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EDITORIAL

I am very pleased to offer this special volume on very important and contemporary marketing management issues from the African continent. Dr. Mornay Roberts- Lombard of the University of Johannesburg and Dr. Estelle van Tonder of the North-West University are to be congratulated for developing such an excellent collection for our readers. All of the manuscripts are very insightful and thought provoking. This special African issue will add immensely to the growing body of knowledge in the area of global marketing.

The demand for quality schools in South Africa is growing and parents can enrol their child at any school of preference. The increase in the number of learners attending independent schools is driven by a growing middle class in South Africa wanting high quality education, and that the government is not building new schools in affluent areas. The marketing of independent schools is evident at most independent schools in South Africa and is illustrated where independent schools that are a member of the Independent Schools Association of Southern Africa (ISASA) will typically be part of the Independent Schools' Marketing Association (ISMA), which is recognised as an affinity group and stakeholder of ISASA with the objective to promote marketing efficiency among the schools served by each of its members. School marketing studies in South Africa is limited and include among others research by Immelman & Roberts-Lombard (2015), Read & Bick (2014, Vigar-Ellis (2013), Van Wyk & Bisschoff (2012), McAlister (2005) and Malberbe (2004).

To choose a school is difficult and the decision-making process of services consists of the pre-purchase stage, the service encounter stage and the post-encounter stage. The first paper by Reaan Immelman focuses on the third stage in the pre-purchase stage, namely the evaluation of alternatives and more specifically on school facilities as choice factor when parents select independent primary schools. Some independent schools in South Africa find it difficult to market themselves effectively as a result of a lack of information pertaining to the choice factors identified by parents when selecting independent schools. It is therefore important to understand what parents desire and expect from the school they choose. Independent schools have also not made institutional research a priority and, as a result, often make critical or strategic decisions without the benefit of data or research.

Against the background provided, the primary objective of Immelman's paper is to recommend marketing guidelines for independent primary schools in South Africa, with the focus on physical evidence in the marketing mix, and more specifically school facilities. The secondary objective is to determine the relative importance of school facilities when selecting independent schools. The methodological approach followed was exploratory and quantitative in nature. The sample represents 669 respondents from 30 independent primary schools in the Gauteng Province of South Africa, and data analysis included descriptive and factor analysis. Respondents identified five physical evidence variables (science laboratory, library, computer centre, classroom with technology and sport facilities) and these variables are categorised into one factor, namely school facilities. Cronbach's alpha was used as a measure of the internal consistency reliability for the measurement of the importance of the attributes. The Cronbach's alpha coefficient for the school facilities construct investigated was 0.868 and above the limit of acceptability of 0.70. Factor analysis was used to assess the structural validity of the school facilities construct and exploratory factor analysis was used in an attempt to gain insight into the structural validity. The five items of the school facility scale were subjected to principal component analysis (PCA) and the suitability of data for factor analysis was assessed using the Kaiser-Meyer-Olkin (KMO) test for sampling adequacy and Bartlett's test of Sphericity results. The Kaiser-Meyer-Olkin value was 0.864, exceeding the recommended value of 0.6 and Bartlett's Test of Sphericity reached statistical significance, supporting the factorability of the correlation matrix.

The majority (77%) of the 669 respondents from 30 schools in Gauteng were female and indicates that mothers or female guardians are very involved in their child's education. With regard to home language, 43% of the respondents' home language is English, followed by 35% with Afrikaans. Almost 40% of the respondents had a postgraduate degree, followed by 15% with an undergraduate degree. This indicates that independent school parents are well educated and will make informed decisions when enrolling their child at an independent primary school. Concerning the research objective, respondents identified five variables with regard to school facilities which could have influenced the choice of independent schools. The main finding is that a computer centre is the most important school facility (mean = 4.23) and indicates that parents realise the importance of technology in schools. The school library is cited as the second most important school facility (mean = 4.06). Sport facilities (mean = 3.86) are the third most important school facility and may include facilities such as rugby and soccer fields, netball and tennis courts and an astro hockey turf at some affluent independent schools. A science laboratory was cited the least important school facility factor (mean = 3.64). The importance of school facilities as choice factor corresponds with studies by Yaacob, Osman & Bachok (2014), Vigar-Ellis (2013), Symmonds (2010), the Independent Schools Council of Australia (ISCA,2008) and Foskett & Hemsley-Brown (2001).

Independent schools in terms of school facilities, need to focus primarily on academic facilities, and more specifically, a computer centre and library when marketing the school. It is recommended that more library books can be made available as e-books in the computer centre and it is further recommended that independent schools frequently upgrade their computer centre with the latest hardware and software. A computer centre can also consist of tablet computers, where each learner will access their textbook on the tablet PC and where possible class rooms can be equipped with interactive whiteboards. Although sport facilities are important for parents selecting independent schools, it is recommended that independent schools firstly spend their resources on academic facilities (especially the computer centre) as academics are the primary priority of any school. The Immelman’s study therefore cannot be seen as representative of the entire industry in the Gauteng province or South Africa as a country. As the study only focused on the Gauteng Province and only independent primary schools, a more inclusive study of all nine provinces in South Africa, and especially including high schools, is therefore recommended. It is also recommended that future research focus on high affluent independent schools in terms of school facilities.

In a wider context, market orientation (MO) is understood as a business response to a specific part of the external environment that is composed of consumers and competitors (Kohli & Jaworski, 1990; Narver & Slater, 1990). While a substantial academic literature has examined MO, the second empirical study by Olumide Olasimbo Jaiyeoba, Edward Marandu & Botshabelo Kealesitse confines itself to small firms in Botswana. This, therefore, lends credence to a new research direction as suggested by Atuahene-Gima, Slater & Olson (2005) that endeavour to examine and expand the contingency view of MO and external environment, most especially in the emerging economies including Botswana.

Given the nature of the vulnerabilities and opportunities arising from the conditions of environmental uncertainty for small firms and lack of previous empirical study in Botswana, there is a need therefore for empirical examination of the nexus of relationship between environmental uncertainty and small firm’s market orientation. After extensive review of literature underpinning the nomological web between MO and environmental uncertainty of small firms, Jaiyeoba, Marandu & Kealesitse managed to generate research objectives more specifically to determine if market turbulence, technological turbulence and competitive intensity have significant effects on MO behavior of Botswana’s small service firms. The Jaiyeoba et al. study also explicates the hypothesized relationship of market turbulence, technological turbulence and competition on the level of MO among Botswana’s small service firms.

The study employed a snowball sample of managers and firm owners in the small service firm domain within Gaborone and its metropolis. Non probability sampling technique was adopted due to the fact that the sampling frame of the key informants was not available. The sample size and response rate are consistent with related studies. The questionnaire and scale measures (MARKOR scale) were adopted from Kohli & Jaworski’s (1993) constructs and Gray, Matear & Matheson (1998). The psychometric properties of the empirical study scale items explicate internal consistency of the scales and unidimensionality of its components. Stepwise regression analysis and structural equation model were used to determine the significance of the external antecedents on MO behavior among Botswana’s small service firms.

The findings of Jaiyeoba, Marandu & Kealesitse study stipulate that competitive intensity, technological turbulence and market turbulence account for 12.2%,18.5% and 21.2% of MO behavior respectively among Botswana’s small firms in the adjusted R-square. The competitive intensity (β = 0.254,$p<0.05$); level of market turbulence (β= 0.191,$p<0.05$) and the level of technological turbulence (β=0.206, $p<0.05$) were found to be significantly and positively related to MO activities of small firms in

Botswana. This finding is consistent with Kohli & Jaworski (1990) and Narver & Slater (1994) in which they found out that a company under greater competitive environment could become more market oriented than a lesser competitive one. The empirical finding of Jaiyeoba et al. study also lend parallel support to Zebal & Goodwin (2011) findings in which they contend that when market turbulence is low, organizations reduce pressure to adopt a MO stance.

The presence of MO is therefore an important facilitator of flexible planning in small firms helping to improve their performance, particularly under conditions of environmental uncertainty. This builds upon the capacity for adjustment and the facility to change, which are characteristics of smaller firms (Appiah-Adu & Singh, 1998). Concurring with Moriarty et al. (2008), small firms' owner-managers planning is therefore focused more on short term goals as opposed to long term objectives. The findings of Jaiyeoba et al. study thus reinforce the view of MO as a dynamic construct which can help to explain the relationship between small firms and environmental uncertainty. The empirical finding also resonates with Didonet et al. (2012) findings in which they conclude that creativity, flexibility and intuitive judgments' are related to technological turbulence, which translates into higher levels of MO for small firms. The structural equation model also shows that market turbulence, competitive intensity and technological turbulence are significantly and positively related to MO behavior of small firms in Botswana. Following Steenkamp's protocol, the researcher evaluated the root mean square error of approximation (RMSEA) statistics (0.08); Normed Fit index (NFI) statistics (0.98) and CMIN/df (5.478). Each of these indicators suggests that a good model has been identified. The findings of Jaiyeoba et al. study therefore emphasize the importance of small firms orienting themselves to the market particularly in environments characterized by market turbulence, competitive intensity and technological turbulence.

These findings present specific implications for small firm owner-managers in terms of marketing strategy that fits their style of doing business. In a dynamic environment, the nexus of relationship between variables of market turbulence, competitive intensity and technological turbulence, with higher levels of MO in small firms, reveals that they can be able to manage conditions of demand uncertainty in a timely manner. The empirical results of Jaiyeoba, Marandu, & Kealesitse study also offer important managerial implications for a market oriented service quality management of small firms in Botswana. The competition landscape for small service firms has dramatically altered in recent years. Therefore, in a changed industry, environmental and competitive factors underscore the all strategic directions that the various managers of small firms will have to understand and respond to in Botswana. Cultivating a market oriented strategy may indeed become one of the primary means to maintain a competitive advantage for small firms in Botswana.Environmental dynamism and competition thus comprise an emerging economy force among small firms to be innovative in their unique selling proposition and market oriented behavior in Botswana. As globalization continues to become a major part of business operations, small firms need every strategic edge they can find to engage in value creation for their customers. New insights into small firm MO provide ideas for the development of effective strategies to adopt as they pursue their competitive edge. It is therefore imperative for small firms' managers to scan their businesses for threats, opportunities, weaknesses and strengths, with a view to encapsulating their target audience and create emotional delight.

Despite the extensive research undertaken in the subject area of services marketing, not much research has been conducted in the internal marketing area, specifically in the South African context. Third study by Leigh De Bruin-Reynolds, Mornay Roberts-Lombard, & Christine de Meyer attempted to address this subject and focused on the traditional internal marketing mix elements (internal product, internal price, internal promotion and internal distribution) and their influence on the satisfaction of graduate development employees within retail banks in South Africa.The growth of the service sector worldwide has led to services being considered as one of the most important sectors in the world. The growing demand from customers for higher levels of service quality through value added services has prompted banks to re-examine their current business practices. Given the homogeneity within the retail banking industry, there is very little differentiating the banks, and imitation of any innovation is inevitable. For this reason a market-driven strategy that enables retail banks to deliver superior quality is essential as service quality is the only real differentiator and key to building a competitive advantage. Given its employees who create the service experience, the employee as the internal customer becomes the organisation's most valuable asset. For this reason, retail banks in South Africa have been placing an increased focus on recruiting at the graduate level leading to the establishment of Graduate Development Programmes (GDPs). These banking GDPs are specifically designed to help graduates succeed in complex environments and to build the talent pipeline by providing an in-depth training programme. However one of the biggest challenges faced by banks is the satisfaction and retention of their GDP employees. Banks generally experience high attrition rates amongst this group of employees mainly due to job dissatisfaction which impacts service quality provided to external customers, and which increases the organisation's costs. An internal marketing programme aimed at employees could enhance employee satisfaction motivating employees to go the extra mile to serve external customers and in this manner service quality can be improved.

Internal marketing contributes to the achievement of promises by marketing the organisation inwardly to employees, and through the provision of an internal environment in which employee needs can be met. When employees' needs have been met, they experience higher levels of satisfaction and commitment, become more customer orientated, and strive for higher levels of service excellence. Thus employees become the organisation's brand ambassadors and have the power to create value for customers directly impacting customer satisfaction, loyalty and ultimately, profitability. To this end, internal marketing is the mechanism connecting employee satisfaction and customer satisfaction. In order to bring about employee satisfaction and in order to persuade employees towards improved levels of service quality, an internal marketing mix is required.

In order to investigate the influence of the internal marketing mix on employee satisfaction and test the relationship between these two variables, an empirical investigation was conducted by Bruin-Reynolds, Roberts-Lombard, & de Meyer. The primary research objective of the Bruin Reynolds et al study was to investigate the influence of the internal marketing mix on employee satisfaction from GDP employees' perspective in order to enhance their satisfaction at retail banks with graduate development programmes in South Africa. A census approach was applied to the study using a person administered and an electronic survey method. All retail banks with graduate development programmes were invited to participate in the study of which three agreed to participate. Of the 360 graduates, 64 employees agreed to participate in the study. Regression analysis was used to test the relationship proposed in the study. The internal promotion was discarded due to poor construct validity, internal distribution emerged as a two- factor solution and was split into collaborative culture and organisational structure, and the internal price element was not regarded as statistically significant. From the study, the internal marketing mix elements that influenced employee satisfaction to come to fore included internal product, collaborative culture and organisational structure. The findings of Bruin-Reynolds et al study showed that employee satisfaction is influenced by internal product, collaborative culture and organisational structure. Based on these outcomes, recommendations were made to retail banks for the implementation of a formal internal marketing program. For instance through the implementation of the internal product element, retail banks could ensure that graduates are placed into jobs that match their skills and personalities and are sufficiently empowered to perform their jobs and meet their clients unique needs. Clear KPI's would communicate to employees what is expected from them and keep them focused on the vision and the key organisational objectives. In addition to this career advancement plans provide employees with a clear path of how they can progress both vertically and laterally, all these elements communicate to employees that they are valued and cared for and as a result higher levels of employee satisfaction and retention can be achieved.

In summary, given the high turnover rates of GDP employees, banks are not as effective in retaining these employees as they could be. Since employees are the differentiating advantage for service organisations, employee satisfaction becomes of critical importance, as do the mechanisms for achieving this. For this reason, banks need to consider the integration of an internal marketing programme into their overall marketing strategy. Internal marketing will facilitate the recruitment, training and satisfaction of employees to deliver on the promises made through the bank's external marketing strategy. A retail bank's strategic advantage often exists in its capacity to streamline and connect the organisation's capabilities in order to create service practices that are superior to competitors. Through aligning processes and employees with the external marketing strategy and external customer needs, retail banks are able to create a strategic advantage that is difficult to replicate, ensuring a sustainable competitive advantage. With the aid of internal marketing, retail banks would be able to enhance GDP employee satisfaction and loyalty, thereby contributing to better service, stronger financial performance and profitability.`

In a study by Baines & Company, predictions are that 85% of new luxury stores will open in emerging markets over the next decade, and that growth in these markets are projected to grow by more than 10 per cent, specifically in Brazil, Russia, India, China and South Africa (BRICS countries).While there has been some initial exploration of luxury brands in China and India, little is currently known about luxury consumption on the African continent. South Africa clearly shows great potential for fuelling the growth of the luxury brands market as post-Apartheid, the South African middle class is increasingly prominent. Articles in the popular press on luxury brands entering emerging markets reveal that some luxury brands enter these new markets at substantially higher prices than their countries of origin. In South Africa, the GAP brand, sells T-shirts for $40 in South Africa and the same products in the USA for $16. Although companies claim the inflated prices are as a result of higher shipping costs as well as import duties, GAP also believes the American brand image is associated with high quality. The latter example the authors term to be opportunistic luxury branding. The extent to which this positioning is perceived as 'authentic' and/or the longevity of these brands in the market as a luxury is questioned. Authenticity is deemed a key factor in establishing brand identity, brand image and trust in a brand.

The fourth study by Beate E. Stiehler & Julie S. Tinson therefore seeks to develop (i) an understanding of what motivates global luxury brand consumption in the South African market, (ii) to identify the types of authenticity and cues used to establish the authenticity of fashion luxury brands, and (iii) to offer brand image implications of adopting an opportunistic marketing approach to luxury branding. A qualitative approach was deemed most appropriate, due to the exploratory nature of the study. Sixteen in-depth interviews were conducted with a diverse group of South African luxury brand consumers. Purposive sampling was used to identify the participants for the study. The authors specifically sampled the consumers based on an extant segmentation approach of luxury consumers in South Africa.

Across all consumer segments interviewed, it was evident that motivation to purchase global luxury brands was as a consequence of the perceived quality and durability of these brands, reputation in the market place, years in the market and ability to enhance consumers' self-esteem. The overwhelming need for high quality as a driver to purchase luxury brands in this market suggests that high quality is one of the prominent codes of luxury in South Africa. All segments of luxury consumers interviewed also indicated a preference for international luxury, as opposed to local (South African) luxury brands. The findings in Stiehler & Tinson study support previous research which suggests local brands are perceived as inferior. Novice luxury consumers revealed that the brand image and status of luxury brands serve as a motivator to purchase, whilst more established luxury consumers showed a preference for purchasing luxury brands for its designs and functionality.

In exploring consumers' perception of authenticity, the findings of Stiehler & Tinson study illustrate the predominant use by all consumers of pure authenticity, using indexical cues (cues associated with fact) as indicators. The majority of the consumers authenticated these brands by identifying the location where the brand is purchased and physically inspected product labels and logos for elements like material used and stitching. Some of the consumer segments interviewed also showed a need for purchasing luxury brands with true intent rooted in substance and credibility, therefore using iconic cues (cues based on pre-existing knowledge or experience) to establish the authenticity of luxury brands. The reactions of consumers to the notion of opportunistic luxury brands in the South African market, demonstrated that they did not perceive these brands to be true or authentic luxury. Some consumers even demonstrated a sense of frustration and anger with what consumers are charged in South Africa for international brands. It was however argued that the use of cues such as pricing and place of purchase creates the perception of luxury, and that this could explain why it will therefore be perceived as luxury in South Africa.

Several implications for managers are identified. The findings of Stiehler & Tinson study suggest the importance of providing consistent high quality to this market, in order to secure a true image of luxury and that brand substance and credibility should be made evident in luxury brand positioning strategies and communication to this market. International luxury brands also have an advantage in entering this market, as these brands are widely known. There is an unequivocal perception that international brands are of a higher quality than locally produced brands, which could present a challenge to South African luxury fashion brands wishing to enter this market. The portrayal of image and status in advertising communication of these brands will also be beneficial to those companies targeting novice luxury brand consumer segments, whilst functionality of designs as well as lasting value in the form of quality should be emphasized by brands targeting more established luxury consumers in this market. Suggestions for future research include an empirical evaluation of the findings through the use of quantitative research, in order to statistically test the findings on consumer motivations and consumer use of authenticity. Perceptions of and the development of the notion of opportunistic luxury brands may also be pursued. Exploring brand meaning, context and co-creation amongst the different segments in this market, might also provide valid contributions to further understanding this market for luxury brands.

