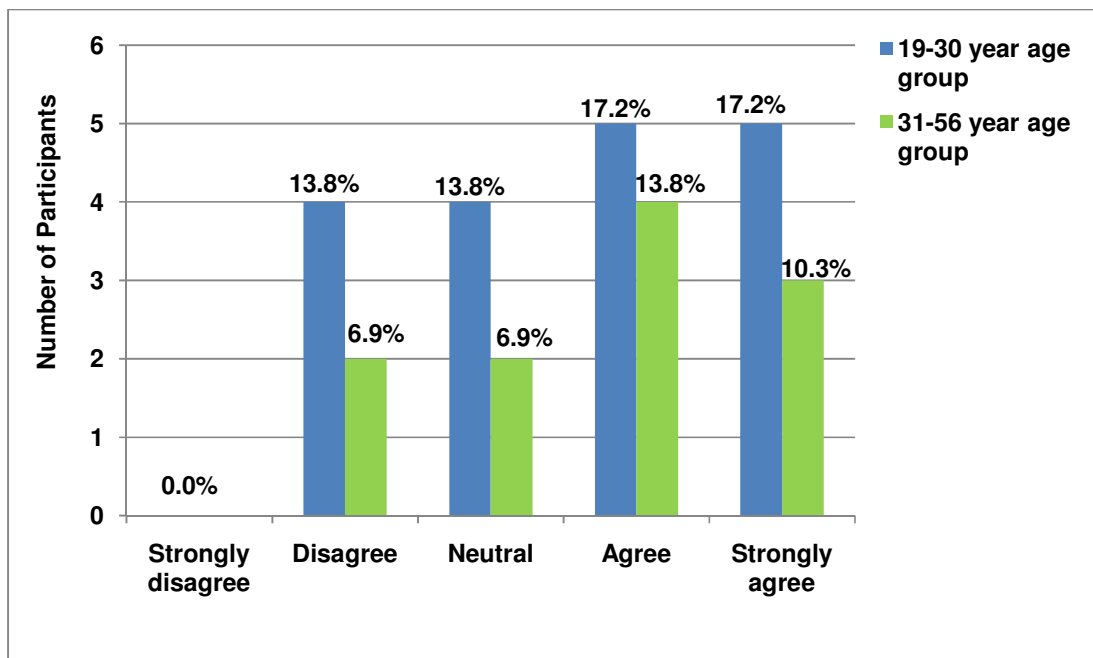


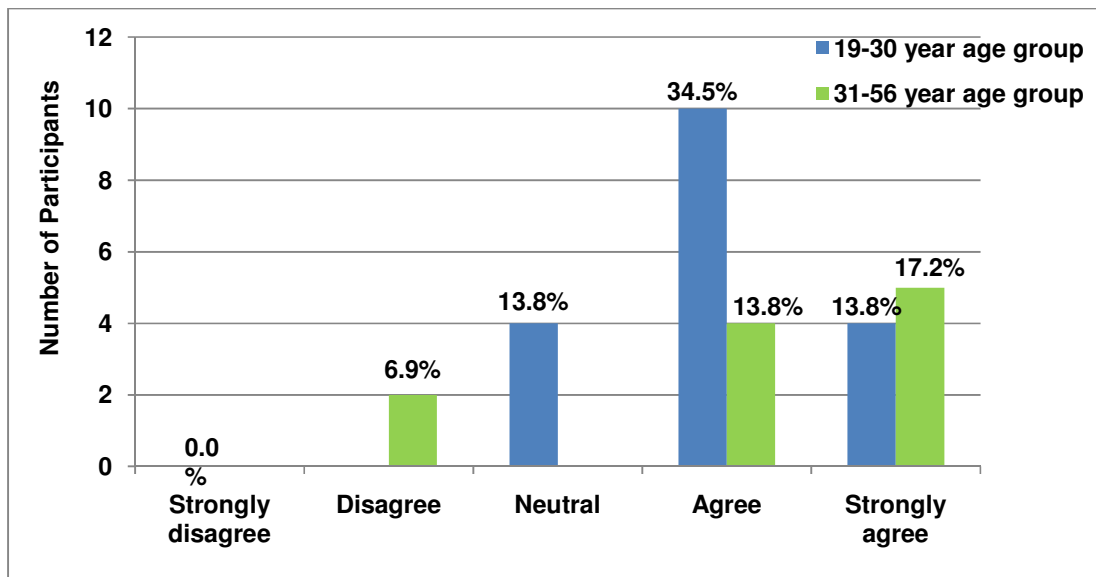
Figure 5.11: Sample frequency of answers reported to question D2 (“I would be prepared to pay more for a sports supplement that is convenient to use”).

**Table 5:9:** Age group frequency of answers reported to question D2 (“I would be prepared to pay more for a sports supplement that is convenient to use”).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>19-30 year age group</b>						
Number	0	4	4	5	5	<b>18</b>
Percentage	0.0%	22.2%	22.2%	27.8%	27.8%	<b>100%</b>
<b>31-56 year age group</b>						
Number	0	2	2	4	3	<b>11</b>
Percentage	0.0%	18.2%	18.2%	36.4%	27.3%	<b>100%</b>

PVM Nutritional Sciences manufactures powdered sports supplements, energy gels and energy bars. These are convenient to travel with, but most market competitors sell products with similar convenience. Therefore the convenience associated with the PVM Nutritional Sciences sports supplements does not provide the organisation with a competitive edge for which they can charge a premium price. The results however indicated that usage convenience should not be neglected when formulating new sports supplements.

Question D5 considered whether convenience is more important than ethical business behaviour. Answers to question D5 is summarised in Figure 5.12.

