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The South African cherry picking consumer's price knowledge and gender issues

Abstract

Consumer knowledge and expertise of industries prices, products and store location add to the ease at which consumers are able to cherry pick. Consumers are informed of discounted prices on products as well as the product assortment of a particular store, through marketing and store promotions. Cherry picking can be defined as taking the best and leaving the rest and, therefore, cherry picking is used to portray both buyer and seller behavior in retailing. Various sellers can be viewed as those who are selective about which consumer profile they choose to target, whereas consumers are selective about which products or services they purchase.

The study aims to establish the relationship between consumer knowledge and gender in selecting grocery items and whether price knowledge and gender have a positive effect on cherry picking in selecting groceries in South Africa.

The research indicates that there is a significant relationship between consumer knowledge and gender in selecting grocery items. Gender has an influence on the knowledge that the South African consumers have on product prices, type of stores and product assortment. The study also shows that consumer price knowledge and gender have a positive effect on cherry picking in selecting groceries. From the research results it can be concluded that South African consumers are able to confidently cherry pick over more than one day due to their increased knowledge of prices offered on different products at different stores. If consumers have a broader knowledge of prices they are able to participate in the act of cherry picking easier than a consumer who has selected knowledge thereof.

The conducted research shows that consumers who are branded as cherry pickers are price sensitive shoppers with no brand loyalty but this market segment has been found to be sizable, heterogeneous, and potentially attractive for retailers, contrary to the myth that they are a retailers' nemesis. Therefore, retailers should strive to have the most attractive offers and weekly advertisements, in order to draw the cherry pickers in and obtain a greater turnover.

Keywords: consumer price knowledge, marketing strategy, store location, cherry pick, South African cherry picking, consumer gender.

JEL Classification: M31.

Introduction

Secondary research indicated (American Marketing Association, 2004; Aalto-Setälä & Rajas, 2003; Blackwell, Miniard & Engel, 2006; Churchill & La-cobucci, 2002) that consumer price knowledge and expertise of an industries prices, products and store location add to the ease at which consumers are able to cherry pick. They are informed of discounted prices on products as well as the product assortment of a particular store, through marketing and promotions. Price knowledge means the ability of buyers to keep prices in mind. Commodity prices in the market play a relevant role in consumer decision-making as they influence what, when, where and how much consumers buy as observed by Aalto-Setälä & Rajas (2003). It is of utmost importance that retailers incorporate strategies that target and meet the needs of this type of consumers, as it will ensure a larger market share and in turn a greater ROI.

The study aims to establish the relationship between consumer knowledge and gender in selecting grocery items and whether price knowledge and gender have a positive effect on cherry picking in selecting groceries.

Cherry picking can be described as taking the best and leaving the rest, according to Fox and Hoch (2003; p.1). Cherry picking is used to portray both buyer and seller. Various sellers can be viewed as those who are selective about which consumer profile they choose to target, whereas consumers are selective about which products or services they purchase. Consumers who are branded as cherry pickers are price sensitive shoppers who tend to delay purchases or move from one shop to another looking for a better deal with regard to price, product variety and assortment. Levy and Weitz (2004) define cherry picking as "... consumers who visit a store and only buy merchandise sold at big discounts". Other factors that influence a consumer to cherry pick are store location, store preference and consumer expertise/knowledge.

Retail marketing strategy serves as the fundamental underpinning of marketing plans designed to reach marketing objectives. A good retail marketing strategy should integrate an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole. The objective of a marketing strategy is to provide a foundation from which a tactical plan is developed. This allows the organization to carry out its mission effectively and efficiently.

1. Reason for the study

There have been numerous studies conducted on the effect of cherry picking on consumer price knowledge and gender in selecting groceries in the USA and Europe but very limited research has been done on these two constructs in a South African context.

2. Objectives of the study

The study aims to establish the relationship between consumer knowledge and gender in selecting grocery items whether price knowledge and gender have a positive effect on cherry picking in selecting groceries and whether there is a relationship between consumer knowledge and gender. To achieve these objectives the following hypotheses were set:

H₁: Consumer price knowledge has a positive effect on retail marketing strategy.