Nejdet Delener Ph.D.
Editor-in-Chief

NOTE FROM THE EDITORS

As an interdisciplinary indexed journal, *The Journal of Global Business and Technology (JGBAT)* serves academicians and practitioners in the fields of global business and technology management and their related areas. The *JGBAT* is also an appropriate outlet for manuscripts designed to be of interest, concern, and applied value to its audience of professionals and scholars.

Readers will note that our attempt to bridge the gap between theory and practice has been successful. We cannot thank our reviewers enough for having been so professional and effective in reiterating to contributors the need to provide managerial applications of their research. As is now obvious, the majority of the articles include a section on managerial implications of research. We wish to reiterate once again our sincere thanks to *JGBAT* reviewers for having induced contributors to answer the "so what?" question that every *Journal of Global Business and Technology* article is required to address.

Thank you for your interest in the journal and we are looking forward to receiving your submissions. For submissions guidelines and requirements, please refer to the Manuscript Guidelines at the end of this publication.

Nejdet Delener, Ph.D., Editor-in-Chief
Chiang-nan Chao, Ph.D., Managing Editor

GUEST EDITORS PREFACE

At a time when many emerging economies are slowing, Africa is now the second fastest-growing economic region behind Asia and is becoming a magnet for international capital. Many African economies are transitioning from resource exporters to consumer markets. Where wealth has historically been concentrated within the elites, prosperity is starting to find its way to the broader public. Rising households with discretionary spending means that Africa's consumer market is growing fast. Therefore, doing business in Africa requires a greater understanding of both consumer needs relating to the consumption of product categories such as private education, training and development and luxury brand consumption and the application of the most appropriate marketing strategy.

Africa remains a complex and challenging market, but it offers opportunities to those who are prepared to adapt their business models to the region. Income levels remain low on average, but with the rise of the middle class, there is evidence of change. Businesses prepared to innovate by adapting their channel, brand and portfolio strategies, such as embracing high-volume low-value transactions to win early market share, or finding a niche in high-end products and services, are most likely to reap the rewards. This edition of JGBAT is a special African edition. It contains a spread of marketing related articles, both of a quantitative and qualitative nature, relating from private primary education as a niche market offering, to Marketing Orientation, Internal Marketing and Luxury Branding.

Independent schools in South Africa find it difficult to market themselves effectively as a result of a lack of information pertaining to the choice factors identified by parents when selecting an independent schools. It is therefore important for independent schools to understand what parents desire and expect from the school they choose. Independent schools also have not made institutional research a priority and, as a result, often make critical or strategic decisions without the benefit of data or research. Therefore it becomes important to recommend marketing guidelines for independent primary schools in South Africa, with the focus on physical evidence, and more specifically school facilities, in the marketing mix. Another research theme covered by this special Africa edition is the importance of market orientation and the impact of environmental uncertainty among small service firms in an African country. Previous research has not considered empirically the relationship between the marketing orientation of small firms and environmental uncertainty. Therefore to maximize their flexibility and responsiveness under conditions of environmental uncertainty requires small firms in Africa to have higher levels of market orientation.

The Harvard Business Review states that 40-80% of customer satisfaction is determined by the customer-employee relationship. The difference in the way customers view service quality is directly related to service employees. Both internal and external banking employees develop relationships with customers, and when these relationships are severed, the organisation is subject to massive costs. These costs include the loss of productivity of employees, as new employees need to be recruited into the organisation who do not have the desired levels of knowledge or experience. For this reason, if employees are satisfied at work they are more likely to be productive, have lower absence rates and increased morale which leads to higher levels of employee retention. In addition to this, employees who are satisfied with their jobs treat customers better, which also results in greater levels of external service quality. Banks will not be able to prosper in the long term if they do not understand the importance of satisfaction and the variables influencing this. Therefore it is imperative to understand the influence that the traditional internal marketing mix elements have on employee (graduate) satisfaction within a retail banking environment in Africa. Finally, luxury branding research in Africa is also receiving greater interest amongst researchers. Little is currently known about luxury consumption on the African continent. South Africa clearly shows great potential for fuelling the growth of the luxury brands market as post-Apartheid the South African middle class is increasingly prominent. With $18.96 (US Dollars) in purchasing power at the beginning of 2012, it is projected that this segment will be responsible for the most growth in the South African economy. Understanding luxury consumption in this market will inform marketing managers of the potential impact of their brand strategies in this large economy on the African continent.

We hope that you will enjoy reading this special Africa edition of the JGBAT journal, strengthening your research interests in the continent and its people.

Prof M. Roberts-Lombard, University of Johannesburg, South Africa
Prof E. van Tonder, North West University, South Africa

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SPECIAL AFRICA EDITION REVIEWERS

A SOUTH AFRICAN PERSPECTIVE ON SCHOOL FACILITIES AS CHOICE FACTOR WHEN SELECTING INDEPENDENT PRIMARY SCHOOLS

Reaan Immelman

ABSTRACT

Parents have become consumers in an educational market and schools find themselves operating in a competitive space (Beamish & Morey, 2013). The primary objective of the study is to recommend marketing guidelines for independent primary schools, with the focus on physical evidence, and more specifically school facilities in the marketing mix. The methodological approach followed was exploratory and quantitative in nature. The sample represents 669 respondents from 30 independent schools in the Gauteng Province of South Africa, and the data analysis included descriptive and factor analysis. The main findings are that a computer centre is regarded as the most important school facility for parents when selecting an independent primary school, followed by a library and sport facilities.

Keywords: Independent schools, school marketing, consumer behaviour, choice factors, school facilities

INTRODUCTION

The demand for quality education in schools in South Africa is growing, as parents recognise the importance of education for their children to be successful in their future careers in an increasingly competitive environment (Read & Bick, 2014). Parents in South Africa can enrol their child at any school and are not forced to enrol their child at the nearest school, but have a choice to enrol learners at their school of preference (Van Wyk & Bisschoff, 2012) The South African Schools Act, No 84 of 1996 recognises two broad categories of schools, namely public schools and independent schools (Fedsas, 2015). The number of independent schools in South Africa has grown from 518 in 1994 to 1 681 independent schools in 2014, with the majority of these schools (651) in the Gauteng province (Department of Basic Education, 2014). This increase in the number of learners attending independent schools could be an indication that parents are losing faith in the public school system (International Finance Corporation, 2010). The growth in the independent school industry is also driven by a growing middle class in South Africa wanting high quality education, and the fact that the government is not building new schools in affluent areas (Hasenfuss, 2011).

Consumers are better informed about school choices (Petruzzellis & Romanazzi, 2010) and do their own research regarding where to enrol their child (Molland, 2007). According to Boshoff and Du Plessis

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(2009), the service industry represented 70% of the gross domestic product in 2009. The marketing of school services falls into the area of services marketing, given the intangibility of the offering (Cant & Van Heerden, 2010). The intangible nature of services makes tangible cues of service delivery exceptionally important and includes amongst others the appearance of the building, signage, brochures and other facilities (Boshoff, 2014). In the context of a school, tangible cues include school facilities such as a computer centre, library and sport facilities.

The decision-making of a school for parents is difficult (Lombard, 2015) and the decision-making process of services consists of the pre-purchase stage, the service encounter stage and the post-encounter stage (Wells & Foxall, 2012, p.128). This paper will focus on the third stage in the *pre-purchase stage*, namely the evaluation of alternatives and more specifically on school facilities as choice factor when parents select independent primary schools. Evaluation criteria are the criteria which consumers decide are acceptable when searching for a solution to their problems, and are those features or characteristics that consumers are looking for when buying a specific product or service (Hawkins, Mothersbough & Mookerjee, 2010).

Only a few studies have recently been conducted in the field of school marketing in South Africa. Research by Immelman and Roberts-Lombard (2015) recommended marketing guidelines for independent primary schools, while Read and Bick (2014) compared the marketing of independent schools in South Africa and the United Kingdom. Research by McAlister (2005) aimed to understand management’s attitudes towards marketing, and research by Malherbe (2004) was to establish whether independent schools in the Gauteng Province of South Africa (hereafter referred to as Gauteng) have embraced a culture of marketing. Vigar-Ellis (2013) aimed to better understand the choice factors used by parents to choose between the variety of boys’ secondary boarding schools available in the South African market. The problem statement is that some independent schools find it difficult to market themselves effectively as a result of a lack of information pertaining to what school facilities to offer prospective parents (Fourie, 2014).

In this study, the researcher specifically aims to determine the relevant importance of school facilities as choice factor. In turn, this information will assist independent schools because marketing guidelines will be provided to these schools with regard to school facilities.

This paper includes a literature review of the marketing of independent schools (both primary and high schools), the consumer decision-making process when selecting an independent school, the choice factors of parents selecting independent schools, and an explanation of the problem statement that was investigated. The research objectives and methodology are then discussed. Thereafter, the empirical results are discussed, followed by management implications.

LITERATURE STUDY

Private tuition is a growing business in South Africa and the demand for good and accountable schools has been driven both by parents desperate to escape the worst of the public system and the lack of new schools, despite the needs of a growing population (Weavind, 2013). The ability of independent schools to survive and grow would be enhanced by knowledge of what motivates parents when selecting independent schools in order to assist these schools in better selecting their marketing efforts (McGovern, 2012).

The marketing of independent schools is evident at most independent schools in South Africa and is illustrated where independent schools that are a member of the Independent Schools Association of Southern Africa (ISASA) will typically be part of the Independent Schools’ Marketing Association (ISMA), which is recognised as an affinity group and stakeholder of ISASA with the objective to promote marketing efficiency among the schools served by each of its members (ISASA, 2015). The demand for private tuition is being met most notably by JSE-listed Curro and AdvTech, which provide franchised brands catering to different markets in terms of the price and level of education (Greyling, 2013). These JSE-listed companies all have a marketing department and therefore, the marketing of schools has become an indispensable managerial function and without it, a school cannot survive in the current competitive environment in which it operates (Oplatka & Hemsley-Brown, 2004).

The marketing of independent schools and the consumer behaviour decision-making process

Sferle, Gârdan, Gudei and Geangu (2012) define school marketing as the means by which the school actively communicates and promotes its purpose, values and products to learners, parents, staff and the wider community. Themes covered by research in school marketing include the attitudes of school principals and other stakeholders towards the concept of marketing, the lack of research in school marketing, and general literature on "How to market your school?" (Oplatka & Hemsley-Brown, 2004).

Research in South Africa on the topic of school marketing is limited and is presented in Table 1:

Table 1: School marketing studies in South Africa (2004-2015

Topic	Source
Guidelines for the marketing of independent schools in South Africa	Immelman and Roberts-Lombard (2015)
A comparison of the marketing of independent schools in South Africa and the United Kingdom	Read and Bick (2014)
Boys' boarding school management: understanding the choice criteria of parents	Vigar-Ellis (2013)
A measuring instrument to determine the image of a high school	Van Wyk and Bisschoff (2012)
A marketing strategy for independent schools	McAlister (2005)
The marketing of independent schools in Gauteng	Malberbe (2004)

Source: Researcher's own construct

The unique characteristics of services – intangibility, inseparability, heterogeneity and perishability – make service marketing more challenging than marketing a physical entity and the marketing mix for products (product, place, promotion and pricing) needs to be expanded to meet the special needs created by these characteristics (Lamb et al., 2013). According to Soedijati and Pratminingsih (2011), the elements of the marketing mix should also include strategic components related to people, process and physical evidence. Within the context of school marketing, the marketing mix elements can be applied as follows: product could, for example, refer to the curriculum followed by the school, price could include school fees or discounts offered by schools, promotion could include elements such as advertising (local newspaper advertisements), events and experiences (sport festivals) as well as direct and interactive marketing (school website). The additional marketing mix elements can be applied as follows: people could refer to educators and the school principal, processes could include the enrolment process at the school, and physical evidence could include aspects such as school facilities, school uniform, signage and parking at the school.

Service providers such as schools have to understand *consumer decision-making*: how consumers choose between different offerings and how they experience and evaluate the service offerings (Blythe, 2013). The key to a successful marketing strategy, both domestically and globally, is often a thorough understanding of consumer behaviour (Quester et al., 2014).

The decision-making process of services consists of the *pre-purchase stage*, the *service encounter stage* and the *post-encounter stage* (Wells & Foxall, 2012). The first stage of decision-making in the *pre-purchase stage* for prospective parents, is the realisation of parents that the child needs to be enrolled at a school (problem recognition). According to the South African Schools Act (1996), schooling in South Africa is compulsory for children aged 7-15 (or attendance in grades one to nine, whichever comes first).

The second stage of the pre-purchase stage involves investigating all possible sources of information regarding the service being offered and includes sources such as the school open days and the school website. In the third stage in the pre-purchase stage, namely the evaluation of alternatives, evaluative criteria comprise the act of identifying alternative solutions to a problem and assessing the relative merits and demerits of each solution (including the dimensions, features or benefits that consumers seek in making buying decisions) (Parumasur & Roberts-Lombard, 2012). The *service encounter stage* is the next stage in the decision-making process for services. This is the stage at which the parent has chosen an outlet (school) and paid the enrolment fee at a specific independent school. The *post-encounter stage* is the final stage in the decision-making process for services (Schiffman & Kanuk, 2014).

This paper focuses on the third stage in the *pre-purchase stage*, namely the evaluation of alternatives. In the context of this study, the evaluation of alternatives is the choice factors of parents when selecting independent primary schools with specific reference to school facilities.

Choice factors for parents selecting independent schools

Research into choice factors for parents selecting independent schools is amongst others by Yaacob, Osman and Bachok (2014), Kelly and Scafidi (2013), Vigar-Ellis (2013), the Independent Schools Queensland Survey (ISQ, 2011), Independent Schools Council of Australia (ISCA, 2008), Robinson (2008), Denessen, Driessena and Sleegers (2005), Foskett and Hemsley-Brown (2001) and Gorard (1999).

It must be stated that the study by Vigar-Ellis (2013) includes both independent and high affluent public schools and as far as could be ascertained, was the only South African study with specific reference to choice factors that parents considered in the selection of some independent schools. The most important choice factors are presented in Table 2.

Table 2: Most important choice factors

Most important choice factors	Source
School syllabus (curriculum), school facilities, academic performance of the school, qualify of educators and location of the school.	Yaacob et al. (2014)
Better student discipline and learning environment, smaller class sizes, improved student safety and individual attention for the child.	Kelly and Scafidi (2013)
Safe environment, competent staff and management, strong value system, strict but fair discipline, character building and independence, nutritious food, strict and structured supervision, good sport facilities and academic performance.	Vigar-Ellis (2013)
Discipline, quality educators, the reputation of the school and academic performance.	Independent Schools Queensland Survey (ISQ, 2011)
Individual attention to the child, academic reputation, small class size, safety for the school environment, school fees and quality of academic facilities.	Symmonds (2010)
School facilities, educators, nurturing and caring environment, small class size and discipline.	Independent Schools Council of Australia (ISCA,2008)
Academic standards, discipline and small classes.	Robinson (2008)
Academic performance, school climate and individual attention to the child.	Denessen et al. (2005)
Tradition, subject choices, facilities.	Foskett and Hemsley-Brown (2001)
Academic reasons, location of the school, the management style of the school, discipline as well as security factors.	Gorard (1999)

Source: Researcher's own construct

From Table 2 it is evident that the most cited choice factors include class size, academic performance of the school, the educators of the school and school facilities.

PROBLEM STATEMENT AND OBJECTIVES

The changing independent school landscape in South Africa, with independent schools experiencing a strong growth in the market (from 971 independent schools in 2000 to 1 681 independent schools in 2014), has encouraged the development of a market culture among independent schools (Malherbe, 2004). Prospective parents can choose from a variety of independent schools, especially in the Gauteng Province with the highest number of independent schools (651 or 44% of all independent schools) in South Africa (Department of Basic Education, 2014). These developments illustrate that schooling has developed to become a service industry with parents becoming customers in selecting a school for their child and this parental power of choice requires schools to adopt marketing strategies to protect or acquire market share (Goh & Dolnicar, 2006). Some independent schools in South Africa find it difficult to market themselves effectively as a result of a lack of information pertaining to the choice factors identified by parents when selecting an independent school (Fourie, 2014). It is therefore important for independent schools to understand what parents desire and expect from the school they choose. Independent schools have also not made institutional research a priority and, as a result, often make critical or strategic decisions without the benefit of data or research (Symmonds, 2010).

Against the background provided, the primary objective of the study is to recommend marketing guidelines for independent primary schools in South Africa, with the focus on physical evidence, and more specifically, school facilities, in the marketing mix. The secondary objective is to determine the relative importance of school facilities when selecting independent schools.

METHODOLOGY

The empirical investigation was exploratory and quantitative in nature. The population comprised all grade one parents from the 651 independent primary schools in the Gauteng Province. A non-probability sampling approach was followed and the judgement sampling technique was applied. The data was gathered over a twelve-week period (September, October and November) in 2012. During this time, the father, mother or guardian of the child in grade one who matched the sampling frame was asked to participate in the survey.

A structured questionnaire, with a Likert-scale rating was used to gather the data. A five-point Likert scale was used to determine if the respondent agrees or disagrees with a series of statements. Respondents were provided with a self-administered questionnaire or an Internet computer-assisted survey and the questionnaire included self-developed items. Suitable scale items considered reliability and validity were established. Items were developed from the literature review conducted to identify the choice factors for parents when selecting an independent school, and more specifically school facilities, as well as information gathered from interviews with parents.

A total of 669 questionnaires were completed and could be used in the analysis. The questionnaire was pretested in a pilot study involving 10 respondents from different independent primary schools in the Gauteng Province who matched the sampling frame. The internal consistency reliability test was used to measure reliability. Validity was ensured by having the content of the questionnaire aligned with the research objectives. The data obtained from the questionnaires was coded, captured and edited. The Statistical Package for Social Sciences (SPSS version 18) was used to analyse the results. The data obtained from the field was coded and captured in a statistical software package. Factor analysis was used to assess the structural validity of the questionnaire and exploratory factor analysis (EFA) was conducted to uncover the underlying structure of constructs. The purpose of an EFA analysis is data simplification and the objective is to summarise the information contained in a large number of metric measures with a smaller number of summary measures, called factors (McDaniel & Gates, 2010). Respondents identified five physical evidence variables and these variables are categorised into one factor, namely school facilities. The purpose of identifying this factor through exploratory factor analysis (EFA) is to recommend marketing guidelines for independent schools, with the focus on school facilities.