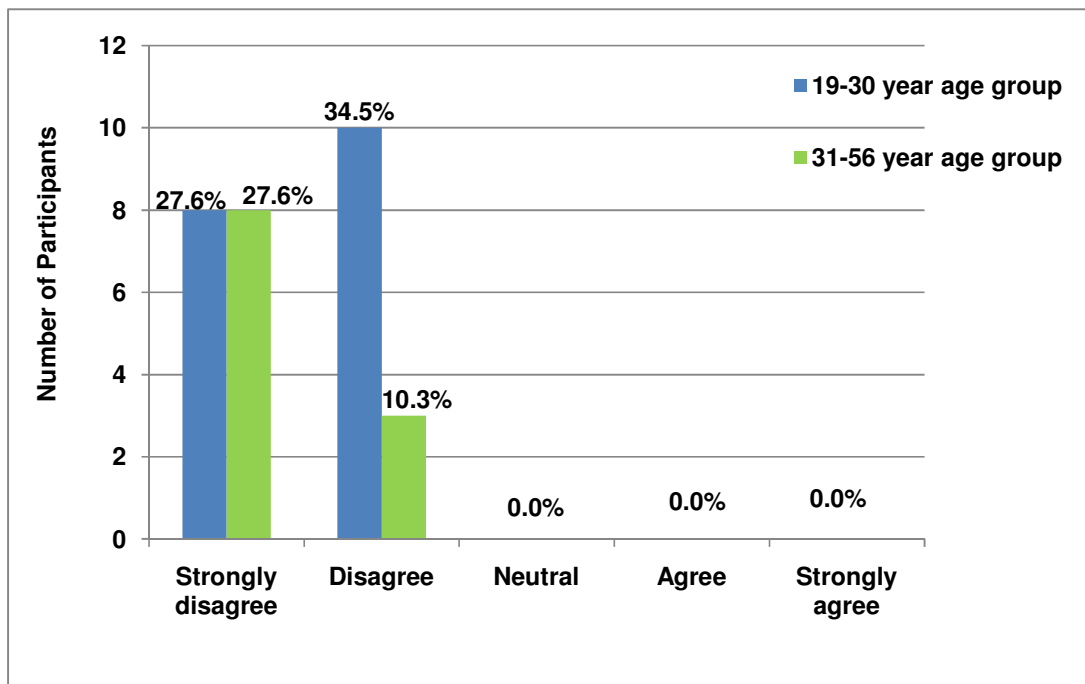


**Figure 5.12:** Sample frequency of answers reported to question D5 (“I would buy a sports supplement that is less convenient to use than an alternative product if I know that the manufacturing company is extremely ethical”).

As shown in Figure 5.12, most participants (14 or 48.3 %) agreed that they would buy a product that is less convenient to use if they knew that its manufacturing company is extremely ethical. Nine (9) (or 31.0 %) participants strongly agreed, four (4) (or 13.8 %) felt neutral and two (2) (6.9 %) disagreed.

Results from question D2 showed that convenience should not be neglected when formulating new sports supplements. Results from question D5 showed that neither should ethical business behaviour be compromised in any attempts to increase usage convenience. This is confirmed with the results of question D7. All consumers either strongly disagreed (16 or 55.2 %) or disagreed (13 or 44.8 %) to buying sports supplement that is most convenient to use regardless of the organisational ethical behaviour.

The answers found to questions D5 and D7 is however not the exact opposite of each other. Therefore, similar to results found for the relative importance of ethical business behaviour to price, convenience may compete with ethical business behaviour at the point of purchase. This can also be explained by the lack of awareness of organisations that is operating unethically.



**Figure 5.13:** Sample frequency of answers reported to question D7 (“I would buy sports supplement that is most convenient to use regardless of the company’s ethical practices”).

Table 5.10 and Table 5.11 shows that there are in general no difference between the answers to question D5 and D7 for the two age groups. Once again, two participants from the 31-56 year age group indicated they care more about convenience than corporate ethical behaviour. This may also be explained by the fact that older consumers are more aware of what constitutes ethical business behaviour and that they may suffer from “ethical fatigue” as already discussed.

Table 5:10: Age group frequency of answers reported to question D5 (“I would buy a sports supplement that is less convenient to use than an alternative product if I know that the manufacturing company is extremely ethical”).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>19-30 year age group</b>						
Number	0	0	4	10	4	<b>18</b>
Percentage	0.0%	0.0%	22.2%	55.6%	22.2%	<b>100%</b>
<b>31-56 year age group</b>						
Number	0	2	0	4	5	<b>11</b>
Percentage	0.0%	18.2%	0.0%	36.4%	45.5%	<b>100%</b>

Table 5:11: Age group frequency of answers reported to question D7 (“I would buy sports supplement that is most convenient to use regardless of the company’s ethical practices”).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>19-30 year age group</b>						
Number	8	10	0	0	0	<b>18</b>
Percentage	44.4%	55.6%	0.0%	0.0%	0.0%	<b>100%</b>
<b>31-56 year age group</b>						
Number	8	3	0	0	0	<b>11</b>
Percentage	72.7%	27.3%	0.0%	0.0%	0.0%	<b>100%</b>

Participants of both age groups indicated that they were prepared to pay more for sports supplements from a company or brand that they trust (question D3) as shown in Figure 5.14 and Table 5.12. This indicates that brand familiarity may therefore indeed positively influence consumer purchase behaviour as suggested by Tam (2008) and Shabbir, *et al.* (2010). Twelve (12) (or 41.4 %) indicated that they agree and fifteen (15) (or 51.7 %) strongly agreed. Only two participants, both from the 19-

30 year age group, felt neutral about this question. This somewhat supports the suggestions of other authors (Tustin and de Jongh, 2008; Yoon, *et al.*, 2009) that brand loyalty increases with age.

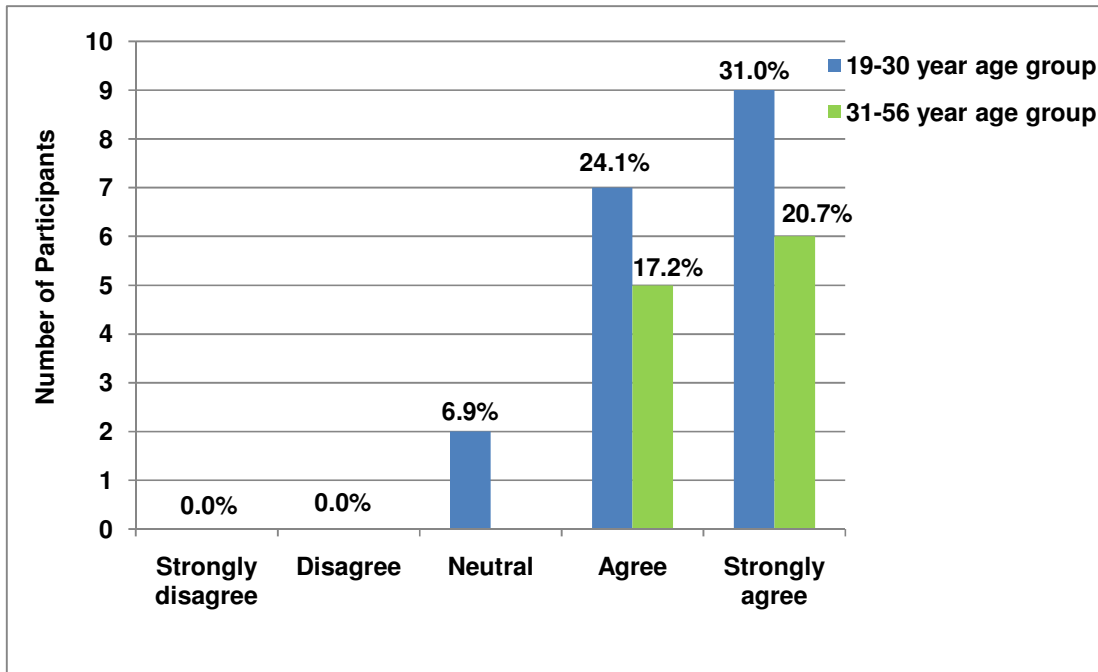


Figure 5.14: Sample frequency of answers reported to question D3 (“I would be prepared to pay more for a sports supplement from a company or brand I trust”).