RESULTS

Statistical techniques were applied and hence the following results.

Reliability

Cronbach's alpha was used as a measure of the internal consistency reliability for the measurement of the importance of the attributes. Cronbach alphas above 0.7 are deemed to have a good strength of association and are acceptable (Hair, Wolfinbarger, Ortinau & Bush, 2010).

The Cronbach's alpha coefficient for the school facilities construct investigated is 0.868 and are above the limit of acceptability of 0.70. This confirms that the collected data that was used was internally consistent (reliable).

Validity

Validity can be attained by aligning the content of the questionnaire with the research objectives (Van Tonder & Ehlers, 2011). Consequently, the following activities were performed to ensure validity and reliability:

- A self-administered questionnaire was designed, which was directly aligned with the research aim and objectives.
- The necessary adjustments were made to the questionnaire, based on feedback obtained from the pilot study.
- A sufficiently large sample size was used to increase the accuracy of the results.
- The expertise of STATKON (the Statistical Consultation Services) of the University of Johannesburg was employed to analyse the data gathered and to ensure the correct measurements of the results.
- Factor analysis was used to assess the structural validity of the school facilities construct and exploratory factor analysis was used in an attempt to gain insight into the structural validity. The five items of the school facility scale were according to Palant (2013) subjected to principal component analysis (PCA) and prior to performing PCA, the suitability of data for factor analysis was assessed using the Kaiser-Meyer-Olkin (KMO) test for sampling adequacy and Bartlett's test of Sphericity results. This is presented in Table 3.

Table 3: KMO and Bartlett's test of Sphericity

Test		**Value of forced exploratory factor analysis (EFA)**
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.864
Bartlett's test of Sphericity	Approx. Chi-square	2034.573
	DF	3
	Sig.	0.0000

It is evident from Table 3 that the Kaiser-Meyer-Olkin value was 0.864, exceeding the recommended value of 0.6 and Bartlett's Test of Sphericity reached statistical significance, supporting the factorability of the correlation matrix.

Using Principal Axis Factoring as extraction method and Varimax for rotation, the total variance explained results, are presented in Table 4.

Table 4: Total Variance explained Table

Dimension	**Initial eigenvalues**			**Extraction sums of squared loadings**		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.561	71.229	71.229	3.227	64.537	64.537

It is evident from Table 4 that one factor explains a total of 64.54% of the variance. Factor 1 (or component) contributes 64.54% of the total variance explained.

Table 5 indicates the factor loadings for the statements for each of the two underlying factors with appropriate labels assigned to them, before any statements were omitted.

Table 5: Rotated Factor Matrix for the EFA including all the statements

Factor	**Factor loading**	**Statement**
1. School facilities	0.904	Computer centre
	0.868	Library
	0.806	Science laboratory
	0.719	Classroom with technology
	0.701	Sport facilities

It is evident from Table 5 that the Varimax method attempts to minimise the number of variables that have high loadings on each factor.

The factor loading is a quantity that results from the factor analysis and indicates the relationship between a variable and a factor. Items with a loading of less than 0.3 indicate a weak relationship and the elimination of such items should be considered.

Demographic profile of respondents

The demographic profile of the respondents is presented in Table 6.

From Table 6 it is evident that the majority of the 669 respondents from 30 schools in Gauteng were female and indicates that mothers or female guardians are very involved in their child's education.

With regard to home language, it is interesting to note that 43% of the respondents' home language is English, followed by 35% with Afrikaans as home language. Independent schools were traditionally supported by mainly English-speaking parents, but more Afrikaans-speaking families are supporting independent schools, due to more parallel-medium schools opening recently, such as the Maragon Avianto private school, Midstream College and the Curro private school group. Almost 40% of the respondents had a postgraduate degree, followed by 15% with an undergraduate degree. This indicates that independent school parents are well educated and will make an informed decision when enrolling their child at an independent primary school.

Table 6: Demographic profile of respondents

Variable	**Overall**	
Gender	**N**	**%**
Female	515	77
Male	154	23
Total	669	100
Home Language	**N**	**%**
Afrikaans	236	35.3
English	286	42.7
Nguni (IsiZulu, IsiXhosa IsiSwati, IsiNdebele)	44	6.6
Sotho (SeSotho s Leboa, Sesotho, Setswana)	75	11.2
Venda	10	1.5
Other	18	2.7
Total	669	100
Highest academic qualification	**N**	**%**
Postgraduate degree	266	39.8
Undergraduate degree	105	15.7
Higher diploma or diploma	192	28.7
Grade 12 (Matric)	100	14.9
Missing	6	0.9
Total	**669**	**100**

School facilities factors

Concerning the research objective, respondents identified five variables with regard to school facilities which could have influenced the choice of a parent when selecting independent schools. These variables are categorised into five types of school facilities and are presented in Table 7.

Table 7: School facilities factors influencing the decision-making process

Type of school facility	**Percentage of respondents in each cell**					# of respond-ents	Mean	Stand-ard Dev.
	Not important	Of little importance	Moderately important	Very important	Extremely important			
	1	2	3	4	5			
A science laboratory	9	11.1	19	28.9	31.9	664	3.64	1.28
A library	6	4.8	14.1	27.4	47.7	667	4.06	1.161
A computer centre	4.7	3.5	9.6	28.9	53.3	664	4.23	1.067
A classroom with technology	6.6	8.1	19.2	30	36.1	667	3.81	1.199
Sport facilities	6.4	6.1	19.8	30.1	37.5	667	3.86	1.175

From Table 7, the main finding is that a computer centre (mean = 4.23) is the most important school facility when parents select an independent primary school. This indicates that parents realise the importance of technology in schools. The school library is cited as the second most important school facility (mean = 4.06). In some schools, the library and computer centre are combined due to the fact that more textbooks are available electronically. Sport facilities (mean = 3.86) are the third most important school facility and may include facilities such as rugby and soccer fields, netball and tennis courts and an astro hockey turf at some affluent independent schools. A science laboratory was cited the least important school facility factor, but still important for parents (mean = 3.64). The importance of school facilities as choice factor corresponds with studies by Yaacob et.al. (2014), Vigar-Ellis (2013), Symmonds (2010), Independent Schools Council of Australia (ISCA,2008) and Foskett and Hemsley-Brown (2001). These studies however did not specify the type of school facilities applicable.

MANAGERIAL IMPLICATIONS

The findings of the conducted survey indicate a number of managerial implications for independent schools. The primary objective of the study is to recommend marketing guidelines for independent primary schools, with the focus on specifically school facilities in the marketing mix. An understanding of which school facilities are important can assist independent schools in South Africa to market themselves better to parents when the latter are selecting an independent school for their child(ren). To accomplish this objective, it involves the coordination and combination of the marketing mix elements that enable independent schools to meet parents' needs. These marketing mix elements include product, price, promotion (also referred to as Integrated Marketing Communication (IMC), process, physical evidence and people. For the purposes of this paper, only recommendations with regard to physical evidence, and more specifically school facilities are applicable, because only the school facilities applicable to these marketing mix elements and the importance thereof, were determined.

Physical evidence: For the purposes of this study, physical evidence is focused on school facilities and consists of academic facilities (science laboratory, library, computer centre and a classroom with technology (interactive whiteboards and tablets) and sport facilities (eg rugby- and soccer fields, tennis courts and astro hockey turf). School facilities as a whole have moderate importance (mean = 3.92) when parents select independent schools. Specifically, parents considered a computer centre as the most important school facility (mean = 4.23). The moderate importance of school facilities as choice factor corresponds with studies by Yaacob et.al. (2014), Vigar-Ellis (2013), Symmonds (2010), Independent Schools Council of Australia (ISCA, 2008) and Foskett and Hemsley-Brown (2001).

A marketing guideline recommended is that independent schools in terms of school facilities need to focus primarily on academic facilities, and more specifically, a computer centre and library. It is recommended that the computer centre and library can be combined due to the fact that most library resources are available electronically. Computer skills in today's workforce are imperative, and it is recommended that independent schools frequently upgrade computers with the latest hardware and software. A computer centre can also be in the form of tablet computers, where each learner will access their textbook on the tablet PC. The Gauteng Provincial Government in South Africa recently rolled out 88 000 tablet computers, along with Wi-Fi and 3G connectivity, to 2 200 public schools (Wilson, 2013).

A computer centre is enhanced by other technology in the classroom such as data projectors and interactive whiteboards. Classroom computer technology is being used for different types of communication, such as presentations and class interaction. The learners are required to be readers, writers, editors, and publishers and must be willing to collaborate and co-create closely with others - all skills that are critical for learners as they grow and enter the workplace. Although sport facilities are important for parents selecting independent schools, it is recommended that independent schools firstly spend their resources on academic facilities (especially the computer centre) as academics are the first priority of any school.

LIMITATIONS OF THE STUDY AND FUTURE RESEARCH

The study focused on 30 independent primary schools in the Gauteng Province of South Africa, representing 669 parents of a child enrolled in grade one. The study therefore cannot be seen as representative of the entire industry in the province or the country. As the study only focused on the Gauteng Province and only independent primary schools, a more inclusive study of all provinces in South Africa (including high schools) is therefore recommended. It is also recommended that future research focus on high affluent independent schools in terms of school facilities.

CONCLUSION

Parents in South Africa can enrol their child at any school in the country and parents are not forced to enrol their child at the nearest school, but have a choice to enrol learners at their school of preference (Van Wyk & Bisschoff, 2012). Due to the competitiveness of independent schools, a better understanding of specifically what school facilities parents prefer, will assist these schools to better their marketing efforts in order to attract new learners and to more optimally position themselves in the independent school market.

The findings of the study revealed that a computer centre is the most important school facility when parents select independent primary schools, followed by a library and sport facilities. This implies that independent schools can improve their marketing efforts by especially ensuring that the school has a well equipped computer centre. This could be enhanced by tablet PCs and interactive whiteboards in the classroom. Further research needs to be conducted especially at independent affluent high schools in South Africa to examine school facilities as choice factor.

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PROCLIVITY OF ENVIRONMENTAL UNCERTAINTY AND MARKET ORIENTATION BEHAVIOURS AMONG BOTSWANA'S SMALL SERVICE FIRMS

Olumide Olasimbo Jaiyeoba, Edward Marandu, and Botshabelo Kealesitse

ABSTRACT

Due to resource constraints, small firms are especially vulnerable to environmental uncertainty. More specifically, previous research has not considered empirically the relationship between small business market orientation (MO) and environmental uncertainty. The purpose of this research paper was to explore the proclivity of environmental uncertainty and MO behaviours among Botswana's small service firms. Snowball sampling was used to select 249 owner/managers of small firms in the Gaborone metropolis. Stepwise regression analysis and structural equation model (AMOS 18) were used to examine the data collected. The paper's findings, addressing a knowledge gap in the small business literature, emphasise the importance of small businesses in Botswana orienting themselves to the market, in an environment characterised by higher levels of market turbulence, technological turbulence and competition. The findings thus explicate the gap in market orientation techniques of small service firms in Botswana.

Keywords: Environmental uncertainty, market orientation, small service firms, Botswana

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INTRODUCTION

This paper examines market orientation and the impact of environmental uncertainty among Botswana's small service firms. Market Orientation (MO) is defined as a set of behaviours and activities relating to customers, competitors and coordination between functional units within the business (Diamantopoulos & Hart, 1993; Narver & Slater, 1990). The development of the MO construct is based on the behavioural premise that firms need to gather market intelligence, coordinate this intelligence internally, and respond in a customer oriented manner (Kohli & Jaworski, 1990).

In a wider context, MO is understood as a business response to a specific part of the external environment that is composed of consumers and competitors (Kohli & Jaworski, 1990; Narver & Slater, 1990). Small firms irrefutably remain critical to the development of any nation's economy as they are an excellent source of employment generation, help in development of local technology, and develop indigenous entrepreneurs (Erdem & Erdem, 2011). While a substantial academic literature has examined MO, this work is limited with respect to small firms (Blankson, Motwani & Levenburg, 2006).

Specifically, previous research has yet to consider empirically the relationship between small firms MO and environmental uncertainty (Alpkan, Imaz & Kaya, 2007; Pelham & Wilson, 1996). Pelham and Wilson (1996) assert that to maximise their flexibility and responsiveness under conditions of environmental uncertainty, requires small firms to have higher levels of MO. Alpkan et al. (2007) contend that studies have shown that MO is an important facilitator of flexible planning in small firms, helping them to improve performance.

In general terms, MO is understood as a response to the specific part of the external environment that is composed of consumers and competitors (Kohli & Jaworski, 1990; Narver & Slater, 1990). While a substantial academic literature has examined MO, this study confines itself to small firms. This, therefore, lends credence to a new research direction as suggested by Atuahene-Gima, Slater and Olsin (2005) that will endeavour to expand the contingency view of MO, and external environmental factors need to be examined. This would advance extant marketing literature by explaining why some firms are able to adopt responsive and proactive MO more effectively than others. The findings of this study reinforce the view of MO as a dynamic construct which can help to explain the relationship between small firms and environmental uncertainty.

Given the nature of the vulnerabilities and opportunities arising from the conditions of environmental uncertainty for small firms and the lack of previous empirical study in Botswana, there is a need therefore for empirical examination of the nexus of relationship between environmental uncertainty and small firms MO.

RESEARCH OBJECTIVES

After extensive review of extant literature underpinning the nomological web between overall market orientation and environmental uncertainty of small firms, the researcher managed to generate the research objectives as explicated:

1) To determine if market turbulence has a significant effect on market orientation behaviour of Botswana's small service firms.
2) To determine if technological turbulence has a significant effect on the market orientation behaviour of Botswana's small service firms.
3) To determine if competitive intensity has a significant effect on the market orientation behaviour of Botswana's small service firms.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The concept of MO was put forth by Kohli and Jaworski (1990) and Narver and Slater (1994). Kohli and Jaworski (1990) define MO as the organisation-wide generation of market intelligence, pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisations' wide responsiveness to it. Narver and Slater (1994) have suggested that MO consists of customer orientation, competitor orientation and interfunctional coordination which organise the utilisation of company resources for creating superior value for target customers. Jaiyeoba (2013) concludes that MO results in a deeper understanding of customer needs, the peculiarities of marketing environment, and of the strength and weakness of the competitors.

The behavioural and cultural synthesis of MO within a business can lead to improved business results, whether in the context of large firms (Jaworski & Kohli, 1993; Narver & Slater, 1994; Panigyrakis & Theodoridis, 2007) or in small firms (Martin, Martin and Minillo, 2009; Pelham, 2000). Martin, Martin and Minillo (2009) contend that market oriented firms assume that their customers change, and that adapting to changing market forces can generate opportunities for growth and profits.

The most common process for understanding environments is through environmental scanning, which forms an inherent aspect of MO with its focus on gathering and analysing information and trends taking place outside the business. When operating under conditions of environmental uncertainty, O'Dwyer, Gilmore and Carson (2009) state that small firms' owners/managers will make marketing decisions to adjust in an informal, non sequential and unstructured fashion. Droege and Marvel (2009) found that small firms perceiving high levels of environmental uncertainty tended to rely on emergent rather than deliberate strategies. Kohli and Jaworski (1990) postulate that the nature of MO in small firms is not therefore characterised by formalised and complex processes organised around the generation, dissemination of and response to market information and intelligence as in larger firms.

The presence of MO is therefore an important facilitator of flexible planning in small firms helping to improve their performance, particularly under conditions of environmental uncertainty. This builds upon the capacity for adjustment and the facility to change, which are characteristics of smaller firms (Appiah-Adu & Singh, 1998). Concurring with Moriarty et al. (2008), small firms' owner/manager planning is therefore focused more on short-term goals as opposed to longer-term objectives. They strive to compete in global markets with MO that is characterised by their owner managers' pragmatic and intuitive generation, dissemination of and response to market information and intelligence (Moriarty et al., 2008).

Nieto and Santamaria (2010), Blankson and Omar (2002), Baker and Sinkula (2009) conclude that in so doing, their capacity for adjustment depends on experiential learning processes related to their unique nature (e.g. limited resource base, simple organisational structure, informal business processes, networking and owner manager dominance). Blankson et al. (2006) thus argue that on the whole, small firm MO study has not kept pace with the wider MO debate and there remain gaps in our knowledge, particularly relating to the relationship with environmental uncertainty.

Kohli and Jaworski (1990) and Jaworski and Kohli (1993) in their initial definition and operationalisation of market turbulence, indicate that higher levels lead to a need for higher levels of MO in tracking and responding to rapidly evolving customer preferences. Firms are then able to design appropriate segmentation strategies and create new marketing programmes that cater to changing customer preferences.

While the marketing literature has largely focused on product preferences, as a direct result of market turbulence and the subsequent changing role of customers (Prahalad & Ramaswamy, 2004), their changing service preferences have received increased attention relating to business competitiveness (Lovelock & Wirtz, 2011). Market turbulence can be defined as to how quickly customers can change preferences in a particular period of time. When market turbulence is low, organisations have reduced pressure to adopt an MO stance, given the stability in the market and or the lack of effective competition for customers (Zebal & Goodwin, 2011). We therefore hypothesise that:

H1: The level of market turbulence among small service firms in Botswana is significantly and positively related to the level of MO.

Technology turbulence comprises the changing degree of technology in products and service. Kohli and Jaworski (1993) as well as Narver and Slater (1994) conclude that the industry using stable technology depends on MO more, because this industry has a low probability that it can gain competitive advantage through technological advancements. Kohli and Jaworski (1993) found that the lesser the extent of technological turbulence, the greater the extent of MO-performance relationship. This finding however contrasts with empirical finding of this study. We therefore hypothesise that:

H2: The level of technological turbulence among small firms in Botswana is significantly and positively related to the level of MO.

The external environment in which organisations operate is complex and constantly changing. A significant characteristic of the external environment is competition (Wood, Bhuian & Kiecker, 2000). The firms under greater competitive environment, could become more market oriented than a lesser competitive one (Kohli & Jaworski, 1990; Narver & Slater, 1994). They thus conclude that the greater the extent of competitive intensity, the greater the extent of market orientation performance relationship. Organisations that recognise the presence and intensity of competition, have a greater tendency to seek out information about customers for the purpose of evaluation and to use such information to their advantage (Narver & Slater, 1994). Chen and Miller (1994) conclude that the level of competitive intensity determines a firm's choice of strategic actions and responses. Chen and Miller (1994) thus observe that the likelihood of a response depends on the visibility of the competitive actions and the rival's ability to gauge the consequences of competitive action. The recognition of the threat from competition drives organisations to look to their customers for better ways to meet their needs and wants, and thereby enhances organisational performance (Wood & Bhuian, 1993). We therefore hypothesise that:

H3: The level of competition among small firms in Botswana is significantly and positively related to the level of MO.