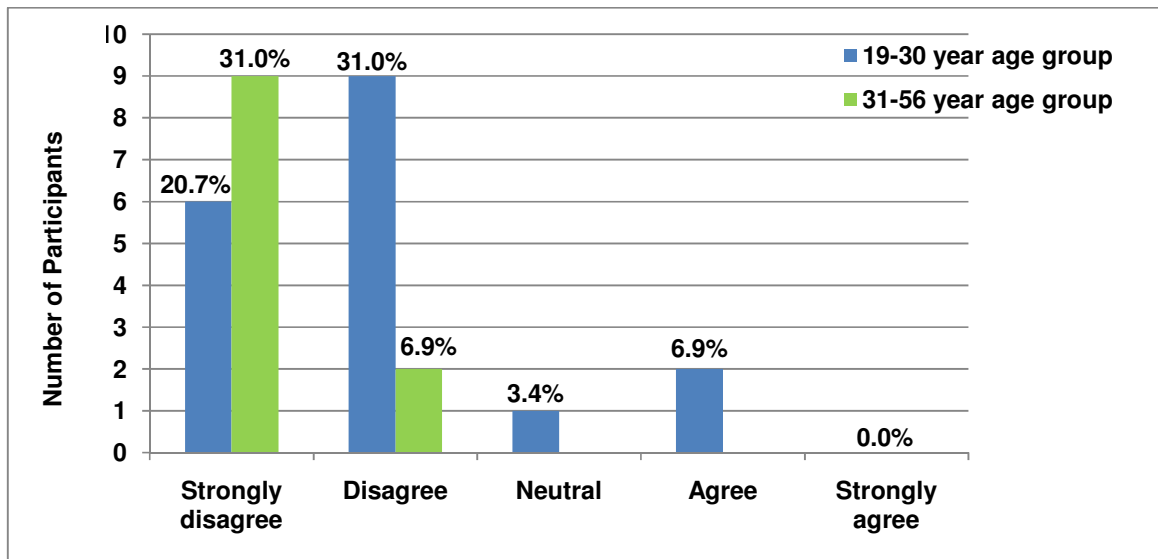
Table 5:12: Age group frequency of answers reported to question D3 (“I would be prepared to pay more for a sports supplement from a company or brand I trust”).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>19-30 year age group</b>						
Number	0	0	2	7	9	<b>18</b>
Percentage	0.0%	0.0%	11.1%	38.9%	50.0%	<b>100%</b>
<b>31-56 year age group</b>						
Number	0	0	0	5	6	<b>11</b>
Percentage	0.0%	0.0%	0.0%	45.5%	54.5%	<b>100%</b>

Brand familiarity of the PVM Nutritional Sciences brand relative to other brands was not assessed, because it is likely to be high among the studies sample (PVM Nutritional Sciences sponsored athletes). The results nevertheless indicated that regardless of the current level of brand familiarity, any attempts that increase the level of brand familiarity will benefit the organisation. This may especially be the

case if consumers decide to be brand loyal (Kotler & Keller, 2006), because it makes the establishment of an alternative brand option difficult (Hopkins, 2007).

Brand familiarity however does not seem more important than ethical business practices. As shown in Figure 5.15, most consumers either strongly disagreed (15 or 51.7 %) or disagreed (11 or 37.9 %) to buying a brand that they are familiar with regardless of the company's ethical practices (question D8).



**Figure 5.15:** Sample frequency of answers reported to question D8 (“I would buy a brand that I am familiar with regardless of the company's ethical practices”).

The results therefore show that although increasing brand familiarity may benefit PVM Nutritional Sciences, it should not be at the expense of ethical business behaviour. Rather, PVM should integrate ethical business behaviour in all attempts aimed at increasing brand familiarity. This is in contrast with the findings of Tam (2008) who showed that consumers often choose brands with which they are familiar, regardless of it having ethical attributes or not. It is also in contrast with that of Bray, *et al.*, (2011) who showed brand loyalty may prevent consumers to buy ethical alternatives.

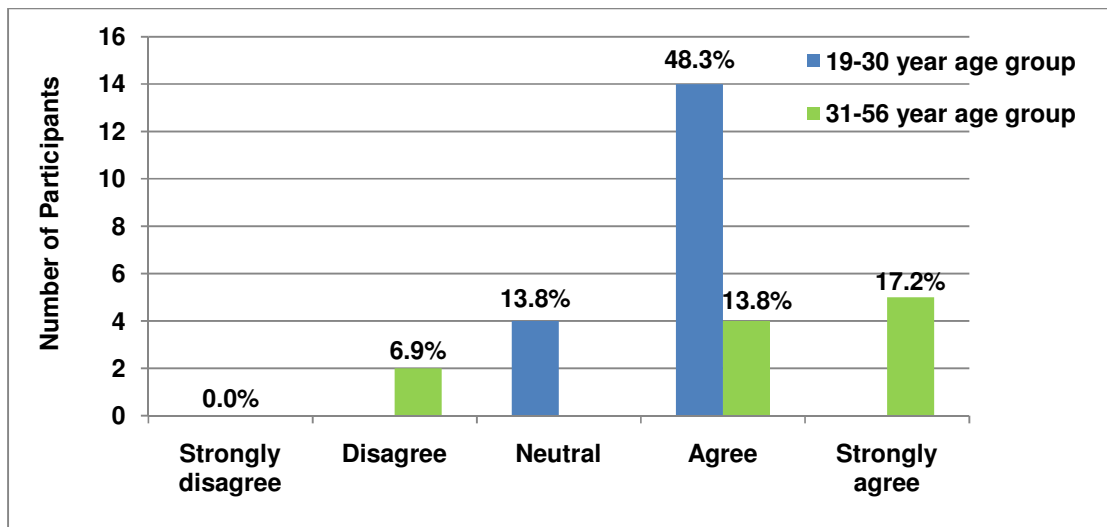
As with most of the questions covered so far, there is not much difference between the results of the two age groups. The younger group do however show more variance in their answers (Table 5.13). Two participants indicated that they would buy a brand that they are familiar with regardless of the company's ethical practices, while another felt neutral about the question. As already mentioned, this may be due

to the fact that younger participants are less aware of ethical or unethical business behaviour.