METHODOLOGY

The study employed a snowball sample of managers and firm owners in the small service firm domain within Gaborone and its metropolis. Non-probability rather than the probability sampling technique was adopted due to the fact that the sampling frame of the key informants was not available. In addition, the study was confirmatory in nature in order to improve the understanding of organisational market orientation behaviour in Botswana context. The final pool of small service firms to whom questionnaires were sent, totalled 400 and only 249 (comprising an over 60% response rate) usable questionnaires were returned by the respondents. The questionnaires were pretested prior to collecting data and respondents were asked to identify items they found unclear, ambiguous or confusing. As a result of the pretest, minor adjustments were made to the questionnaire. Data was collected between mid July 2012 and mid October 2012. The majority of the respondent personnel were managers; accounting for about 50% of the total. This suggests that most respondents were sufficiently experienced to be able to provide meaningful responses to broader policy issues relating to market orientation.

After comparing the responses of the early and late respondents on a number of characteristics, no significant difference was found suggesting that the sample was free from response bias. The sample size and the response rate are consistent with related studies. The questionnaire and scale measures (MARKOR scale) were adopted from Kohli and Jaworski's (1993) constructs. The items in the questionnaire were measured with the aid of a five-point Likert-type scale. Environmental dynamics were adopted from Jaworski and Kohli

(1993), and Gray, Matear and Matheson (1998). Reliability analysis was conducted on all the multi-items scales to check the internal consistency of the scales. This study adopted a cut-off of 0.5 for Cronbach's coefficient following Nunnally (1978). Using 0.5 as the cut-off is not without precedent. It has been adopted in related studies (Blankson & Cheng, 2005; Blankson & Stokes, 2002).

In order to ascertain whether the measures retained construct validity (i.e. measured what they were supposed to), an exploratory factor analysis using principal components and varimax rotation technique was conducted to examine the underlying dimension of market orientation construct and explicate the underlying factor structure or psychometric competence of the scale items in this empirical study. In determining the factors, common decision rules employed in empirical research were applied: minimum Eigen value of 1; KMO measure of sampling adequacy greater than 0.5 and Bartlett's test of sphericity were significant, which indicated that the items were appropriate for factor analysis.

This analysis thus tested for the distinctiveness of external antecedents, overall market orientation and validates the measurement models. All factor loadings included in this study were statistically significant at the 0.01 level and exceeded the arbitrary 0.5 standard (0.50-0.92). Thus, these measures demonstrate adequate convergent validity. The validity of the scale therefore explicates the unidimensionality of the components of each scale (Gerbing & Anderson, 1998), with a principal component factor analysis. These findings thus reduce plausibility of threat to validity in this study, by presenting a description of market the orientation construct and explicative market orientation model, grounded on the marketing concept.

DISCUSSION OF RESEARCH FINDINGS

Stepwise regression analysis and the structural equation model were used to determine the significance of external antecedents on market orientation behaviour among Botswana's small service firms. As indicated in Table 1, competition or competitive intensity, technological turbulence and market turbulence account for 12.2%,18.5% and 21.2% of market orientation behavior respectively among small firms as indicated in the adjusted R-square. The Durbin Watson results (2.105) also explicate the significance of the external antecedents on market orientation behaviour of small service firms in Table 1.

Table 1: Overall market orientation and external antecedents among small firms: Model Summary

Model and Dimensions	R	R^2	Adjusted R^2	Std. Error of Estimate	Change Statistics					Durbin-Watson
					R^2 Change	F Change	df1	df2	Sig. F Change	
1	.354[a]	0.125	0.122	0.528	0.125	35.155	1	245	0.000	
2	.438[b]	0.192	0.185	0.509	0.066	20.069	1	244	0.000	
3	.471[c]	0.222	0.212	0.500	0.030	9.342	1	243	0.002	2.105

a. Predictors: (Constant), Competition
b. Predictors: (Constant), Competition, Technology Turbulence
c. Predictors: (Constant), Competition, Technology Turbulence, Market Turbulence
d. Dependent Variable: Overall Market Orientation

The univariate analysis of variance in Table 2 also demonstrates the significance of the hypothesised relationship between competitive intensity, technological turbulence, market turbulence and market orientation behaviour of small service firms.

Table 2: **Univariate analysis of variance of overall market orientation and external antecedents**
ANOVA

Model		Sum of Squares	*Df*	Mean Square	*F*	*Sig.*
	Regression	9.814	1	9.814		
	Residual	68.396	245	0.279		
1	Total	78.211	246		35.155	.000[a]
	Regression	15.012	2	7.506		
	Residual	63.198	244	0.259		
2	Total	78.211	246		28.98	.000[b]
	Regression	17.352	3	5.784		
	Residual	60.859	243	0.25		
3	Total	78.211	246		23.094	.000[c]

a. Predictors: (Constant), Competition
b. Predictors: (Constant), Competition, Technology Turbulence
c. Predictors: (Constant), Competition, Technology Turbulence, Market Turbulence
d. Dependent Variable: Overall Market Orientation

As shown in Table 2, competitive intensity (β=0.254, $p< 0.05$) was found to be statistically significant and positively related to market orientation behaviours of small service firms in Botswana. Under conditions of intense competition, customers have many options and organisations that are not very market oriented, will probably lose out. Thus the benefits afforded by market orientation are greater for organisations in a competitive industry, compared with organisations operating in less competitive industries. Changing perceptions of a more hostile or more dynamic market environment could directly encourage small service firms' managers to emphasise external activities designed to understand and satisfy customers and to monitor competition.

This finding is consistent with Kohli and Jaworski (1990) and Narver and Slater (1994), in which they found out that a company under greater competitive environment could become more market oriented than a lesser competitive one. They thus conclude that there is recognition in literature that a firm may not reap the full benefits of market orientation in the presence of external factors such as decreasing competition, market stability, and turbulent technological conditions.

The level of market turbulence (β=0.191,$p<0.05$) among small service firms in Botswana is significant and positively related to market orientation behaviours among small firms. This finding confirms that small firms are aware of ever changing tastes and preferences of their clients in Botswana. Market turbulence is the rate of change in the composition of customers and their preferences. Mahmoud (2011) in his study of small firms in Ghana, argues that the main thrust of studies into the effect of external factors on market orientation behaviour is that while external factors increase market uncertainties, market intelligence is essential to face market uncertainties. Organisations operating in turbulent markets are more likely to need to modify their products and services continually to satisfy their customers. Zebal and Goodwin (2011) contend that when market turbulence is low, organisations reduce pressure to adopt a market orientation stance, given the stability in the market and or the lack of effective competition for customers.

Appiah-Adu (1998) augments this assertion by arguing that the influence of market orientation on business performance depends on the level of market turbulence. This finding also lends support to Didonet, Simmons and Palmer's (2012) findings in which they found that market orientation is not independent of small firms' market conditions, but reflective of their level of turbulence. Didonet et al. (2012) thus contend that with greater awareness of market turbulence through higher levels of market orientation, small firms are able to respond to and shape market opportunities to their own advantage.

Technological orientation is important as an alternative means to market orientation in building sustainable competitive advantage. It is highly imperative to evaluate the relationship of technological turbulence as an antecedent to market orientation behaviours among small firms in Botswana. This study determined that technological turbulence (β= 0.206, $p<0.05$) is significant and positively related to the market orientation activities of small firms. This finding lends credence to Didonet et al.'s (2012) findings in which they conclude that creativity, flexibility and intuitive judgments are related to technological turbulence, which translates into higher levels of market orientation behaviours among small firms. Dwairi, Bhuian and Turkus (2007) postulate that research has shown that under circumstances of high market uncertainties, spending resources on market oriented activities is worthwhile, but under situations of stable markets, technological and competitive environments, expending resources for market oriented activities would be superfluous. Hypotheses HI, H2 and H3 are therefore supported in this study.

Table 3: Correlation matrix of overall market orientation and external antecendens of small firms in Botswana

Coefficients

Model		Unstandardised Coefficients B	Unstandardised Coefficients Std. Error	Standardised Coefficients β	T	Sig.	95% Confidence Interval for β Lower Bound	95% Confidence Interval for β Upper Bound
1	(Constant)	2.464	0.165		14.94	0.000	2.139	2.789
	Competition	0.286	0.048	0.354	5.929	0.000	0.191	0.38
2	(Constant)	1.768	0.222		7.959	0.000	1.33	2.206
	Competition	0.244	0.047	0.302	5.145	0.000	0.15	0.337
	Technology Turbulence	0.236	0.053	0.263	4.48	0.000	0.132	0.34
3	(Constant)	1.488	0.237		6.284	0.000	1.022	1.955
	Competition	0.205	0.048	0.254	4.253	0.000	0.11	0.3
	Technology Turbulence	0.185	0.054	0.206	3.403	0.001	0.078	0.292
	Market Turbulence	0.162	0.053	0.191	3.056	0.002	0.058	0.266

a. Dependent Variable: Overall Market Orientation

As shown in Tables 4 and 5 using structural equation model, market turbulence, competition and technological turbulence are significantly and positively related to the market orientation behaviour of small service firms in Botswana. As shown in the covariance, the market turbulence, competition and technological turbulence are associated. Following Steenkamp's protocol, the researcher evaluated the root mean square error of approximation (RMSEA) statistics (0.08); Normed Fit index (NFI) statistics 0.98, and CMIN/df (5.478). Each of these indicators suggests that a good model (Figure I) has been identified. The path coefficients for market turbulence, competition and technological turbulence were found to be significant in this study. The structural equation model using Amos 18 assisted in explicating the path analysis of the hypothesised relationship tested in this study.

Table 4: Regression weights of overall market orientation and external antecendents of small firms
Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Overall Market orientation	◄——	error	0.507	0.023	22.231	***	par_4
Overall Market orientation	◄——	Market turbulence	0.181	0.049	3.689	***	par_5
Overall Market orientation	◄——	Competition	0.199	0.043	4.591	***	par_6
Overall Market orientation	◄——	Technology turbulence	0.205	0.047	4.399	***	par_7

Standardised Regression Weights: (Group number 1 - Default model)

			Estimate
Overall Market orientation	◄——	error	0.704
Overall Market orientation	◄——	Market turbulence	0.252
Overall Market orientation	◄——	Competition	0.277
Overall Market orientation	◄——	Technology turbulence	0.285

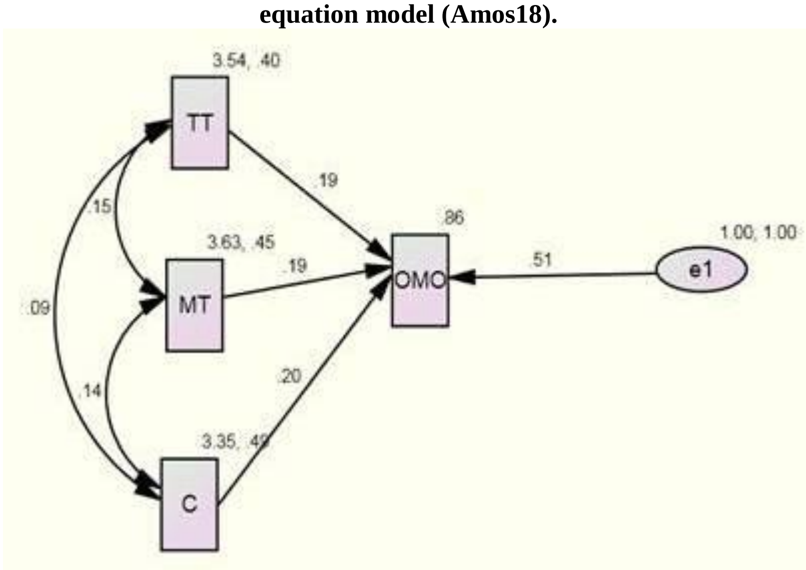
Table 5: Covariances and correlation of external antecedents of small firms in Botswana
Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Market turbulence	◄——	Competition	0.640	0.031	20.341	***	par_1
Competition	◄——	Technology turbulence	0.587	0.036	16.526	***	par_2
Market turbulence	◄——	Technology turbulence	0.698	0.027	26.150	***	par_3

Correlations: (Group number 1 - Default model)

			Estimate
Market turbulence	◄——	Competition	.640
Competition	◄——	Technology turbulence	.587
Market turbulence	◄——	Technology turbulence	.698

Figure 1: Proclivity of environmental uncertainty on mo behaviour of small service firms: structural equation model (Amos18).



CONCLUSION AND FURTHER RESEARCH DIRECTION

The findings of this study emphasise the importance of small firms orienting themselves to the market, particularly in environments characterised by market competitive intensity and technological turbulence. These findings present specific implications for small business owners/managers in terms of marketing strategy that fits their style of doing business. Therefore, our findings indicate how and where small businesses can benefit from their flexibility and simpler organisational structure, in order to orient themeselves more rapidly and more efficiently to dynamic markets, while also being open to leveraging frequent technological change. Small firms could then obtain differential advantages over larger competitors in this respect, derived from their rapid identification of, and adjustment to continuous and disruptive technological changes and varied and complex customer needs.

The outcome and use of these research findings will help small service firms, policy makers, practitioners, researchers and other stakeholders to commit resources to investment in order to become market oriented. The model thus explicates the need for managers to familiarise themselves with tastes and preferences of consumers, as it helps in understanding the dynamic nature of the environment in which they operate.

The findings of this study emphasise the importance of small firms orienting themselves to the market, particularly in environments characterised by market turbulence, competitive intensity and technological turbulence. These findings present specific implications for small firm owners/managers in terms of marketing strategy that fits their style of doing business. The positive relationship with higher levels of market orientation presents a compelling synthesis in creating superior performance. In a dynamic global environment, the relationship between variables of market turbulence, competitive intensity and technological change, with higher levels of market orientation in small firms, reveals that they can be able to manage conditions of demand uncertainty in a timely manner.

The limitation is that the quantitative nature of this research makes it difficult to explore small firm owners'/managers'perceptions of environmental uncertainty, and how they relate to market orientation. However, findings of this study do provide a basis for developing future qualitative studies that can address this. With regard to future research directions, we suggest the need to explicate the nexus of the relationship between market orientation and entrepreneurial orientation in small firm efforts to boost profitability.

From a methodological point of view, the non-probabilistic sample data collection procedure may impose some limitations to the external validity of the findings. Moreover, since it is cross-sectional data, the results might not be interpreted as proof of a causal relationship, but rather lending support to the previous causal scheme.

The paper's findings addressing a knowledge gap in the small business literature, thus emphasise the importance of small firms in Botswana orienting themselves to the market in the environments characterised by higher levels of market turbulence, technological turbulence and competition.

RECOMMENDATIONS AND IMPLICATIONS

This study contributes to existing research on market orientation in Botswana by exploring the context-specific obstacles to market orientation of small firms, and to identify a number of obstacles that small firms are likely to face in building a market-oriented culture in Botswana. The present study therefore unravels environmental uncertainty to market orientation that have not received sufficient attention in extant literature, most especially among small firms in emerging economies.

The empirical results also offer important managerial implications for a market-oriented service quality management of small firms in Botswana.The competition landscape for small service firms has dramatically altered in recent years. Therefore, in a changed industry, environmental and competitive factors underscore the all-strategic directions that the various managers of small service firms will have to understand and respond to in Botswana. Cultivating a market oriented strategy may indeed become one of the primary means to maintain a competitive advantage for small firms in Botswana.

Environmental dynamism and competition thus comprise an emerging economy force among small firms to be innovative in their unique selling proposition and market oriented behaviour in Botswana. As globalisation continues to become a major part of business operationas, small firms need every strategic edge they can find to engage in value creation for their customers. New insights into small-firm market orientation provide ideas for the development of effective strategies to adopt as they pursue their competitive edge. It is therefore imperative for small firms' managers to scan their businesses for threats, opportunities, weaknesses and strengths, with a view to encapsulating their target audience and create emotional delight.

Firms facing market turbulence, technological turbulence and competitive intensity, tend to avoid proactive market orientation. This knowledge is useful to managers, as they can assess the specific environmental turbulence and uncertainties they are facing, and align them with their levels of responsive and proactive market orienation in order to best build competitive advantage. The findings and discussion of this study therefore show that conceiving firms when autonomous and proactive actors are constantly monitoring a rather passive market place, might not be adequate in particular in turbulent markets. It seems more realistic to think of firms as embedded in a dynamic network of more or less interdependent market actors which may easily distort each other's focus and activities. Small firm managers must thus be proactive in meeting the strategic needs of stakeholders in the marketplace.

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THE TRADITIONAL INTERNAL MARKETING MIX AND ITS PERCEIVED INFLUENCE ON GRADUATE EMPLOYEE SATISFACTION IN AN EMERGING ECONOMY

Leigh De Bruin-Reynolds, Mornay Roberts-Lombard, and Christine de Meyer

ABSTACT

The primary objective of the study was to investigate the influence of the traditional internal marketing mix (internal product, internal price, internal distribution and internal promotion) on the satisfaction levels of employees participating in graduate development programmes (GDP) within retail banks in South Africa. Primary data was gathered using a questionnaire with items measuring the internal marketing mix, employee satisfaction and affective commitment. The sample consisted of GDP employees from three of the major banks in South Africa. The data was factor analysed and a stepwise regression was performed. The findings stipulate that employee satisfaction is influenced by internal product, collaborative culture and organisational structure. Therefore, meaningful training and development coupled with coaching support, ensuring the right fit between the employee's skills, personality and the job, clearly defined KPIs and the inclusion of career advancement plans, are necessary to enhance employee commitment to their employer. Finally, management should consider a clan type culture which encourages teamwork and involvement and decentralised organisational structures that promote integration between departments.

Keywords: Internal marketing, employee satisfaction, graduate development programme (GDP) employees, retail banking.

INTRODUCTION

The increased demand from customers for better service quality through value-added services, has prompted organisations, in particular banks, to re-examine their current business practices. Pressures looming

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from more intense competition, changes in government and legislative regulations and the advancement of technology are forcing banks to find ways to remain competitive in today's environment (Lewis, 2012).