**Table 5:13:** Age group frequency of answers reported to question D8 (“I would buy a brand that I am familiar with regardless of the company’s ethical practices”).

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
<b>19-30 year age group</b>						
Number	6	9	1	2	0	<b>18</b>
Percentage	33.3%	50.0%	5.6%	11.1%	0.0%	<b>100%</b>
<b>31-56 year age group</b>						
Number	9	2	0	0	0	<b>11</b>
Percentage	81.8%	18.2%	0.0%	0.0%	0.0%	<b>100%</b>

Most participants (18 or 62.1 %) agreed that they would buy a sports supplement that is less convenient to use if it is from a brand they knew (question D6). As shown in Figure 5.16, five (5) (or 17.2 %) strongly agreed, four (4) (or 13.8 %) felt neutral and two (2) (or 6.9 %) disagreed.



**Figure 5.16:** Sample frequency of answers reported to question D6 (“I would buy a sports supplement that is less convenient to use than an alternative product if it is from a brand that I know”).

This illustrates the importance of brand familiarity and supports that any attempt that increase PVM Nutritional Sciences brand familiarity will benefit the organisation. All the other questions related to convenience illustrated that convenience is important,



but the results of this question illustrate that it is of lesser importance. Therefore, if a trade-off should be made, compromising on convenience may do the least harm.

This finding may be especially important because the study included sponsored and semi-sponsored athletes who pay nothing or a small amount for products from the PVM Nutritional Sciences brand. Of the three attributes (price, brand and convenience), convenience is therefore the one factor that may have mattered the most to them.

Table 5.14 shows that the trend is consistent between the two age groups. However, in contrast to all the other age group comparisons, variances in answers were greater for the older age group, indicating that convenience may be more important to them than to the younger consumers.

Table 5:14: Age group frequency of answers reported to question D6 (“I would buy a sports supplement that is less convenient to use than an alternative product if it is from a brand that I know”).

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Total</b>
<b>19-30 year age group</b>						
Number	0	0	4	14	0	<b>18</b>
Percentage	0.0%	0.0%	22.2%	77.8%	0.0%	<b>100%</b>
<b>31-56 year age group</b>						
Number	0	2	0	4	5	<b>11</b>
Percentage	0.0%	18.2%	0.0%	36.4%	45.5%	<b>100%</b>

The results of part D showed that the majority of the participants acknowledge ethical business behaviour to be more important than brand familiarity, convenience and a lower price. However, the results of the study cannot be generalised to the supplement industry, because the sample size is too small. It may however assist PVM Nutritional Sciences in strategic decision-making.

## **5.6 LIKELIHOOD OF CONSUMER BEHAVIOUR**

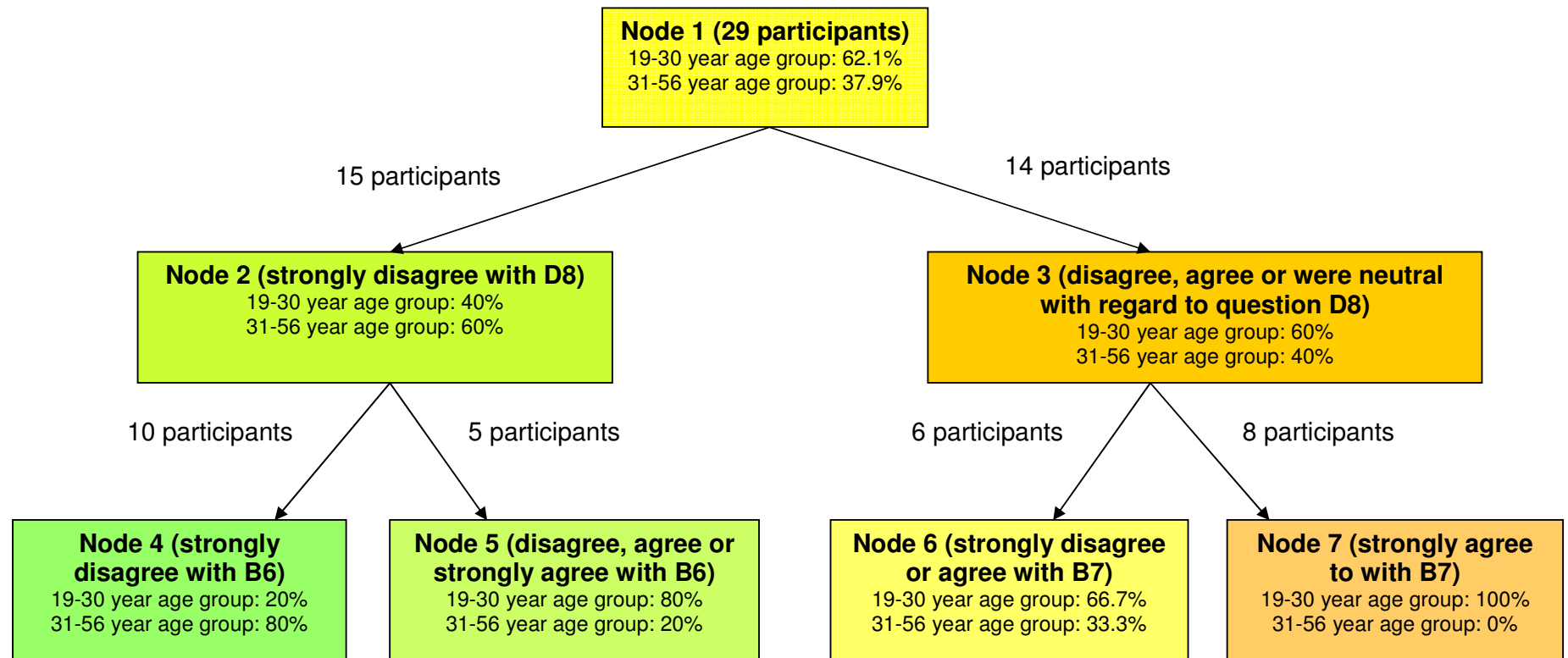
Another technique often applied to assist organisational decision-making is predictive modelling. Predictive modelling describes the likelihood that a consumer will exert a particular action by identifying subgroups that contribute most to a particular variable

(Chen & Lin, 2006; Shamsuddin, *et al.*, 2009). It was applied to the data set and the results are shown in a decision tree (Figure 5.17 overleaf).

Node 1 represents all the study participants of which 62.1 % were in the 19-30 year age group and 37.9% in the 31-56 year age group as already mentioned. Of all the participants, fifteen (15) indicated that they disagree with question D8 (Node 2). Therefore, 15 participants disagreed to buying a brand they are familiar with regardless of a company's ethical practices. This indicated that brand familiarity is less important than ethical business practices to these participants. This has already been concluded, but what the predictive modelling technique adds is that this will affect the behaviour of approximately half of the study participants. It indicates that approximately half of the consumers will not necessarily be brand loyal if an organisations' ethical business behaviour comes into question. The majority (60 %) of participants for which this is true, came from the 31-56 year age group. It therefore supports previous conclusions that ethical awareness increase with age.

Of the participants who indicated that they would not buy a brand that they are familiar with regardless of a company's ethical practices, ten (10) also strongly disagreed to question B6 (Node 4). This meant that they would not buy a brand that they are familiar with regardless of a company's ethical practices, because whether an organisation behaves unethically is important to them when making a buying or usage decision.

Thus, what is added to the body of evidence is that whether an organisation behaves unethical will affect the behaviour of about a third of the consumers and they are more likely to be older. Eighty percent (80 %) of the participants of node 4 came from the 31-56 year age group, while twenty percent (20 %) came from the 19-30 year age group.



**B6:** Whether a company behaves unethically is not important to me in making my buying or usage decision  
**B7:** If I became aware of unethical behaviour by a company from which I use sports supplements, I would not purchase or use their supplements again  
**D8:** I would buy a brand that I am familiar with regardless of the company’s ethical practices

Figure 5.17: Decision tree pertaining to the awareness of ethical business behaviour.

None of the participants who indicated that they disagree with question D8 (Node 2), felt neutral about question B6. This meant that all the five (5) other participants who indicated that would not buy a brand that they are familiar with regardless of a company's ethical practices, either disagreed, agreed or strongly agreed with question D6 (Node 5). What this indicates is that although the participants mentioned that brand familiarity is less important than ethical business practices to them, whether an organisation behaves unethically is also not important to them when making a buying or usage decision. The ratio of participants from each age group is the exact opposite of node 4.

Node 3 represents the fourteen (14) participants who disagreed, agreed or were neutral with regards to question D8. The majority of these participants (85.7 %) were in the 19-30 year age group. Of the fourteen participants in node 3, six (6) indicated that they either strongly disagree or agree to question B7 (If I became aware of unethical behaviour by a company from which I use sports supplement, I would not purchase or use their supplements again). These participants represents node 6. Nothing can be concluded from the findings of node 3 and 6.

However, of the 14 participants in node 3, eight (8) indicated that they strongly agreed to question B7 (Node 7). An important finding was therefore that all the participants who do not strongly disagree to buying according to brand familiarity regardless of ethical business practices, will change their behaviour if their awareness of unethical behaviour increases. These participants are all between the age of 19 and 30 years. It is consistent with the results of Tustin & de Jongh, (2008) who showed that consumers between the ages of 13 and 25 years are likely to switch from one brand to another if the second brand is associated with a good cause. This supports previous findings that marketing efforts with regards to ethical business behaviour targeted to this group is likely to have some effect.

## **5.7 SUMMARY**

This chapter included the results of the research study. It was found that consumers were generally aware of organisations that operate ethically in the South African supplement industry. They also seem to have an understanding of what constitutes

ethical business behaviour. Participants were however less aware of those that operate unethically. Although they were unaware of companies that operate unethically, they seem to have had no intention of buying or using sports supplements from such organisations. The results were similar for both age groups, but younger consumer seemed to be less ethically aware.

It was also found that regardless of age, ethical business behaviour may be more important in consumer purchase intentions than brand familiarity, convenience and a lower price. Nevertheless, all these factors compete with ethical business behaviour an each other. Therefore, the importance of ethical business behaviour should not be overstated. This is especially important because the participants did not have to make an actual purchase.

## CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

### 6.1 INTRODUCTION

Successful business strategy implementation requires a continuous analysis of the environment in which an organisation operate, the expectations of key stakeholders and the resource and capabilities an organisation can apply to gain a competitive advantage (Open University, 2006c). Such an analysis made PVM Nutritional Sciences aware of the fact that even though ethical business behaviour is characteristic of the PVM Nutritional Sciences internal environment, the external environment in which consumers exercise their purchasing decisions is poorly regulated. As a consequence, consumers often purchase supplements for which unsubstantiated health or performance promises are made (Rheeder, 2011). One possible explanation for this might have been a low level of awareness among consumers with regards to ethical business practices in the South African sports supplement industry. Assessing this was the first objective of the study.

Ethical augmentation forms part of a differentiation strategy. It is a complex and time consuming activity (Crane, 2001), especially in mature industries with limited scope of differentiation (Grant, 2008). PVM Nutritional Sciences compete within a mature industry which questioned the appropriateness of a differentiation strategy. However, rejuvenation of the sports supplement industry is likely as a result of stricter regulations due to the Consumer Protection Act (South Africa, 2009) and the Foodstuffs, Cosmetics and Disinfectants Act (South Africa, 2010). Some organisations are also expected to exit the market (Euromonitor, 2010). A differentiation strategy may thus be justified if PVM Nutritional Sciences can successfully incorporate ethical augmentation within their marketing mix as several factors affect consumer purchase behaviour (Carrington, *et al.*, 2010). Therefore, it was necessary to assess the relative importance of ethical business behaviour in consumer sports supplement purchasing intentions (objective b).

In the process of creating a marketing mix, marketing managers like to have observable segments of consumers to target (Auger, *et al.*, 2007). Several studies (Matthies, 2005; Morris, Venkatesh, & Ackerman, 2005; Yoon, *et al.*, 2009) showed that age may affect purchase intentions. However, the extent to which age affects purchase intentions in the

sports supplement industry was uncertain. Determining if age affects consumer awareness (objective a) and the relative importance of ethical business behaviour in purchase intentions (objective b) was the third objective of the study.

More information related to the objectives was given in chapter 1 to 3. Chapter 4 described how the researcher gathered data to answer the research objectives, while chapter 5 elaborated on the findings of the research project. This chapter focus on how these findings could be applied to assist PVM Nutritional Sciences in decision-making. The findings related to each objective are given under different subheadings. Some recommendations for future research are included towards the end of this chapter.

## **6.2 AWARENESS ABOUT ETHICAL BUSINESS BEHAVIOUR**

Several authors (Tam, 2008; Shabbir, *et al.*, 2010) found that awareness with regard to a particular issue can influence consumer purchase behaviour. Consumers are more likely to exert ethical purchase behaviour if they have strong ethical purchase intentions and are aware of the ethical issues related to a product (Carrigan & Attalla, 2001). Low awareness of ethical business behaviour was thought to be one of the reasons why consumers often purchase sports supplements that contain banned substances or those for which unsubstantiated claims are made.