A proven means of creating a distinct marketing edge for banks is through people (Kanchan, 2012). King and Grace (2013) suggest that the employee is pivotal in creating and sustaining quality, as the quality of the service rendered is inseparable from the quality of the service provider. However, attracting employees of distinction is a challenge for banks and even though the labour pool may be large, finding the right quality of employees can prove to be an expensive and time consuming process (Branine, 2008). Given these challenges, banks in South Africa have been concentrating on recruiting at the graduate level, leading to the establishment of Graduate Development Programmes (GDPs), focused on the recruitment of top calibre graduates. These banking GDPs are specifically designed to help these carefully selected graduates prosper in complex environments, and to build a pipeline of talented employees who have been trained and mentored to become the future leaders of the bank. However, one of the biggest challenges faced by banks is the satisfaction and retention of their GDP employees (McDermott, Mangan & O'Connor, 2006). Since banks invest a substantial amount of money into the GDPs, a healthy return on investment looks dubious.

Employee satisfaction therefore becomes a key factor to business success (Heaton, McCracken & Harrison, 2008). One of the most successful approaches for understanding and satisfying the needs of employees is through the implementation of an internal marketing strategy. A recent mindset has emerged through internal marketing in which organisations are regarding their employees as internal customers (El Samen & Alshurideh, 2012). Internal marketing makes use of a marketing-like approach to understand internal customer or employee needs, to respond to and satisfy these needs in much the same way as the organisation does with their external customers (Nyongesa, 2014). In this way, employees feel cared for and valued by the organisation, which translates into positive employee attitudes towards their work such as employee satisfaction. Thus, achieving a competitive business advantage depends on understanding and acting on what it takes to maximise employee satisfaction and commitment (Leonard & Murphy, 2013).

The study is focused on the four largest retail banks in South Africa, namely; Amalgamated Banks of South Africa (ABSA), First National Bank (FNB), The Standard Bank of South Africa (SBSA) and Nedbank. Together these banks hold 86% of the South African banking assets, thereby owning the bulk of the retail banking system (PricewaterhouseCoopers, 2007; The Banking Association of South Africa, 2013).

LITERATURE REVIEW

Internal marketing

Promises made to customers through the organisation's marketing strategy cannot be positively kept if employees are not willing and motivated to do so (Grönroos, 2009). Motivated employees who are managed towards service excellence, provide the organisation with a unique competitive advantage that others cannot copy (Papasolomou, 2006). Internal marketing contributes to the achievement of these promises by marketing the organisation inwardly to employees, and through the provision of an internal environment in which employee needs can be met (Muhammad & Yazdani, 2009). When employees' needs have been met, they experience higher levels of satisfaction and commitment, become more customer orientated, and strive for higher levels of service excellence (Akroush et al., 2013). Thus employees become the organisation's brand ambassadors and have the power to create value for customers directly impacting customer satisfaction, loyalty and ultimately, profitability (Qayum & Sahaf, 2013). To this end, internal marketing is the mechanism connecting employee satisfaction and customer satisfaction. In order to bring about employee satisfaction and in order to persuade employees towards improved levels of service quality, an internal marketing mix is required. The internal marketing mix is made up of the controllable elements within the organisation that are used to satisfy or create value for employees (Mudie & Pirrie, 2006). The traditional 4 Ps of the marketing mix have been proposed as the internal marketing mix namely, internal product, internal price, internal distribution and internal promotion. As with the external marketing mix, each of these is used to persuade internal customers that value can be found in the organisation's internal service offering. The 4P mix emphasises a strong internal market orientation which is the cornerstone of an internal marketing strategy. In addition to this, each of these elements can be used to enable the process of organisational change, as each of these has the ability to influence procedures, systems, structures of power and the organisation's internal environment (Abzari & Ghujali, 2011; Javadein et al., 2010). For this reason, the 4P internal marketing mix was used for the purpose of the study.

Internal product

Yang (2012) defines internal product as the employee's job. A successful service organisation must first sell the job to employees before it can sell its services to customers. The following elements, namely training and development, empowerment, role fit and clarity and career advancement were identified as the components of internal product for the studies cited, and will thus form the components of internal product for the study at hand. (Gounaris, 2008b; Grayson & Sanchez-Hernandez, 2010; Yang, 2012). Employee training and development is defined as a strategic investment by an organisation in training its employees. If employees are expected to perform their jobs well, they must be provided with the necessary skills and knowledge that are required of them (Che Ha, Abu Bakar & Izzaddin Syed Jaafar, 2007). In order for employees to fully appreciate their job (i.e. the internal product), they must also be afforded more empowerment in dispensing their duties. Empowerment refers to the practice of enabling an individual to think, behave, take action, control work and make decisions in autonomous ways (El Samen & Alshurideh, 2012). When a sound degree of job and personality fit exists between the employee and the organisation, employees are able to flourish at work, resulting in higher levels of satisfaction (Edwards & Cable, 2009). Role clarity relates to the responsibilities and expectations of the role which need to be clearly communicated to employees. When employees understand their role and what is expected of them, uncertainty can be reduced and employees experience higher levels of satisfaction (Ingram, 2013). Finally, career advancement is defined as the "evolving sequence of a person's work over time", and plays a vital role in the attraction, satisfaction and retention of employees (Branham, 2005; Cedefop, 2008; Maniam & Uli, 2011). The primary view of internal marketing is based on the concept that in order for a service organisation to have satisfied customers, it must first have satisfied employees. It is imperative therefore that employees relate optimistically to their work and are satisfied consumers of the internal product (Guven & Sadaklioglu, 2012).

Internal price

Internal price relates to the cost that employees pay to work for the organisation. These costs include: opportunity costs, psychological costs and the emotional labour costs employees take on to work for organisations (Burin, 2011). Opportunity costs relate to the external opportunities that the employee gives up to work for his/her current organisation. Opportunity costs also relate to the sacrifices employees make to adjust to changes within their organisation (Zeithamel, Bitner & Gremler, 2012; Strydom, 2004). Psychological costs refer to the employees' psychological reaction to their environment and are generally related to employee burnout (Hu & Schaufeli, 2011). Emotional costs, also known as emotional labour, relate to the control employees are required to have over their emotions when serving customers. Having to remain calm when dealing with irate customers may be emotionally demanding for employees, which can result in emotional strain (Karatepe, 2011). When employees feel that the costs of working for the organisation are too great, they may experience high levels of stress and withdraw either physically or psychologically, resulting in undesirable consequences for the organisation (Mansoor et al., 2011).

Internal promotion

This element in the internal marketing mix refers to how organisations communicate with employees in order to persuade them to achieve organisational objectives. Internal communication is an important element of internal marketing, as it is the central factor in creating understanding among employees and in driving employees to succeed (Akroush et al., 2013). Internal advertising, personal selling (face-to-face communications), internal sales promotion and social media are considered to be vital components of an internal promotional strategy. Internal advertising is described as a mass media channel to communicate with employees across the organisation (Yurchisin & Damhorst, 2009). Internal personal selling entails the direct communication which takes place between managers and employees (Koekemoer, 2004). Internal sales promotion relates to the mechanisms used to excite and motivate employees, in this case they are the reward and recognition systems which are used to communicate to employees that they are valued and cared for within the organisation (Javadein et al., 2010; Tag-Eldeen & El- Said, 2011). Social media communication refers to online platforms used to connect employees and encourage collaboration (Bulmer & DiMauro, 2009). The flow of knowledge and information facilitates the creation of a healthy internal environment through collaboration, problem-solving and sharing of ideas (Wang & Noe, 2010). Knowledge sharing and effective communication have been linked with increased levels of satisfaction and commitment (Almahamid, McAdams & Kalaldeh, 2010).

Internal distribution

Internal distribution refers to the channels, outlets, or modes of distribution needed to ensure that the internal product or service is delivered to the right internal customers at the right time and place in the right condition (Owomoyela, Ola & Oyeniyi, 2013). For the purpose of the study, internal distribution comprises of organisational culture and organisational structure. Organisational culture is defined as a combination of artefacts, values, beliefs and the fundamental assumptions that employees hold about acceptable behaviour (Economides, 2008). Organisations that adopt an internally market-orientated organisational culture such as a clan-type culture, are able to inspire collaboration and teamwork resulting in increased levels of employee satisfaction and commitment (Braunscheidl, Suresh & Boisnier, 20107; Rodrigues & Pinho, 2010). Organisational structure is defined as the configuration of relationships between roles and their different parts within the organisation. The organisational structure oversees the allocation of work and responsibilities within the organisation so that various activities can be carried out productively to achieve the organisational objectives (McMillan, 2011). This study focuses on decentralised organisational structures as these structures support decentralised decision-making and empowerment, which results in higher levels of employee satisfaction and commitment (Miri, Rangriz & Sabzikaran, 2011).

Employee satisfaction

Employee satisfaction is frequently defined as a “pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (Ahmad, Ahmad & Shah, 2010). It pertains to the extent to which people feel satisfied or dissatisfied with their jobs and as a result, their ability to handle demanding customers (Zeffane, Ibrahim & Mehairi, 2008). Employee satisfaction therefore directly influences the mood and manner in which the service is performed, and as a result, the service quality experienced by the customer (Gu & Siu, 2008). Feelings of satisfaction may be determined by a variety of factors relating to the person, the job or the organisation as a whole (Roos, 2005). The following dimensions have been put forward and have been defined as the generic predictors of employee satisfaction, namely: reward and recognition (including salary and benefits), career advancement, work environment, leadership, relationship with supervisors/managers, relationship with co-workers, stress and pressure, role clarity and fit, empowerment, training and development, feedback, decentralised decision-making, operating process and policies, sharing of knowledge and information and organisational culture (Ahmad, Wasay & Malik, 2012; Gu & Siu, 2009; Halepota & Shah, 2011; Lumley et al., 2011; Rad & Yarmohammadian, 2006; Roos, 2005; Schon, 2007; Turkyilmaz et al., 2011). Turkyilmaz et al. (2011) state that employee satisfaction involves an evaluation of the various satisfaction predictors identified. Employees positively assess the extent to which the predictors and their needs have been addressed through various organisational activities. When employees feel that their needs and expectations have been met, feelings of satisfaction ensue (Martins & Coetzee, 2007). However, viewing these employee satisfaction predictors in isolation may not be very effective and could be counterproductive. For instance, collaboration and knowledge sharing will not be valuable if an organisation's leadership style is not aligned and modified to meet these obligations (Almahamid et al., 2010). Internal marketing is therefore essential in bringing these elements together in a formal internal marketing programme where each of these predictors of employee satisfaction can be addressed through the elements of the internal mix.

Link between internal marketing and employee satisfaction

Each of the traditional internal marketing mix elements contains factors which are very similar or are closely aligned to the predictors of employee satisfaction. By implementing the traditional internal marketing mix proposed in the study, each of these employee satisfaction predictors would be addressed through a formal programme, in that way contributing to higher levels of employee satisfaction. If successfully implemented, these internal marketing activities would ensure the following outcomes: better job design would ensure better role fit and role clarity (internal product), and ensuring that jobs match the individual's abilities and competencies (Weiten et al., 2008). Through training and development (internal product), the right processes (internal process) and empowerment (internal product), these GDP employees could be equipped with the required skills, knowledge and authority to perform their jobs competently (Che Ha et al., 2007; Gu & Siu, 2009). This, in conjunction with better integration and coordination (internal distribution) across functions and more participative leadership styles (internal people) would reduce service failures, since operations and functions would be better aligned with customers' needs and behaviours during the service encounter. As a result, conflict with customers as well as friction between back office and front office employees would be reduced, improving relations with co-workers (internal people) which results in higher levels of employee satisfaction. This would help reduce stress and emotional labour costs (internal price) (Gounaris, 2008b; Grayson & Sanchez-Hernandez, 2010). Communication (internal promotion) would be more effective, and regular performance feedback (internal physical evidence) would lead to increased satisfaction. The communication of a corporate vision (internal promotion) that binds the employee emotionally to the organisation would also lead to greater commitment, productivity, job satisfaction and employee retention (Appelbaum et al., 2009). Further to this, an enjoyable internal physical environment (internal physical evidence) which expedites the development of personal relationships and teamwork, is beneficial for a satisfying internal customer (employee) experience (Yilmaz & Ergun, 2008). In this way internal marketing mix aims at addressing the satisfaction predictors in order to create value for both the employee and the organisation (Sincic & Vokic, 2007). Thus internal marketing is the driver of employee satisfaction (Lee & Chen, 2013; Guven & Sadaklioglu, 2012).

PROBLEM STATEMENT

The Harvard Business Review states that 40-80% of customer satisfaction is determined by the customer-employee relationship. The difference in the way customers view service quality is directly related to service employees. Both internal and external banking employees develop relationships with customers, and when these relationships are severed, the organisation is subject to massive costs. These costs include the loss of productivity of employees, as new employees need to be recruited into the organisation which do not have the desired levels of knowledge or experience (Cascio, 2012). For this reason, if employees are satisfied at work they are more likely to be productive, have lower absentee rates and increased morale, which leads to higher levels of employee retention (Moodley, 2008). In addition to this, employees who are satisfied with their jobs treat customers better, which also results in greater levels of external service quality (Ahmad et al., 2012). Banks will not be able to prosper in the long term if they do not understand the importance of satisfaction and the variables influencing this. The paper focuses on the importance of the traditional internal marketing mix and how these elements influence employee satisfaction. The problem statement therefore set out to determine the influence that the traditional internal marketing mix elements have on employee (graduate) satisfaction within the retail banking industry in South Africa.

RESEARCH OBJECTIVES

The primary objective of the study is to investigate the influence of the traditional internal marketing mix on employee satisfaction from GDP employees' perspective in order to enhance their satisfaction at retail banks with graduate development programmes in South Africa. In addition to this, the relationship between employee satisfaction and affective commitment is also explored.

The following secondary objectives have been put forward:

- To determine whether GDP employees are aware of the internal marketing mix elements at their bank.
- To determine GDP employees' level of satisfaction with their bank as an employer.
- To determine whether a significant positive relationship exists between the traditional internal marketing mix elements (internal product, internal price, internal promotion and internal distribution) and GDP employee satisfaction.

RESEARCH METHODOLOGY

A descriptive research design which is quantitative in nature, was used. Given that the GDP group of employees is a small population and employees could be contacted with ease at a low cost, it was decided that a census approach would be most appropriate. All GDP employees from the South African retail banks offering GDP programmes were approached to participate in the study. Three of the big four retail banks of South Africa agreed to participate in the study, making up the sampling frame. These three retail banks were seen to be representative of the retail banking industry in South Africa as collectively, these three banks hold 62.1% of the South African market share (The Banking Association of South Africa, 2013). All three hundred and sixty GDP employees in the sample frame were contacted to participate in the study. A survey was used due to the ease of administering the questionnaire. A combination of both person administered and electronic survey methods was used in accordance with the participating bank's needs. A total of 64 usable questionnaires were returned.

Hypotheses

To address the problem statement, the following hypotheses have been put forward to test the relationship between the internal marketing mix elements and employee satisfaction, and the relationship between employee satisfaction and affective commitment. The null and alternative hypotheses are presented next:

H_1: There is a significant positive relationship between the internal product and GDP employee satisfaction.
$H_{1(0)}$: There is not a significant positive relationship between the internal product and GDP employee satisfaction.

H_2: There is a significant positive relationship between the internal price and GDP employee satisfaction.
$H_{2(0)}$: There is not a significant positive relationship between the internal price and GDP employee satisfaction.

H_3: There is a significant positive relationship between the internal promotion and GDP employee satisfaction.
$H_{3(0)}$: There is not a significant positive relationship between the internal promotion and GDP employee satisfaction.

H4: There is a significant positive relationship between the internal distribution and GDP employee satisfaction.

H4 (0): There is not a significant positive relationship between the internal distribution and GDP employee satisfaction.

Measurement instrument

A structured questionnaire was designed relevant to the problem statement and research objectives. The questionnaire opened with a demographic section in order to classify the type of employee responding. The first section of the questionnaire measured the participant's awareness of the internal marketing mix. The second section measured the importance of the internal marketing mix to job satisfaction and the third section measured perceptions of employee satisfaction. In-depth literature was investigated to aid in the development of the measurement constructs and previous studies were used where possible. An interval scale was used and response categories were unlabelled. The data was collected using a five-point interval Likert scale, ranging from 'strongly agree' to 'strongly disagree'. The questionnaire was pretested with 6 GDP employees from two of the participating banks. The person-administered approach was used with three GDP employees from Standard Bank, and an email approach was used for the three GDP employees from First National Bank.

The three participants in the person-administered group had no problem with the initial questionnaire, but the participants in the email group failed to read and understand the instructions correctly and instead of rating the importance of each item, rated the degree to which they agreed or disagreed with each statement. For this reason the statements were changed to ensure participants understood the questions clearly.

Data analysis

Descriptive statistics (frequencies, percentages, mean scores and standard deviations) were calculated where applicable, for the different questions asked in the questionnaire to allow for statistical comparison. Regression analysis was used to test the hypotheses relating to the relationship between the internal marketing mix elements and employee satisfaction. In order to determine the reliability of the measuring instrument, Cronbach alpha was calculated, and exploratory factor analysis was used to test for validity. The Statistical Consultation Service (STATKON) of the University of Johannesburg assisted in the analysis of the data.

Validity and reliability of results

Exploratory factor analysis was used to test for internal validity and Cronbach alpha was used to test the internal reliability of the measuring instrument. The EFA analysis found the internal promotion scale to have poor levels of validity, and as a result it was removed from any further analysis. In addition to this, the internal distribution scale emerged as a two-factor solution and was divided into two constructs, namely: organisational structure and collaborative culture. The refined internal marketing mix constructs (internal product, internal price, organisational structure and collaborative culture) and the employee satisfaction scales reported good internal consistency reliability. The Cronbach alpha score for internal product was 0.887, internal price was 0.789, organisational structure was 0.796 and collaborative culture was 0.758. The Cronbach alpha score for employee satisfaction was 0.890.

DISCUSSION OF RESULTS

The presentation of the results comprised a discussion of the profile demographics, followed by a discussion of the descriptive statistics, concluding with a discussion of the regression analysis results.

Profile demographics

The majority of GDP employees (88.98%) are between the ages of 18-25, which makes sense given that these individuals are participating in a graduate programme and the majority have been recruited straight from university. The majority of participants were female (59.4%). The largest number of participants was black (56.3%), followed by the Indian/Asian race group (25%). Whites made up the smallest race contingent of the participants (18.8%). Most of the participants had no prior work experience (78.3%), with only 21.7% having had some form of experience with another organisation. In summary, the majority of participants were black females within the age group 18-25, having predominately had no prior work experience.