The research findings suggest that this is only partially true. Consumers were found to be aware of ethical organisations and ethical business practices. They were however also unaware of companies that operate unethically. Based on these findings, the marketing of ethical business practices is recommended. It will not necessarily increase sales through creating awareness, but because marketing includes all the processes for communicating and delivering values to consumers (Crane, 2001; Kotler & Keller, 2006), it will help to establish a positive perception of the organisation in the consumers' minds. When consumers have enough experience of a brand by seeing, hearing or thinking about it, the brand will take root in consumer memory (Kotler & Keller, 2006). Thus, through marketing, consumers are exposed to the PVM Nutritional Sciences brand which gives them the opportunity to accept it (Radder & Huang, 2008).

It may be argued that such marketing activities are unwise, because it will not necessarily increase sales or profitability. However, it was found that although

consumers were unaware of unethical organisations, they had no intention to use or purchase sports supplements from such companies. Therefore, marketing of ethical business behaviour may at least sustain growth, which may be especially important in the unregulated sports supplements industry. It may also prevent consumers to associate PVM Nutritional Sciences products with unethical conditions. Organisations can be impacted negatively by having their products identified as being made under unethical conditions, even when they may have little to gain from marketing their products as being manufactured and sold under ethical conditions (Auger, *et al.*, 2008).

As already mentioned, marketing managers like to have observable segments of consumers to target (Auger, *et al.*, 2007), because this helps to increase the success rate of marketing activities. Several studies (Matthies, 2005; Morris, Venkatesh, & Ackerman, 2005; Yoon, *et al.*, 2009) showed that consumers' age affect their purchase intentions, but the research findings suggested that this is not necessarily true for the sports supplement industry. Consumers from both age groups were generally aware of organisations that operate ethically and unaware of those operating unethically. Consistent with the recommendations of Auger, *et al.* (2007), segmenting consumers based on age is therefore not recommended as it is not likely to be useful. To successfully segment the target market, PVM Nutritional Sciences should consider more variables. This may include simple factors such as gender, income and education.

It is important to note that although there were not much differences between the answers of both age groups, the answers of the younger group showed more variances across the Likert scale. This suggests that not all of them have yet predetermined perceptions. Marketing efforts targeted at younger consumers may subsequently have greater effects. If the marketing budget is limited, younger consumers should be targeted primarily. It may be more successful than targeting older consumers if it is done in a way that younger consumers will understand and accept. This also supports the previous recommendations that PVM Nutritional Sciences should take more variables into consideration during the segmentation process and the process of creating the marketing mix.



### 6.3 ETHICAL BUSINESS BEHAVIOUR EXAMPLES

To study examples of ethical business behaviour, was part of objective A. Objective A was about assessing consumer awareness about ethical business behaviour in the South African supplement industry. It was already mentioned that consumers were aware of organisations that behave ethically and as a consequence, the marketing of ethical business behaviour will not necessarily increase sales through creating awareness, but will help to establish a positive perception of the organisation in the consumers' minds. This recommendation on its own assumed that both PVM Nutritional Sciences and consumers view the same behaviour as ethical. The research findings found that this is indeed the case for both age groups that agreed, which supports the recommendation. If it were to be different, the marketing of the business PVM Nutritional Sciences consider ethical would have not be well accepted by consumers.

Marketing is the medium used to transfer information from organisations to consumers in a way that benefits organisations (Crane, 2001; Kotler & Keller, 2006). The way in which it is communicated is important (Megicks, *et al.*, 2008; Yoon, *et al.*, 2009). This, as suggested by Yoon, *et al.* (2009), may be a possible explanation for the existence of the "ethical purchase gap". Consumer ethical purchase intentions may not translate to actual ethical purchase behaviour, due to the way the information is presented and not as a result of limited information available. Subsequently, it is recommended that the marketing messages related to ethical business behaviour are presented in a meaningful and user-friendly manner.

All participants agreed that accurate labelling disclosure of nutritional information and product ingredients is ethical. These are also legal requirements and it is recommended that PVM Nutritional Sciences abide to these without necessarily marketing it. The same goes for accurate labelling disclosure of weight / volume and banned substance content, which were not thought to be ethical by all study participants. These could be combined in one marketing message e.g. "PVM Nutritional Sciences will ensure accurate labelling disclosure".

Making substantiated advertising claims is also a legal requirement, but the lowest number of participants agreed that this is an example of ethical business behaviour.

This may reflect consumers' scepticism, because not all marketing claims can be substantiated and it does not necessarily cause organisations any harm in a poorly regulated industry. Nevertheless, it is still not recommended that PVM Nutritional Sciences make unsubstantiated marketing claims for three reasons. Firstly, it can be considered unethical behaviour based on the definition of ethical behaviour. Ethical behaviour is the result of deciding what is good for oneself as well as others. More specifically, it is the result of deciding with what is "good" that guide an organisation in its interaction with its stakeholders (Viriyavidhayavongs & Yothmontree, 2002; Rossouw & Van Vuuren, 2010). Making unsubstantiated claims may cause consumers harm.

Secondly, care should be taken to avoid overly promising benefits to customers, because a shortfall of their expectations will greatly impact their satisfaction level and repurchase behaviour (Tam, 2008). Consumers often face a number of different types of ethical claims and their willingness to accept it depends on the trustworthiness of the sender (De Pelsmacker, *et al.*, 2005). If consumers concluded that there is a mismatch between their experience of a product and the marketed benefits thereof, they will no longer purchase the product which will cause a decrease in sales. Consumers that have had a bad experience with just one product of a company, often avoid all products from that company regardless if the negative association is consistent for the whole product range.

Thirdly, the Consumer Protection Act gives consumers the right to demand quality service, full disclosure of the price of goods and protection against false, misleading or deceptive claims (South Africa, 2009). Avoiding unsubstantiated claims will protect PVM Nutritional Sciences from legal prosecution. This may help sustain profits because consumers seem to avoid products of companies that have received bad press (Bray, *et al.*, 2011).

All the examples of ethical business behaviour discussed so far relate to information generally indicated on product labels. This is the case for PVM Nutritional Sciences products as well and it is recommended that this behaviour is continued with. Product labels are effective communication mediums (Tustin & de Jongh, 2008). This is especially the case when consumers require more information to assist them in making ethical purchase decisions (Shaw, *et al.*, 2005; Joergens, 2006; Euromonitor, 2007).

For this reason, it is recommended that PVM Nutritional Sciences continue to provide a guarantee that products are free of banned substances on product labels.

It is also recommended that this message forms part of all advertising and other marketing efforts. All participants view this as ethical behaviour even though it is not necessarily a legal requirement. It could therefore be viewed as an acceptable and understandable message. This may become a message increasingly sought by consumers after the exception of the Consumer Protection Act (South Africa, 2009). Such messages provide consumers with proof of ethical business behaviour, but also a leg to stand on after a positive doping test. If consumers test positive for using a substance banned by WADA, they may hold PVM Nutritional Sciences responsible even though the WADA regulations state that any supplements and medication used is the responsibility of the athlete (World Anti-Doping Agency, 2009).

In conclusion, in contrast with Jones and Middleton (2007) who suggested that marketers include disclosures about actual product harm levels relative to industry norms, it is recommended that PVM Nutritional Sciences continue to accurately disclose information and that they go beyond minimum legal requirements (PVM Nutritional Sciences, 2010).

#### **6.4 IMPORTANCE OF ETHICAL BUSINESS BEHAVIOUR RELATIVE TO PRICE, CONVENIENCE AND BRAND FAMILIARITY**

In the previous chapters, it was concluded that price, convenience and brand familiarity may affect consumer ethical purchase intentions and subsequent behaviour. This is because consumers are unlikely to sacrifice basic product functionality for more socially desirable features such as ethical business behaviour (Auger, *et al.*, 2008). Ethical business behaviour forms part of the PVM Nutritional Sciences' differentiation strategy. It can only be justified if PVM Nutritional Sciences can successfully incorporate it within their marketing mix. For this reason its relative importance in consumer sports supplement purchasing intentions was assessed.

It was found that the consumers of all ages would be prepared to pay more for a product from a company that they knew to be operating extremely ethical. This suggests that PVM Nutritional Sciences may charge a premium price for products as suggested by

several authors (De Pelsmacker *et al.*, 2005; Auger, Devinney & Louviere, 2007; Megicks, *et al.*, 2008; Rode, *et al.*, 2008). However, it is recommended that only a small premium should be charged, because price competes with ethical business behaviour. The price charged does not necessarily have to be the same as a similar product without ethical attributes, but it should be close enough so that it is not defined as disproportionately expensive (Euromonitor, 2006).

Chapter 5 gave a more detailed explanation for this. In short, consumers may buy a cheaper product from a company that do not operate extremely ethically, because they do not know that the organisation operates unethical. Therefore, although consumers intend to pay a premium price for products from organisations that are ethically operating, their lack of awareness of organisations that is unethical operating may cause them to possibly purchase the cheaper product.

Another reason to not out price products is the fact that PVM Nutritional Sciences compete within a mature industry in which consumer willingness to pay premium prices for differentiation is generally low. This is because most organisations follow a cost leadership strategy in mature industries (Grant, 2008). Even though it may be argued that the industry may experience rejuvenation, which may change the competitive environment, consumer willingness to accept large price increases is unlikely.

A number of participants agreed that they were willing to pay a premium price for products that are more convenient to use. Convenience has different meanings depending on the type of sport participated in. PVM Nutritional Sciences manufactures a wide range of sports supplements (powdered sports supplements, energy gels and energy bars) to complement different sporting activities. Most competitors do the same so that this does not provide PVM Nutritional Sciences with a competitive edge for which that can charge a premium price.

The results however indicated that usage convenience is an important consideration in consumers sports supplement purchase decisions. It should thus not be compromised on, when formulating new sports supplements. PVM Nutritional Science may even consider developing a ready-to-drink (RTD) sports supplement which may be preferred by strength training athletes or the general public who exercise at their local gym for a few minutes a day.

This links with the availability of products, which may also be viewed as a convenience consideration. RTD sports supplement should ideally be sold where consumers exercise. Such a strategy will target those consumers who did not really intend to use sports supplements, but may do so because they feel thirsty and something to drink is readily available. It may also target those who forgot their usual supplement.

However, even though convenience was found to be important, consumers of both age groups indicated that ethical business behaviour is more important. Ethical business behaviour should not be compromised on in any attempts to increase convenience. Neither, is it recommended that a product should be less convenient just to ensure that it has ethical attributes. Consumers may put aside their ethical intentions when sports supplements are inconvenient to use (Euromonitor (2006)). This may be especially true for those consumers who buy on impulse.

Study participants indicated that they would buy a product that is less convenient to use if it is from a brand they knew. Participants also indicated that they would be prepared to pay a premium price for sports supplements from an organisation or brand they trust. This supported that brand familiarity impacts consumer purchase intentions.

Results of the study inducted that brand familiarity are more important than ethical business practices in consumer purchase intentions. However, the results from predictive modelling showed that only about a third of all participants would not buy a brand that they are familiar with regardless of a company's ethical practices, because whether an organisation behaves unethically is important to them. Subsequently marketing of ethical business practices as already mentioned is recommended. It will help to establish a positive perception of the organisation in the consumers' minds. This exposure will increase brand familiarity. Therefore, based on the findings of predictive modelling, it is recommended that PVM Nutritional Sciences integrate ethical business behaviour in all attempts aimed at increasing brand familiarity.

Advertising and public relations have proven to be effective strategies, but direct experience seems to be the most influential source (Tam, 2008). To increase consumer direct experiences, it is recommended that PVM Nutritional Sciences offer free samples to consumers. This may be done at trade expos or major sporting events. Marketers

may then have an opportunity to educate and familiarise consumers with the sports supplements while they test the product and this increased familiarisation may gain future purchases.

Alternatively, marketers may include samples in carefully selected promotional packs. Including samples in random promotional activities is not recommended, because it may not necessarily reach the intended target group. For example, including samples in women' magazines may reach a large group of inactive consumers who have no need for sports supplements. Deciding on the best promotional activity requires proper market segmentation and identifying the needs of those consumers.

It is recommended that samples are labelled similarly to the non-promotional supplements. Only then can labelling information provide consumers with some information that may simultaneously increase brand awareness and awareness of ethical business behaviour of PVM Nutritional Sciences.

Furthermore, to positively influence future purchases among customers with low familiarity, it is necessary to deliver services beyond their expectations (Tam, 2008). An example of how this can be done is through the guarantee that PVM Nutritional Sciences products are free of substances banned by WADA. It is important to note that this example will not forever satisfy high held expectations of consumers and that the creation of such high held may make it continuously harder to satisfy customers (Tam, 2008). Therefore, PVM Nutritional Sciences should think of more innovative ways that will satisfy consumer expectations.

The literature review concluded that ethical sensitivity is affected by the age (Schnitz, 2008) and that older consumers are more likely to be more brand loyal (Yoon, *et al.*, 2009). However, the results of this study did not indicate that there is not much difference between the two age groups. The younger group did however show more variance in their answers. This as already mentioned may be because they are less aware of what constitutes ethical or unethical business behaviour.