Descriptive statistics

Descriptive statistics for the awareness of internal marketing

The overall mean for the awareness of the internal marketing mix was 1.54, indicating that the majority of participants agreed with the statements specified in the study and are therefore aware of the internal marketing mix in their bank. The statement which participants agreed with most was Q1.3 “I am aware of whom I need to report to” (mean= 1.14 and standard deviation = 0.710). The statement indicating the least level of agreement was Q 1.6 “I am aware of the different departments within my bank” (mean= 2.02 and standard deviation =0.900), reflecting that GDP employees are not familiar with the various departments and business units within their bank.

Descriptive statistics for the internal marketing mix and employee satisfaction

The overall mean score of the internal marketing mix (mean=1.71) indicates that GDP employees agree with the statements measuring the internal marketing mix constructs. Graduates had the highest level of agreement pertaining to the statements measuring internal product as an internal marketing mix element (mean =1.35). GDP employees considered “It’s important that I have opportunities to advance my career in the bank I work for” (mean=1.13) to be the most important item within the internal product scale. The internal promotion construct followed next with an overall mean score of 1.60. GDP employees considered “It is important that my manager has one-on-one meetings to communicate with me”, to be the most important component within the internal promotion construct. Graduates had the least level of agreement with statements pertaining to the internal price element of the internal marketing mix (mean of 2.24). GDP employees considered “It is important to me to feel that by working for my bank I have not missed out on opportunities elsewhere”, to be the least important item in the internal price scale. The descriptive statistics for employee satisfaction are discussed next.

Table 1: Descriptive statistics for the internal marketing mix

Internal marketing mix					
Internal product	Mean	Standard dev.	Internal price	Mean	Standard dev.
Q2.1	1.22	0.678	Q3.1	1.45	0.711
Q2.2	1.13	0.549	Q3.2	2.41	1.342
Q2.3	1.25	0.642	Q3.3	1.78	1.105
Q2.4	1.41	0.635	Q3.4	2.68	1.502
Q2.5	1.89	0.961	Q3.5	2.59	1.303
Q2.6	1.22	0.629	Q3.6	2.56	1.344
Overall score	**1.35**	**0.682**	**Overall score**	**2.24**	**1.217**
Internal promotion	Mean	Standard dev.	Internal distribution	Mean	Standard dev.
Q4.1	1.59	1.035	Q5.1	1.63	0.766
Q4.2	1.84	1.087	Q5.2	2.13	1.106
Q4.3	2.02	0.984	Q5.3	1.7	0.816
Q4.4	1.18	0.587	Q5.4	2.05	1.061
Q4.5	1.3	0.634	Q5.5	1.32	0.591
Q4.6	1.97	0.992	Q5.6	1.38	0.787
Q4.7	1.7	0.971	Q5.7	1.31	0.664
Q4.8	1.68	1.09	**Overall score**	**1.64**	**0.827**
Q4.9	1.44	0.871			
Q4.10	1.22	0.552			
Overall score	**1.6**	**0.88**			

Table 2: Descriptive statistics for employee satisfaction

Employee satisfaction	Mean	Standard dev.
Q9.1	1.52	0.992
Q9.2	1.38	0.745
Q9.3	1.89	1.261
Q9.4	1.33	0.818
Overall score	**1.53**	**0.945**

The overall mean score of employee satisfaction indicates that GDP employees agree with the statements measuring employee satisfaction (mean=1.53). GDP employees indicated their highest levels of agreement pertaining to the following item: “I will recommend working for this bank to others” (mean = 1.33). GDP employees indicated their lowest level of agreement pertaining to the following item: “I feel satisfied with the job I am doing for my bank” (mean=1.89).

Regression Analysis

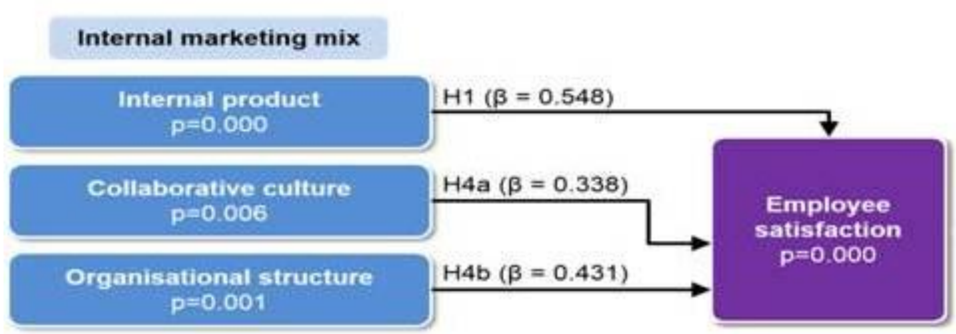
Once the assumptions of regression analysis had been tested and the violations were not deemed to be serious, regression analysis could be performed. Factor scores used in the regression analysis were computed based on the refined measures and not the original scales. Internal promotion was not included in the regression analysis as the scales were considered unfit from a validity perspective and discarded as a result of the EFA. Table 3 provides a summary of the regression analysis results.

Table 3: Results from the regression analysis

Dependent variable	Independent variables	*P*-value	Beta value	R^2	Adjusted R^2
Employee satisfaction	Internal product	0	0.548	0.3	0.289
	Internal price	0.086	0.216	0.47	0.031
	Collaborative culture	0.006	0.338	0.338	0.114
	Organisational structure	0	0.431	0.431	0.185

A positive relationship was predicted between internal product and employee satisfaction. The results from the regression results support the hypothesis (β = 0.548, $p < 0.05$). Thus, the null hypothesis was rejected. The adjusted R2 –value of 0.289 indicates that approximately 28% of the variance in employee satisfaction was predicted by internal product. A positive relationship was predicted between internal price and employee satisfaction. The β results from the regression results support the hypothesis (β = 0.216). However, the p-value is greater than 0.05 (p=0.86) and therefore not statistically significant. The alternative hypothesis was therefore rejected in favour of the null hypothesis. Internal distribution emerged as a two-factor solution and was split into collaborative culture (H4a) and organisational structure (H4b). A positive relationship was predicted between collaborative culture and employee satisfaction. The results from the regression results support the hypothesis (β = 0.338, $p < 0.05$). Thus, the null hypothesis can be rejected in favour of the alternative hypothesis. The adjusted R2 –value of 0.114 indicates that approximately 11.4% of the variance in employee satisfaction is predicted by collaborative culture. A positive relationship was predicted between organisational structure and employee satisfaction. The results from the regression results support the hypothesis (β = 0.431, $p < 0.05$). Thus, the null hypothesis can be rejected in favour of the alternative hypothesis. The adjusted R2 –value of 0.185 indicates that approximately 18.5% of the variance in employee satisfaction is predicted by organisational structure. When entered into the regression equation individually through step-wise regression, the highest level of variance in employee satisfaction is predicted by internal product. This was followed by organisational structure and finally by collaborative culture. Figure 1 provides an overview of the regression results

Figure 1: Regression results for the relationship between the internal marketing mix elements and employee satisfaction



The alternative hypothesis H1 (internal product), and the alternative hypotheses H4a (collaborative culture) and H4b (organisational structure) were accepted. H2 (internal price) was rejected as internal price was not regarded as statistically significant, and therefore not considered to be a predictor of employee satisfaction. Further to this, H3 could not be tested as the subscale for internal promotion (pertaining to H3) was discarded as a result of the EFA due to poor construct validity.

MANAGEMENT IMPLICATION AND RECOMMENDATIONS

Employee satisfaction is influenced by internal marketing through internal product, collaborative culture and organisational structure. The empirical results obtained in the step-wise regression proved that there is a significantly positive relationship between these internal marketing mix elements and employee satisfaction. Through the step-wise regression, internal product emerged as the strongest influencer of employee satisfaction. In addition to this, there is a significant positive relationship between employee satisfaction and affective commitment. The following recommendations have been put forward.

Internal product

As a starting point, retail banks should proceed with their recruitment strategy and ensure the correct fit between employees and the position for which they are being recruited. Not all employees feel comfortable in customer facing roles or in positions of high autonomy. It is essential therefore that the employees' values and career aspirations fit with the role and the organisational culture. Stringent screening of employees as well as the participation of other employees from the employing department in the interview process, can help ensure that the right person is recruited into the organisation and into the team. Once GDP employees have completed their programme and move permanently into a department, it is essential that they are provided with sufficient training relating to their job and the products or services they will be offering. In addition to this, employees will require soft-skill training to enable them to handle the 'people' side of business more eloquently. The training provided facilitates confidence and professionalism and as a result employees gain the respect of customers. Ongoing coaching and mentoring are required for continual guidance and development. Group coaching sessions could be effective in the development of leadership competencies and as a support structure to GDP employees. Coaching and mentoring are vital for the transfer of knowledge, and in addition to this, on-the-job coaching is important for ensuring that skills learned during training programmes are entrenched and utilised on a continual basis.

Coupled with training and development is the need for clearly defined career paths which map out which positions employees are able to move into either from a promotional or lateral perspective. Competency assessments should be linked to these career plans so that current skills and competencies are assessed against the new position, and any gaps between these can be identified and managed which should then feed into the training and development plan. Employees should also have the autonomy to take charge of their own careers and more than this, have the autonomy to make decisions that affect their work. Employees who are empowered to meet unique customer needs and requirements find more meaning in their work and are generally more satisfied. Daily production meetings in which employees are encouraged to participate and provide input, contribute to feelings of empowerment, resulting in satisfaction and commitment. Finally, employees must know what they are expected to deliver. For this reason, clear job descriptions with clearly defined KPIs are essential. In addition to this, regular feedback (at least monthly) is required regarding performance and the meeting of their KPI objectives. This facilitates open communication between managers and employees and when employees understand how their performance contributes to the bank's overall performance, it enhances satisfaction levels. As a result, satisfied employees tend to be more committed and put more into serving internal and external customers.

Collaborative culture

Retail banks should adopt a clan-type collaborative culture which encourages and supports openness, participation, teamwork, personal involvement and empowerment with a strong internal focus. This kind of culture will direct employee behaviour and attitudes, and establish a foundation of trust and close interpersonal relationships which will in turn facilitate the better sharing of knowledge and information. Linked to a collaborative culture is the need for business units to come together in a cross-functional manner. In this way, diverse talents and viewpoints can be brought together in an effort to understand external customer expectations and develop meaningful solutions to meet or exceed these expectations. Through better coordination and integration, knowledge can be shared and employees can come together to provide higher levels of service quality. In this way the collaborative intelligence of employees is increased, allowing for the better synchronisation of activities and the creation of value throughout the value chain

Organisational structure

To support a collaborative culture, retail banks should adopt flatter, more decentralised organisational structures that allow for better integration between business units and the better flow of information across all levels of employees. A matrix structure would provide the best fit for a collaborative culture as different employees from various business units are assembled into teams for the purpose of various projects. These kinds of structures encourage open communication and involved decision-making. Employees are able to communicate freely with all levels of management and across business units, allowing employees to better serve their internal and external customers. Decentralised structures support the empowerment of employees and when employees feel empowered and involved, they experience higher levels of satisfaction and commitment.

LIMITATIONS OF THE STUDY

The primary limitation of this study is that the study was only conducted among GDP employees. Findings could have been significantly different had the study been conducted among other populations within the retail banking community, such as with middle and senior-level management. The results of the EFA found the factor validity for the internal promotion scale to be weak. This scale was removed and therefore not used in the statistical analysis in the study. Internal promotion is regarded as an important element of internal marketing, as reward and recognition form part of the internal promotion scale and this item in particular, is often considered to be the most important element of employee satisfaction. Multiple regression was not possible for this study and as a result, the researcher could not establish through multivariate analysis which internal marketing element was the strongest predictor of employee satisfaction.

Future research opportunities

Further research could be extended to include other segments within the retail banking community, other geographical regions, and other banking structures such as the Islamic banking or other service organisations. Various demographic focuses could be investigated, such as the influence of age, gender and race within retail banking. Further to this, additional questions could be developed for the internal promotion and internal physical evidence scales to ensure factor validity. These elements could then be included in the study to extend the statistical analysis. Lastly, through further refinement, multivariate analysis could be performed to determine which one of the internal marketing mix elements is the strongest predictor of employee satisfaction.

CONCLUSION

Given the high turnover rates of GDP employees, banks are not as effective in retaining these employees as they could be. Since employees are the differentiating advantage for service organisations, employee satisfaction becomes of critical importance, as do the mechanisms for achieving this. For this reason, banks need to consider the integration of an internal marketing programme into their overall marketing strategy. Internal marketing will facilitate the recruitment, training and satisfaction of employees to deliver on the promises made through the bank's external marketing strategy. A retail bank's strategic advantage often exists in its capacity to streamline and connect the organisation's capabilities in order to create service practices that are superior to competitors. Through aligning processes and employees with the external marketing strategy and external customer needs, retail banks are able to create a strategic advantage that is difficult to replicate, ensuring a sustainable competitive advantage. With the aid of internal marketing, retail banks would be able to enhance GDP employee satisfaction and loyalty, thereby contributing to better service, stronger financial performance and profitability.`

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OPPORTUNISTIC LUXURY BRANDING: UNDERSTANDING PERCEPTIONS OF BRAND AUTHENTICITY IN AN EMERGING MARKET CONTEXT

Beate E. Stiehler and Julie S. Tinson

ABSTRACT

The purpose of this paper is to develop an understanding of luxury brand consumption in emerging markets and to explore a new notion associated with brand positioning termed 'opportunistic luxury branding'. Using an extant segmentation approach of luxury brand consumers, the authors examine the behaviours and motivations associated with luxury brand consumption and the effect of authenticity in this context. Sixteen in-depth interviews were conducted with a diverse group of South African luxury brand consumers. The insights derived here suggest that luxury brands can be used as a social marker, but also as a business investment, a self-gift and as an indicator of quality. Indexical cues and the location of a retail outlet are central to the authentication of luxury brands in emerging markets. Managerial implications are proposed with specific reference to luxury brand consumption with the longevity of opportunistic luxury brand positioning questioned.

Keywords: Luxury brands, branding, qualitative research, emerging markets, South Africa, BRICS, authenticity

INTRODUCTION

Interest in luxury branding has led researchers to explore the meaning of luxury brands from a consumer perspective (Hudders, Pandelaere & Vyncke, 2013), in order to develop key attributes associated with creating and maintaining luxury fashion brands from an industry perspective (Fionda & Moore, 2009). Researchers also endeavoured to question the sustainability and longevity of luxury brands (Berthon, Pitt, Parent & Berthon, 2009) and to quantitatively examine the ways in which luxury brands can be used to facilitate status (Han, Nunes & Drèze 2010; Truong, Simmons, McColl & Kitchen, 2008). While the product categories examined have spanned cars, fashion and watches as well as handbags, lingerie and cosmetics, luxury brands are "one of the most profitable and fastest-growing brand segments, yet at the same time they are poorly

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understood and underinvestigated" (Berthon et al., 2009:45). Although the historical context, symbolic significance and experiential activities associated with luxury brands have been explored, what is less well known is how those consumers in emerging markets access, use and interpret global luxury brands and the extent to which these brands are 'authentic' luxury products.

Previous studies on emerging markets and brands have questioned how and in what ways companies engage with country image to promote products (Hynes, Caemmerer & Martin, 2012), and have observed how multinational brands have been revived following damage to the brand through issues associated with quality, distribution and performance (Andrews & Daekwan, 2007). Marketing strategies previously employed in advanced countries do not always work as effectively as expected in emerging markets (Erdogmus, Bodur & Yilmaz, 2010) and the branding of luxury items is likely to be no exception to this. Global brands are favoured as a consequence of their widespread recognition and distribution in emerging markets (Winit, Gregory, Cleveland, & Verlegh, 2014) with their hedonic attributes offering aspirational benefits and affording the consumer higher esteem. However, in emerging markets the extent to which all luxury brands are 'authentic' in their product offering, is subject to interpretation. That is, the positioning of the product as a luxury global brand will be dependent on the cues available to the consumer, such as awareness of the brand as a global offering, the quality of the product, availability (or not) of the brand, as well as individual and collective perceptions of the brand, country of origin and advertising strategy.

In the current global marketplace, enhancing a favourable worldwide brand image will not only develop continuity across products and product categories, but has the potential to grow brand equity (Andrews & Daekwan, 2007). As such, adopting a cohesive and consistent approach to luxury branding would appear to be a prudent marketing strategy. However, it has been observed that fashion brands not considered to be 'luxurious' in their country of origin, are being opportunistic in positioning their brands as luxury items in emerging markets. Gap for example in South Africa, is perceived by some as a luxury brand. This research seeks to develop (i) an understanding of what motivates global luxury brand consumption in the South African market, (ii) to identify the types of authenticity and cues used to establish the authenticity of fashion luxury brands, and (iii) to offer brand image implications of adopting an opportunistic marketing approach to luxury branding.

This article has the following structure: Initially, we provide support for the relationship between luxury and authenticity by means of an overview of the relevant literature. Secondly, we detail the interpretive methods employed to address our research objectives. Thirdly, the findings are examined illustrating South African consumers' motivation to purchase global luxury brands, the types of authenticity and authentic cues used by consumers in this market to authenticate luxury brands, and consumers' perceptions of opportunistic luxury brands in the South African market. Theoretical contributions and implications for marketing managers provide a conclusion to the paper.

CONCEPTUAL BACKGROUND

The concept of luxury

The Oxford Dictionary defines the word luxury as "the state of great comfort and extravagant living", or in terms of luxury items, as "an inessential but desirable item" (Soanes & Stevenson, 2004:851). The word originated from Middle English (denoting lechery) and from the Old French word "luxurie" and "luxure", as well as from the Latin "luxuria" which stems from "luxus", meaning "excess" (Soanes & Stevenson, 2004:851). The consumption and possession of luxury items dates back to ancient times (Castaréde, 2008 cited in Kapferer, 2012), signifies desirability and exclusivity (Thomas, 2007), they are available only in limited quantities, and are deemed inessential, yet expensive. Luxury items were typically produced by skilled craftsmen and reserved only for the consumption of the elite. The literature however suggests that there is no one specific way of defining luxury as a concept (Berthon et al., 2009; Kapferer, 2012; Wiedmann, Hennigs & Siebels, 2009).

Berthon et al. (2009), argue that trying to define luxury through the generation of a list of product attributes will not suffice, as luxury represents more than a material object and should be viewed in terms of what it does. Using Karl Popper's three-worlds hypothesis as a basis, Berthon et al. (2009) suggest that luxury brands consist of three components: The functional (where luxury has its material embodiment – what it can do), the symbolic (representing the value it signifies to others, the social collective, as well as what it signifies to the individual) and lastly, the experiential (the realm of the object's individual subjective value). Wiedmann et al. (2009) build on this notion while emphasising the need to understand luxury consumption based on the perspective of the individual, and not just the assumption that all people buy luxury to impress others in their social circle and beyond.