## 6.5 RECOMMENDATIONS FOR FUTURE RESEARCH

The study made use of purchase intentions as a proxy for ethical purchase behaviour. It may be argued that intentions do not always translate to actual purchase behaviour and that such research is prone to social desirability bias (Hiller, 2010). For this reason, it was previously suggested that consumer behaviour should be studied in real life situations (Shaw & Shiu, 2001; Carrington, *et al.*, 2010). However, observing individuals in real life settings is subjected to observer bias. It is therefore recommended that future studies should also make use of triangulation approaches. Such studies could then consider both intentions and actual behaviour to explain consumer purchase behaviour in more depth.

Replicating the study in other geographical settings outside South African borders may increase the general validity of the findings. The researcher made use of a purposive non-probability sample of PVM Nutritional Sciences sponsored and semi-sponsored athletes. Including individuals not sponsored by a sports supplement manufacturing company may also increase the validity and generalisation of findings.

Time constraints of the study caused the sample to be small so that the results may more specifically apply to the PVM Nutritional Sciences context. A larger sample will increase the generalisation of the findings as it will allow the application of more statistical test. This specifically translates to the function of statistics. Statistics either describes what data look like or allow inferences to be made (Leedy & Omrod, 2001).

Carrington, *et al.*, (2010) indicated that several factors may affect consumer purchase intentions. The study only focused on the relative importance of ethical augmentation relative to price, convenience and brand familiarity. Future studies could consider the relative importance of ethical business behaviour to other factors such as product availability, time and mood which is also known to affect consumer purchase intentions (Carrington, *et al.*, 2010).

## 6.6 SUMMARY

One possible explanation for the “ethical purchase gap” might have been a low level of awareness among consumers with regards to ethical business practices in the South

African sports supplement industry. However, it was found that consumers of both age groups (19- 30 years and 31- 56 years) were aware of ethical organisations and ethical business practices. They were however, also unaware of companies that operate unethically. As a consequence, it was recommended that PVM Nutritional Sciences should market ethical business behaviour.

Marketing of such behaviour will only be effective if it is also viewed by consumers as ethical. It was found to be the case, which supports the recommendations. Furthermore, PVM Nutritional Sciences should continue to accurately disclose information and provide a guarantee that products are free of substances banned by WADA (PVM Nutritional Sciences, 2010). They should also make use of other factors than age in any attempts to segment their target market.

Another reason for the “ethical purchase gap” is that several factors compete with ethical business behaviour during the purchase decision-making process. Example of such factors was previously found to be brand familiarity, price and convenience. This research study supported these findings, without suggesting that it is more important than ethical business behaviour and the findings was consistent for both age groups. It is thus recommended that PVM Nutritional Sciences continue with a differentiation strategy focusing on ethical business behaviour, but that product should still be competitively priced. PVM Nutritional Sciences should also continue to increase brand familiarity and manufacture products that are convenient to use. Therefore, ethical products must be perceived as convenient to use, value for money and from a brand that is familiar.

It is recommended that future research studies should consider other factors that may affect ethical purchase intentions and behaviour. It should also make use of triangulation approaches, a larger sample and a sample that possibly include a larger geographical area.



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Appendix A: Permission to access PVM Nutritional Sciences' database

See Pdf document: Permission that researcher may access PVM Nutritional Sciences' database.

Appendix B: Questionnaire invitation letter

**THE ROLE OF ETHICAL BUSINESS BEHAVIOUR AWARENESS IN CONSUMER  
SPORTS SUPPLEMENT PURCHASE INTENTIONS**

Dear Athlete

I am currently in the process of completing my MBA programme with the Unisa School of Business Leadership. One of the requirements of the programme is to conduct a research study at a company or companies.

I am currently doing research on the role of ethical business behaviour in consumer sports supplement purchase intentions. I would appreciate it if you could assist my research by completing the attached questionnaire and then return the completed questionnaire to Charlene Dalton (admin@pvm.co.za). The questions are easy to read and should take you a few minutes to fill out. I have obtained permission from PVM Nutritional Science to make use of their database in order to contact you.

The results of the questionnaire will be used purely for academic purposes and all information obtained will be treated with the strictest confidence. No personal details are required.

Please contact me should you have any queries. The research project may be confirmed with my research supervisor, Jacqui Baumgardt at jaybee@telkomsa.net

I would like to take this opportunity to thank you for taking the time to share your feedback with me.

Regards

Louise Göttsche

L.T. Göttsche  
72137029



Appendix C: Questionnaire

**THE ROLE OF ETHICAL BUSINESS BEHAVIOUR AWARENESS IN CONSUMER  
SPORTS SUPPLEMENT PURCHASE INTENTIONS**

**Part A**

1. Age of participant? \_\_\_\_\_

2. Do you use sports supplements?

Yes	No
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**Part B**

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1) I know sports supplement companies that operate extremely ethically					
2) I purchase or use sports supplements from a company because of their ethical behaviour					
3) I know sports supplement companies that operate extremely unethically					
4) I don't purchase or use sports supplements from a company if it is unethical					
5) Whether a company behaves ethically is not important to me in making my buying or usage decision					
6) Whether a company behaves unethically is not important to me in making my buying or usage decision					
7) If I became aware of unethical behaviour by a company from which I use sports supplements, I would not purchase or use their supplements again					

**Part C**

Indicate which of the following you consider as ethical business behaviour? Mark all those applicable.

1) Accurate labelling disclosure of nutritional information	
2) Accurate labelling disclosure of banned substance content	
3) Accurate labelling disclosure of product ingredients	
4) Making substantiated advertising claims	
5) A guarantee that product is free of banned substances	
6) Accuracy of weight or volume as indicated on label	

**Part D**

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1) I would be prepared to pay more for a sports supplement from a company that I know to be extremely ethical.					
2) I would be prepared to pay more for a sports supplement that is convenient to use.					
3) I would be prepared to pay more for a sports supplement from a company or brand I trust					
4) I would consider buying a sports supplement from a company that I know to be unethical if the price is right					
5) I would buy a sports supplement that is less convenient to use than an alternative product if I know that the manufacturing company is extremely ethical.					
6) I would buy a sports supplement that is less convenient to use than an alternative product if it is from a brand that I know.					
7) I would buy sports supplement that is most convenient to use regardless of the company's ethical practices					
8) I would buy a brand that I am familiar with regardless of the company's ethical practices.					

Appendix D: Reminder note

Dear Athlete

All of us are busier these days than we should be, and most of us have a hard time keeping abreast of all the obligations required. We know how the little extras sometimes receive our best intentions, but we also know that none of us has the time we desire to fulfil all those good intentions.

You have received a questionnaire just over a week ago. I have not yet received feedback from all of you. If you did complete the questionnaire, please ignore this email. If you did not, please try to find a few minutes in your busy schedule to complete the questionnaire. I have attached another copy of the questionnaire in case it did not reach you or you for some reason can't find a copy.

I sincerely value your kindness.

Regards,

Louise Göttsche