While the price of luxury items has previously been explored, with cost established as an indication of quality (Berthon et al., 2009; Kapferer, 2012; Shukla, 2012), the role of price and luxury brands remains under-researched in emerging markets. The pressure on luxury brands to increase growth has led to a recent focus by companies such as Louise Vuitton and Moet Hennesey (LVMH) to expand into emerging markets (Kapferer, 2012). As these organisations manage over 50 different luxury brands, the perception of the brand as luxurious as well as the pricing strategy will be fundamental to developing these markets. Specifically, the value of luxury to the individual will consist of the items' perceived *social value* (both conspicuous and prestige value), the *individual value* (self-identity, hedonic and materialistic value), the *functional value* (usability, quality and uniqueness value) and lastly, the *financial value* (the items' actual price value in a specific currency) (Wiedmann et al., 2009).

Luxury brands in emerging markets

Emerging markets can be defined as "those countries that have growing economies and a growing middle class. Some of these countries were once poor and some still have high rates of poverty" (Logue, 2011:1). As such, it may be that the financial value of luxury brands is the overriding concern for consumers accessing the marketplace. In a study by Baines & Company, predictions are that 85% of new luxury stores will open in emerging markets over the next decade, and that growth in these markets are projected to grow by more than 10 per cent, specifically in Brazil, Russia, India, China and South Africa (BRICS countries) (Krauss, 2009). The emerging markets are typically characterised by high demand due to growing middle class consumers who have an appetite for recognition and status (Kapferer, 2012). It is also suggested that the portrayal of western lifestyles in the media is fuelling emerging market consumers' demand for high-quality goods (Belk, 1999 cited in Shukla, 2012).

Articles in the popular press on luxury brands entering emerging markets reveal that some luxury brands enter these new markets at substantially higher prices than their countries of origin. In Brazil for example, certain make-up brands are sold at 80% more than in the USA where the brand originates (Silva-Buck, 2013). In South Africa, the GAP brand, which entered the country in March 2012, sells T-shirts for $40 in South Africa and the same products in the USA for $16. Although companies claim the inflated prices are as a result of higher shipping costs as well as import duties, GAP also believes the American brand image is associated with high quality (Wong, 2012). The latter example the authors term to be *opportunistic luxury branding*. While GAP in particular is perceived to be an affordable clothing brand in its country of origin, with its substantial higher pricing in an emerging market like South Africa, it is argued to be re-positioning itself as a luxury brand based on its high price cue and American image presented to consumers. The extent to which this positioning is perceived as 'authentic' and/or the longevity of these brands in the market as a luxury, will be explored.

Luxury brands and authenticity

Authenticity refers to something that is "of undisputed origin or veracity; genuine" (Soanes & Stevensson, 2004:88) and "… is associated with reality and truth" (Grayson & Martinec, 2004:297). Bruhn, Shoenmüller, Schäfer and Heinrich (2012) state that brand authenticity is increasingly important to consumers who find themselves in an uncertain society. Consumers seek to relieve these feelings of ambiguity by consuming authentic brands. Authenticity is furthermore deemed a key factor in establishing brand identity (Kapferer, 2004), brand image (Ballantyne, Warren & Nobbs, 2006) and trust in a brand (Gustafsson, 2006). In the luxury brands market, Chevalier and Mazzalovo (2008) argue that authenticity plays a crucial role as a means of maintaining the competitiveness of a luxury brand in the market. In order to provide a better understanding of authenticity in the context of brands, Bruhn et al. (2012) posit that brand authenticity is subject to the evaluation of the individual and that it also corresponds to a variety of brand attributes. This significance of the individuals' subjectivity in evaluating brand authenticity is also more recently observed by Napoli, Dickinson, Beverland and Farrely (2014).

Brand authenticity has typically been examined either in the context of authentic experiences or authentic items or brands. Beverland, Lindgreen and Vink (2008) explored how and in what ways consumers interpret beer advertisements to make judgements relating to the perceived authenticity of the brand. In evaluating the advertisements, the results indicated that consumers relied on either indexical or iconic cues when evaluating these advertisements; which has been further supported more recently (Ewing, Allen & Ewing, 2012). Indexical cues are associated with fact and serve as a means of distinguishing fake items or experiences from the real thing (Hede & Thyne, 2010). Iconic cues consist of the sum of pre-existing consumer knowledge or experience of an item or brand, which is then subjectively compared to an object in order to establish its authenticity (Grayson & Martinec, 2004). Grayson and Martinec (2004) call for further research in this area, particularly in markets where iconicity with the 'old' is not important and question as a result, which cues for authenticity would come to the fore. This is particularly relevant in understanding opportunistic luxury branding in emerging markets and will be subsequently examined.

The extent and combination of cues used to identify brand authenticity have been explored by Beverland et al. (2008). Three types of brand authenticity have been posited: *Pure (literal) authenticity*, *approximate authenticity* and *moral authenticity*. Consumers adopting a '*pure authenticity'* approach to make judgements on items or experiences, draw on indexical cues that communicate loyalty to tradition (e.g. ingredients used or the place of production, as well as the product styles). In the case of *approximate authenticity* consumers infer authenticity from iconic cues. The product is deemed authentic if it approximates historical referents that reflect the consumer's perception of what an authentic item or experience should be. Lastly, with *moral authenticity*, consumers use iconic cues in a different way to *approximate authenticity*. Instead of drawing on iconic cues such as historical cues or place of production, cues that suggest a genuine love of craft as well as the genuine intent of the brand (e.g. commitment to social programmes) are used as a point of reference.

Calls for further research in this context include exploring different types of authenticity in a variety of product or brand contexts, across ethnicities and cultural contexts, as well as among novice consumers (Beverland et al., 2008). Examining the use of indexical and iconic cues to assess authenticity in the context of luxury brands in an emerging market, will contribute to an understanding of the recent rise in global luxury brands in the South African market (Wong, 2012), as well as generating insight into the luxury brand consumer in the South African market.

This study

While there has been some initial exploration of luxury brands in China and India (Bian & Forsythe, 2012; Kumar, Lee & Kim, 2009; Zhan & He, 2012), little is currently known about luxury consumption on the African continent. South Africa clearly shows great potential for fuelling the growth of the luxury brands market as post-Apartheid, the South African middle class is increasingly prominent. With R237b in purchasing power at the beginning of 2012, it is projected that this segment will be responsible for the most growth in the South African economy (Digital Fire, 2012). Understanding luxury consumption in this market will inform marketing managers of the potential impact of their brand strategies on this economy.

Against this background, the objectives of the study are:

- To develop an understanding of what motivates South African luxury brand consumption and in particular to consume global luxury brands.
- To establish the different types of authenticity South African luxury brand consumers identify when evaluating global luxury brands.
- To determine the cues used by different market segments of South African luxury brand consumers to evaluate the authenticity of global luxury brands in the South African market.
- To explore South African consumers' reactions to the phenomenon of opportunistic luxury brands in the market, and its potential implications on their perceptions of the authenticity of these brands.

METHODOLOGY

The research was conducted using a qualitative approach in the form of in-depth interviews. A qualitative approach was deemed most appropriate due to the exploratory nature of the study. The objectives of the study also required a deeper insight into different individuals' perspectives and opinions, and in-depth interviews are a suitable technique to satisfy this requirement (Zikmund & Babin, 2007). A total of 16 luxury brand consumers were interviewed in order to determine their motivation to consume international luxury brands, their perceptions of authenticity, and their opinions on the notion of opportunistic luxury brands in South Africa. The number of interviews conducted and the data from the responses were sufficient to ensure saturation (Guest, Bunce & Johnson, 2006).

A semi-structured interview guide was developed. Questions ranged from broad requests about lifestyles and general shopping behaviours, e.g. "How would you describe your lifestyle?" and "How do you go about grocery shopping?" to more specific questions including, "What motivates you to buy luxury brands?" and "How do you know that a luxury brand is the real thing?" A number of probing questions were also posed to the consumers when they were asked about the authentic cues used to determine whether a luxury brand is real or 'true' luxury. These included questions relating to the brands' use of celebrity endorsement as well as the brands' countries of origin and brand heritage. Consumers were also asked whether they were aware that certain brands are priced higher in South Africa than in their countries of origin, and how this influenced their perception of these brands.

Purposive sampling was used to identify the participants for the study. The authors specifically sampled the consumers based on the descriptions of the four types of luxury consumers in South Africa that Atwal and Bryson (2014) argue to be representative of South African luxury brand consumers:

- The deluxe aspirer: This segment is represented by the emerging middle class with a high need for distinction and is driven by luxury brands as a means to show-off and to impress their peers.
- Self-made or new money: Luxury goods are perceived as offering high quality worth paying for to this segment, it also helps them to attain a sense of self, individualism and accomplishment and they are fond of displaying their status outwardly via luxury goods.
- The established business magnate: Luxury is experienced as a way of life, and they value unique and limited edition, expensive collectable items. They are status conscious, but prefer to display this through connoisseurship and not flamboyant consumption.
- The money aristocracy: This segment grew up with luxury as a way of life, they prefer classical brands, are modest in their consumption, and often frugal spenders.

Consumers representing these four segments were recruited in the Gauteng Province (one of nine South African provinces), as this province is the economic hub of South Africa - contributing an estimated 35.4% of the country's GDP in 2014, and home to 45% of South Africa's highest earning individuals (Department of Finance: Gauteng Province, 2011). A number of luxury brand retailers such as Louise Vuitton, Gucci and Burberry are also housed in the Gauteng Province. Luxury consumers between the ages of 25 and 59 were identified, as this age group represents the highest proportion of economically active people in South

Africa (BRICS, 2013). The consumers further had to be representative of South Africa's diverse race groups. The estimated population statistics per race group in Gauteng, is around 74% blacks and 14% whites (Department of Finance: Gauteng Province, 2011), making these the two largest race groups in the province, and they were therefore the selected race groups to be included as participants. The consumers were also split in order to ensure a 50% representation of each gender. The final sample of sixteen consumers was made up of four consumers per luxury segment as suggested by Atwal and Bryson (2014), with each segment consisting of two females (one black and one white) and two males (one black and one white). Table 1 provides a summary of the luxury consumer profiles interviewed for the study. The consumers were given pseudonyms to protect their identities.

Table 1: Sample of interview participants

Pseudonym	Luxury Segment	Age	Gender	Race
Kirsten	Deluxe aspirer	28	Female	White
Andrew	Deluxe aspirer	26	Male	White
Sipiwe	Deluxe aspirer	26	Female	Black
Annie	Deluxe aspirer	27	Male	Black
Andrea	Self-made or new money	45	Female	White
Jean	Self-made or new money	44	Male	White
Jacky	Self-made or new money	34	Female	Black
Mike	Self-made or new money	36	Male	Black
Amy	Business magnate	40	Female	White
Joe	Business magnate	48	Male	White
Adele	Business magnate	45	Female	Black
Daniel	Business magnate	39	Male	Black
Sarah	Money aristocracy	56	Female	White
Ivan	Money aristocracy	45	Male	White
Thando	Money aristocracy	54	Female	Black
Peter	Money aristocracy	57	Male	Black

The specific nature of the sample necessitated a market research company to recruit the consumers, but the authors personally conducted the interviews. In order to identify these consumers, Atwal and Bryson's (2014) suggested consumer profiles were compared to South Africa's lifestyle standards measurement (LSM) profiles. This LSM segmentation tool "…groups people according to their living standards using criteria such as degree of urbanisation and ownership of cars and major appliances" (SAARF, 2015:1). The research company then searched for these consumers on an existing database, based on their LSM descriptions. The researchers also developed specific screening questions that potential consumers were required to answer (e.g. typical brands purchased) to further ensure the accuracy of their profiles. Those identified consumers who fitted the profiles, were offered cash incentives in exchange for their time and the interviews lasted on average between 40 and 60 minutes, with two interviews lasting well in excess of an hour. Consumers were interviewed until there was no new information to the answers provided (Guest et al., 2006). Each of the interviews was recorded and then transcribed by the authors.

An interpretive analytical stance was adopted drawing on the transcriptions of the interviews. All the themes were reviewed through iterations of comparison and rereading. The analysis of the data explored themes in the responses and used the methods outlined by Strauss and Corbin (1990). The coding was driven deductively by the original issues identified in the literature review and inductively by searching for emergent themes. Transcripts were explored to determine a comprehensive understanding of the luxury consumers, recording themes in the margin as they emerged (Thompson & Hirschman, 1995). The interpretations were developed by examining associations between prior assumptions and emerging insights (Spiggle, 1994). The analysis of the in-depth interviews was structured according to three key themes: motivation to consume luxury brands, authenticity of luxury brands and opportunistic luxury branding.

FINDINGS

Motivation to consume international luxury brands

Generally, consumers were motivated by the quality of the brand, the reputation of the brand and the number of years it had been established in the marketplace. Similarly, consumers observed that luxury brands will be more durable than a brand that is not perceived as luxury, and that it makes one feel good when wearing luxury brands. This suggests that the functional (what the brand can do) and the experiential (realm of the object's individual subjective value) components of luxury, as identified by Berthon et al. (2009), were predominant across all the segments. The symbolic dimension (what the brand symbolises to others and the self) was more apparent among the Deluxe aspirer and the Self-made segments (see Table 2, respondents; Sipiwe, Andrew and Mike). When referring to their profile descriptions, the Deluxe aspirers are driven to purchase luxury when the brand is most recognisable and the Self-made segment consumers are driven by luxury brands as a form of conveying their status in society (Atwal & Bryson, 2014). This suggests that the symbolic dimension will be more apparent among these two segments. The purchasing of luxury as a form of self-gifting was also apparent across the Self-made, Business magnate and Money aristocracy segments, with the majority stating a feeling of 'deserving' the luxury purchased as a consequence of their hard work. This is a form of self-gifting called "exchange" (Mick & DeMoss, 1990). This finding indicates that consumers of luxury brands in these three segments are driven to offer a rationale or justification for their expenditure on luxury items.

A preference for the purchasing of recognisable international luxury brands was also evident across all the consumers supporting the work of Winit et al. (2014) who argue that global brands are favoured because of their widespread recognition in emerging markets. Data also suggests that local South African luxury brands are perceived as inferior, and that everything from overseas is perceived as 'better'. South African brands are not seen as embodying longevity and local brands are perceived as being poorly marketed relative to the luxury products produced globally. This was reinforced by the lack of luxury South African brands consumers were able to name.

In probing why local South African luxury brands were perceived as inferior, few consumers were able to formulate an answer. However, South African-based market research shows that South Africans perceive that local brands are of a lower quality than international brands, and that this is particularly prevalent when consumers purchase expensive products (Mackay, 2014). Belk, (1999 cited in Shukla, 2012) also argues that the portrayal of western lifestyles in the popular media fuels demand for luxury in emerging markets, and McKinsey (2012) posits that South Africans tend to purchase high-end goods that resonate with their own codes of luxury. The motivation of South African consumers to purchase luxury, shows that quality is the number one reason that motivates the purchasing of luxury goods and reflects one of the "codes of luxury" that needs to be met in this market. Table 2 summarises what motivates the consumption of international luxury in each luxury brand consumer segment.

Table 2: Motivation to consume international luxury brands

Segment type	Pseudonym	Consuming international luxury brands
Deluxe aspirer	Sipiwe	"For me…I'd say it's firstly to make a statement, secondly the quality. In that order."
	Andrew	"Initially, I was motivated by them as an image concept".
Self-made	Mike	"Yes, Burberry. The brand in South Africa is not well known and it's expensive and if you are a person like me, who always wants to be different from other people and separated from the rest, you have to go for something less well-known, that you can't get everywhere."
	Jacky	"I think for me, it's a hefty investment and I've always been interested in fashion…high respect for design… I appreciate other people's creativity and wanting to own a little bit of that, but mostly it makes me feel good."
Business magnate	Daniel	"…before I discovered the brands, it was aspirational. You wanted to wear a Pringle shirt, but through usage, I actually realised it's good value for money, because the stuff lasts. So really, when I look at it from my perspective now, normally I'm guaranteed of quality. There are also usually guarantees that goes with lots of these stuff."
	Joe	"People do ask me about the watch, but I'm fairly…I don't flash. I would talk to a mate about it… And you will never hear me tell people what it costs, because there are so much people out there for who this is a year's salary and I just don't do it….if something happens to my family tomorrow, I can sell this watch…"
Money aristocracy	Thando	"The way it looks and the price motivated me, the functionality of the bag. I'll compare like Guess and Louise Vuitton, but I'll take whichever one is more functional. I'll also compare price, but then again, if this one is more functional, I'll buy regardless of price."
	Sarah	"I like to buy luxury brands…I don't splurge…"

Upon reviewing each segment separately, the comments suggest that the Deluxe aspirers were predominantly motivated by the image of the brand (see Sipiwe and Andrew, Table 2) and were the group most likely to purchase well-known brands. Atwal and Bryson (2014) state that if the peers of the Deluxe aspirers do not recognise the value of their items, they do not perceive that their money has been well spent. This is likely to explain the Deluxe aspirer's preference for well known brands in the market. Conversely, consumers in the Self-made segment in this study perceive the purchasing of luxury brands as investments, securing differentiation and showing an appreciation for creativity and design (see Jacky and Mike, Table 2). This represents some of the core characteristics of luxury brands (Okonkwo, 2007). This also reinforces Atwal and Bryson's (2014) assertion that consumers in this segment are more driven by individualism than other consumers of luxury brands.

Consumers in the Business magnate segment were more motivated by value for their money, guarantees that often accompany luxury brands, and quality rather than price (see Daniel and Joe, Table 2). These findings emphasise the importance of the functional component of luxury (Berthon et al., 2009), but interestingly, underscore the role of financial value (the actual price of the item) as argued by Wiedmann et al. (2009). This may be because Business magnates perceive the price paid as gaining financial value in the form of an investment that will endure. This drive to possess items with longevity reflects the notion that should a period of financial difficulty arise, the item can be sold at a high price. This may reflect past experiences and illustrates how luxury brands are being purchased to provide 'insurance'.

Consumers considered to be part of the Money aristocracy are motivated by a desire for luxury brands which are very familiar to them and to which they are emotionally attached (see Thando, Table 2). Interestingly, the style and functionality of the luxury brand appeared to be more important than the brand name among this segment. Price also played a role and the majority of these consumers indicated that they try not to splurge unnecessarily. This confirms Atwal and Bryson's (2014) description of this segment as often being frugal spenders.

Authenticity types and cues

Motivation for the consumption of luxury brands was also related to authenticity. The place or location where luxury brands were purchased, was central to the authenticity cues identified by consumers, with the majority of luxury brand consumers preferring to purchase at Sandton City (a shopping centre in Sandton, Johannesburg, which is known as the wealthiest area in South Africa). The location of purchase was deemed so important that a number of consumers commented that merely being in the store removes the risk of purchasing inauthentic brands: "For me…I'd go to a reputable store, like Sandton" [Sipiwe, Deluxe aspirer]; "I go to Hyde Park to buy Burberry, I don't even bother to look at tags, I just trust that it is the real thing" [Adele, Business magnate]. This implies an emphasis on the use of indexical cues and more specifically pure authenticity which draws on indexical cues such as place of production or ingredients used (Beverland et al., 2008). Table 3 shows a summary of responses reflecting how brand authenticity is established.

Table 3: Authenticity types and cues used to determine true luxury

Segment	Pseudonym	Example	Authenticity types
Deluxe aspirer	Kirsten	"If you know your brand well, you can tell the fake and the genuine. I've come across a fake and you can see it, the touch and feel, the emblem maybe, the inside colouring, or the fabric, particularly on the inside with bags."	Pure authenticity
	Annie	"Gstar is superficial luxury…I mean it's just like any other cheap pair of jeans, three washes and it's done…but its priced much higher…I don't know what is the fuss about people wanting to wear the brand".	*Approximate authenticity
Self-made	Mike	"When I went to the shop [Burberry] and I touched a Burberry shirt, I could feel this was the real thing."	Approximate authenticity
	Andrea	"Guess is pretentious…because everybody's got a Guess handbag, whether it's a knock-off or one bought from Edgars or Foschini".	
	Jacky	"Chanel is pretentious…I think they are just too trendy and at that price tag …I feel it is a bit pretentious, it's not very visionary and the creative element for me is kind of robbed. With too trendy, I mean the items are often not practical. Stick to the craft… to me, it should last season after season and not just be for the now."	Approximate and *Moral authenticity
		"Heritage plays a huge part in it… my guess would also be just an awareness. Price to me is also actually very telling."	
		"There are actually a lot of shops in Sandton that I	Approximate authenticity

Segment	Pseudonym	Example	Authenticity types
		know of that sell a lot of fake stuff. I know this, because I have a key knowledge of the fashion industry… that is what really aggravates me, most of the fake brands we get here are very expensive, but they are fake…”	Approximate authenticity
		“Like the Prada bag I bought on eBay, I bought it from the States. I was actually uncertain whether it was the real thing or not, you never know with eBay. So when I went overseas again, I took it with me and I went and I got it authenticated…they authenticated the bag by looking at the product number on the side.”	*Pure authenticity
Business magnate	Joe	“…watches to me have to be Swiss made, because it’s bloody well made. It can’t be made in Hong Kong or in Soweto.”	Approximate authenticity
	Daniel	“Most of the time, with shirts it’s the stitching…with the shirts, if you turn the shoulder inside out, you know because it’s a double stitch and that’s why they last so long… this one shirt I’ve had for four years…”	Pure authenticity
	Amy	“…and I know Polo is a rip-off, because it’s not the Ralph Lauren Polo…our Polo brand is not the real Polo, …our Polo is people who bought the rights, you’ll see our Polo, the horse faces to the right, the real Polo faces to the heart.”	Moral authenticity and Pure authenticity
	Joe	“…it’s made out of Titanium, look at this watch, it’s big, it’s heavy, but feel it, it’s made of Titanium and not heavy at all and that’s why I bought this one”.	Pure authenticity
	Amy	“I know what the label looks like, the cost and what real leather looks like versus pleather or plastic”	
Money aristocracy	Ivan	“You can’t buy a brand and not know where it comes from…the originality...Gucci family, the history of Georgio Armani, that tells a lot”.	Moral authenticity
	Peter	“I don’t necessarily look at the tags…if you’re in the store…”	Pure authenticity
	Sarah	“I’ve just been brought up, knowing it’s a luxury item…”	Approximate authenticity

*Pure authenticity uses indexical cues, and Approximate and Moral authenticity both use iconic cues

Table 3 indicates a variety of cues identified by consumers as representing authenticity including: label on the product, the logo on the products, physically touching and inspecting the products (looking at the quality of the stitching, feeling the buttons and zippers, and looking at the material used) and having knowledge of the pricing strategy pertaining to the brand. These cues underscore the importance of pure authenticity and the use of indexical cues (Beverland et al., 2008), and this was the most predominant form of authenticity used by all segments. The second most common authenticity cue and type identified was iconic cues in the form of approximate authenticity, which reflects the consumer's personal perception of what an authentic item should be (Beverland et al., 2008). This type of authenticity was predominantly used by the Deluxe aspirers. Table 3 indicates that for the respondents having a key knowledge of the brand and its style, enabled them to know whether or not the brand is a real brand. Equally, they can draw on past experiences with the brand, historical referents of the countries the brands should be made in, or the way in which they were brought up (just knowing which brands are luxury brands). The majority of consumers were also able to readily identify a number of brands that were deemed to be inauthentic. These brands were characterised by inferior quality, incongruity between the brand image or quality and price charged, and the accessibility of the brand to a wide target audience (compromising the scarcity characteristic of luxury).

Interestingly, statements suggesting moral authenticity (authenticity validated based on a genuine love of craft as well as the genuine intent of the brand) and the use of iconic cues (Beverland et al., 2008) to authenticate luxury brands, were evident only amongst the Self-made, Business magnate and Money aristocracy segments. These three segments observed the intent of the brand by mentioning the importance of the genuine craft in the design of the brand item and also questioned the South African Polo brand's positioning in the South African market. Atwal and Bryson (2014) argue that brand communication rooted in substance and credibility is important to South African consumers, and the findings here support this in relation to these three segments in particular. The Deluxe aspirers' heavy reliance on pure authenticity and indexical cues could be because this segment is not as educated on luxury brands (Atwal & Bryson, 2014) and therefore cannot necessarily validate luxury from historical referents (Beverland et at., 2008) like the other three segments. Deluxe aspirers also tend to purchase highly recognisable luxury brands and to use it as a way to showcase their success to others (Atwal & Bryson, 2014). As such, wearing counterfeit brands could have a negative impact on the perceptions of those Deluxe aspirers seek to impress.

Brands that are too widely available (deemed a form of approximate authenticity, using iconic cues) were only of concern to the Self-made, Business magnate and Money aristocracy segments and emphasised the importance of the characteristic of luxury brands as scarce (Okonkwo, 2007). Atwal and Bryson (2014) state that the Self-made consumers use luxury to establish individualism, the Business magnate consumers use luxury brands to highlight distinction, and the Money aristocracy are not ostentatious in their luxury consumption. This could serve as an indication as to why scarcity would be deemed an important characteristic of luxury for these three segments in particular.

The findings also illustrate that the use of celebrity endorsement represented no indication of whether a brand exhibits authentic luxury. This was mainly because the majority of consumers thought celebrities will endorse anything if they are paid enough money. The country of origin and brand heritage represent the use of approximate authenticity and iconic cues, and were deemed as important indicators by all segments with the exception of the Deluxe aspirer group. This is not unexpected, as all the previous findings concerning authenticity amongst the Deluxe aspirer segment was driven predominantly by brand recognisability, whereas the other three segments indicated a need to obtain and even demonstrate their knowledge about the brands they buy (Atwal & Bryson, 2014).

Consumer reactions to opportunistic luxury brands

Knowledge associated with opportunistic luxury branding is of importance when considering consumer reactions to opportunistic luxury brands. As outlined, certain companies entering emerging markets, like the GAP, use the country of origin to promote their brands in these markets (Wong, 2012).

Table 4 shows a summary of the segments' responses to the notion of opportunistic luxury brands in the South African market.

Table 4: Consumers' reactions to opportunistic luxury and authenticity perceptions

Segment	Pseudonym	Answer
Deluxe aspirer	Sipiwe	"No [it cannot be seen as authentic luxury]…but well, the brands from the US…they are a first-world country and we are a third-world country and we're still behind, so it's a big thing here."
	Andrea	"Holistically, no [it cannot be seen as authentic luxury]…but in South Africa…yes, it is…I wouldn't buy it though…"
Self-made	Mike	"Yes, I am very aware of that. I have a friend who works for SAA [South African Airways] and he would say, when you go to London and see this shirt it's like £60, but when you come to SA, they are tripling the price."
	Jacky	"No…and to me…these are entry level brands…Louise Vuitton or your Dior children are luxury. Like Benneton…it's like a Jet Store [low-cost clothing store in South Africa] in Italy, but people who don't know it here, think its luxury. "I don't know…if H&M came here and did that, there is no way I would buy it, no way!"
	Jean	"Yes, but it depends on the quality…authenticity is quality…not price…"
Business magnate	Amy	"No, it is not truly authentic. Like Ferrari…they negotiate import duties across the world to keep pricing relatively the same and a true luxury brand would try to get the pricing correct across countries". "People see the price and they put it as luxury. People would go, 'ah…I've got a GAP baby today' and they'd dress the whole baby in GAP, and I'd go…OK…what are you doing?"
Money aristocracy	Ivan	"Yes, it does…but I'll still buy it, but I'll prefer to buy when I'm there [overseas]. South Africans are being played. Taken for a ride."
	Peter	"Yes…and they are ripping you off and taking advantage of the situation".
	Thando	"If I can get it much cheaper [if brands cost the same in SA as countries of origin], all the better, but then again, I suppose you are looking at more people buying, it will not be exclusive".
	Sarah	"… and Cotton on is the same and it's over-priced here. It doesn't deserve the prestige it's getting in South Africa".

The Deluxe aspirers claimed to have the least knowledge of 'opportunistic luxury branding', while the consumers in the other three segments were all aware of this practice, claiming to have seen the difference in price whilst travelling and shopping overseas. The findings illustrate that opportunistic luxury brands are not viewed as having luxurious properties. However, the majority of consumers provided a rationale for this practice: the brand is perceived relative to its positioning in a particular country. Therefore, if a brand is positioned as a luxury brand in South Africa, and also satisfies particular cues to support this, e.g. place where product is sold, quality and price, it can be viewed as a luxury brand in this market. However, consumers believed this practice also worked because South African consumers are generally uneducated about the international image of brands.

Interestingly, in particular the Self-made consumers argued that opportunistic luxury brands can still be seen as authentic in South Africa, stating that regardless of its international pricing or image, if it is of a high quality, it may be deemed authentic luxury, as high quality equals authentic luxury. The majority of the remaining segments felt that these brands cannot be seen as luxury brands in South Africa. The Money aristocracy argued that these types of brands are overpriced for what they offer. The Business magnate consumers considered that these brands could not be 'luxury' as a consequence of the brand image on the international market. The Deluxe aspirers, being the least aware of the practice of opportunistic luxury branding, demonstrated most concern for the brands not being authentic. Some were concerned about the longevity of the brand positioning if South Africans were more aware of this practice.

There was an overwhelming agreement by those categorised as Self-made, Business magnate and Money aristocracy segments that information pertaining to opportunistic luxury branding does affect their perceptions of these brands. Some stated that they would prefer to buy these brands when they are overseas, while others expressed feelings of betrayal by these brands. These responses support the finding by Atwal and Bryson (2014) of the importance of brand substance and credibility in the South African market. Interestingly, the majority of the Deluxe aspirer segment said that it does not affect their perception of the brands, even though some responded that they think this information would drive South Africans to stop purchasing these brands. This segment further stated that they are mainly driven by what the brand represents in South Africa, and that the international image of the brands is a big attraction. International brands are better known than local brands in South Africa, and the Deluxe aspirers' drive towards wearing recognisable brands might again explain why they share this sentiment (Atwal & Bryson, 2014).

DISCUSSION

This research contributes to the literature in three distinct ways. Firstly, luxury components identified from extant studies (Berthon et al., 2009; Wiedmann et al., 2009) are applied to demonstrate how and in what ways the core components of luxury motivates consumption amongst four different segments of luxury consumers in the South African market. Secondly, this study addresses Grayson and Martinec's (2004) call for further research on authenticity where iconicity with the old is not of importance. Calls for research on different types of authenticity within different product categories and cultural contexts (Beverland et al., 2008) are also answered here. Lastly, this study identifies the phenomenon of 'opportunistic luxury branding' and illustrates the reactions of South African consumers to this phenomenon and their perceptions of the authenticity of opportunistic luxury brands.

Across all consumer segments interviewed in this study, it was evident that motivation to purchase global luxury brands was as a consequence of the perceived quality and durability of these brands, reputation in the market place, years in the market and ability to enhance consumers' self-esteem. These findings show support for Berthon's et al. (2009) argument for the functional component (what the brand can do) and experiential components (individual subjective value) of luxury, and suggest that these two components form the predominant reasons for luxury consumption in South Africa. McKinsey (2012) states the importance of different codes of luxury in various markets, and the overwhelming need for high quality as a driver to purchase luxury brands in this market suggests that high quality is one of the prominent codes of luxury in this market. All segments of luxury consumers also indicated a preference for international luxury, as opposed to local (South African) luxury brands. The findings in this study support previous research which suggests local brands are perceived as inferior (Mackay, 2014; Winit et al., 2014)

The findings illustrate the predominant use by all consumers of pure authenticity and indexical cues as indicators. Interestingly, an overwhelming majority of the consumers authenticated brands by identifying the location where the brand is purchased. This indexical cue was deemed so important that consumers indicated merely being in a specific store, was enough to remove any doubt of buying potentially inauthentic brands. Similarly, the inspection of product labels and logos on the products and the physical inspection of the garments for elements like material used and the stitching on particularly clothing items, were important. In contrast, the majority of the segments indicated that celebrity endorsement as an indication of the authenticity of the brand was not considered at all. Consumers argued that celebrities will endorse many things if they are paid enough money to do so. The Self-made, Business magnate and Money aristocracy segments were the three segments demonstrating the most use of approximate authenticity and iconic cues and all three segments made use of moral authenticity and iconic cues. Atwal and Bryson (2014) suggest that these three segments are more educated on and experienced with luxury brands, compared to the Deluxe aspirers. This provides a possible explanation as to why these forms of authenticity will be more common amongst them.

The reactions of consumers to the notion of opportunistic luxury brands in the South African market, demonstrated that they did not perceive these brands to be true or authentic luxury. Some consumers even demonstrated a sense of frustration and anger with what consumers are charged in South Africa for international brands. It was however argued that the use of cues such as pricing and place of purchase creates the perception of luxury, and that this could explain why it will therefore be perceived as luxury in South Africa. A belief also exists among the luxury consumer segments that this approach works because consumers in South Africa are not educated on the international image of brands. The Deluxe aspirers had the least knowledge of opportunistic luxury branding as they had not travelled as much as the other three consumer luxury segments, and showed the greatest concern that this practice occurred in the marketplace. However, this segment also indicated the information on opportunistic luxury branding only affected their perceptions of these brands negatively to some extent.

The Self-made segment was somewhat divided on opportunistic luxury branding. While these brands were viewed as authentic luxury because of the high quality of the product, some Self-made consumers felt strongly that this approach meant these are entry-level brands (not luxury items), and this practice is effective simply because consumers are unaware of the perceptions of the brand outside South Africa. The Business magnate segment made it clear that they did not perceive these brands as luxury, because they are well aware of the image of these brands on the international market and also argued that true luxury will aim for consistent global pricing. The Money aristocracy segment showed a concern for the pricing compared to what is offered, and argued that it would be ideal if these brands were sold at the same prices as their countries of origin in the South Africa market. They however felt that this would risk the luxury brand image because more people would be able to afford it, which removes the scarcity and exclusive characteristic which is deemed important by this segment.

This research is not without its limitations. The analysis and interpretation of qualitative data are subjective and it can be difficult to settle on a true interpretation (Zikmund & Babin, 2007). The findings may also not be generalised to the greater population of luxury consumers in the South African market. One could also argue that these market segments are fluid and that the characteristics associated with each of these four luxury market segments will change as the market grows and consumers gain more exposure to and experience with luxury brands. Advantages however include that in-depth interviews are suited to provide more insight into an individual’s thoughts on a particular topic and are more likely to discuss sensitive topics (Zikmund & Babin, 2007).

MANAGERIAL IMPLICATIONS

The research allows for the identification of several implications for managers. Firstly, motivation to consume luxury brands revealed that high quality is a core code of luxury in this market. This suggests the importance of providing consistently high quality to this market, in order to secure a true image of luxury. Quality is also predominantly evaluated through physical inspection as a form of authentication. Luxury fashion brands should therefore take great care to ensure that all products sold at retail outlets are without fault. Secondly, international luxury brands have an advantage in entering this market, as these brands are widely known and there is an unequivocal perception that international brands are of a higher quality than locally produced brands. This notion presents a challenge to South African luxury fashion brands wishing to enter this market, as this perception seems deeply rooted. It would therefore require considerable promotion of local luxury items and emphasis on the quality of the items if the local brands were to be successful. Indeed, a “locally produced” positioning might not be the best initial strategy to introduce locally produced luxury in this market.

Thirdly, the portrayal of image and status in advertising communication of these brands will be beneficial to those targeting the Deluxe aspirer and Self-made segments, whilst the functionality of the designs as well as lasting value in the form of quality should be emphasised to brands targeting the Business magnate and Money aristocracy segments. Overly creative and abstract designs might therefore not appeal to the latter segments and a practical, functional and classic design is therefore recommended instead. The Self-made, Business magnate and Money aristocracy segments also showed a need for purchasing luxury brands with true intent rooted in substance and credibility, and use this as a cue to establish the authenticity of luxury brands. These segments also further indicated that their luxury purchases are often justified in the form of self-gifting, as a reward for hard work. These elements should be considered in luxury brand communications and positioning to the brands targeting these three segments. Atwal and Bryson (2014) suggest that the Deluxe aspirers and Self-made segments currently make up the largest portion of the South African luxury brand market.

FUTURE RESEARCH

Suggestions for future research include an empirical evaluation of the findings through the use of quantitative research, in order to statistically test the findings on consumer motivations and consumer use of authenticity. Perceptions of and the development of the notion of opportunistic luxury brands may also be pursued. Exploring brand meaning, context and co-creation amongst the different segments in this market, might also provide valid contributions to further understanding this market for luxury brands. An interesting finding here was that the Polo brand in South Africa is not the original Ralph Lauren Polo, and that consumers in South Africa have very little knowledge of this. Considering the huge impact of international image in this market, a study further investigating consumer reaction to the knowledge of this particular brand as being local and not international, might provide further opportunity to better understand luxury consumption in the South African market.

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