H₂: Consumer price knowledge has a positive effect on cherry picking in selecting groceries.

H₃: There is a significant relationship between consumer knowledge and gender.

The hypotheses form the object of the article discussion.

3. Literature review

The literature explored in this section focuses on the effect of consumer price knowledge and gender on cherry picking in selecting groceries.

3.1. The effect of consumer price knowledge on marketing strategy. Commodity prices in the market play a relevant role in consumer decision-making, as they influence what, when, where and how much consumers buy (Alba et al., 1999, p.100), and therefore, studying consumers' price awareness is highly relevant. Price awareness or price knowledge means the ability of buyers to keep prices in mind (Aalto-Setälä & Raijas, 2003, p.181). The majority of past studies on pricing have pointed out that consumers generally have very limited knowledge of prices. Price knowledge has, therefore, become the subject of increasing research interest. The consumers' price knowledge and genders effect on consumers' selection of grocery items can be influenced by numerous factors, which may be related to the characteristic of the consumer or the product category (Estelami, 1998, pp. 254-256). The demographic background (for example, age, gender and income) of consumers may affect their interest in products as well as their expertise as to their prices. It has been researched that females, who account for the larger percentage of purchases of grocery products, would be more knowledgeable about prices in this category than males (Market Research Bureau,

2004). Estelami (1998, p. 256) researched the influence of demographics on price knowledge in the grocery shopping industry and, therefore, the following hypothesis was set.

H₁: Consumer price knowledge has a positive effect on retail marketing strategy.

Venhuele and Dreze (2002, p.78) revealed that there are different levels of price knowledge that a consumer can be found on. On the first level, there is no price knowledge, the second level reflects recognition of large price differences but this is still not perfect. The third level represents a consumers' ability to recall a price within a 5% difference from the actual price set. The last level represents a consumer's ability to accurately recognize the actual price of a product. This level is representative of the highest and rarest form of price recall. Venhuele and Dreze (2002, p. 80) also deduced that cherry picking has no impact on price knowledge, due to their increased task complexity from the average shopper.

3.2. The effect of consumer price knowledge on cherry picking in selecting groceries. There are many definitions and descriptions of cherry pickers that have been compiled by various researchers (Fox & Hoch, 2003; Gauri, Sudhira & Talukdar, 2005; Levy & Weitz, 2004). Based on these definitions, cherry pickers can be defined as "... purchasers who examine the different proposals of several retailers and pick out the best over one or more days. They are characterized as price sensitive and well informed customers, as they construct pre-determined shopping trips from promotions and sales advertisements previously viewed so that the best deals are utilized".

The American Marketing Association (2004) defines cherry picking as "... a buyer selection of only a few items from one's line and others from another line, failing to purchase a complete line or classification of merchandise from one source". Due to the shopping style of these customers, many affected retailers question their brand and store loyalty. Gauri, Sudhir & Talukbar (2005, p.1) argue against the loyalty aspect of this definition as they found that cherry pickers can indeed be store loyal as they delay their shopping trip over time in order to get a better price deal at the same store.

Secondary research done by the American Marketing Association (2004) shows that cherry pickers either keep a different reference price for each store they pick from or create an average reference price from several different sources. This may also lead to the lack of price knowledge. We will investigate if this statement holds true for the South African industry, therefore, the following hypothesis was set:

H₂: Consumer price knowledge has a positive effect on cherry picking in selecting groceries.

Although it is important that consumers are informed of the different prices offered at various places, it will benefit them even more if they have a general understanding of the retail industry as a whole. Findings from the research conducted by Fox and Hoch (2003) indicate that this market segment is sizable, heterogeneous, and potentially attractive for retailers, contrary to the myth that they are a retailers' nemesis. The composition of the main decision-makers in a household and their different characteristics could determine cherry picking to a greater or less degree (Fox and Hoch, 2003, p.12). See Table 1 below a better description.

Table 1. Description of typical cherry pickers

Type of household	Probability for cherry picking to occur
Larger households	More likely to cherry pick
Household with senior citizens	More likely to cherry pick
Household with homeownership	More likely to cherry pick
Wealthy household	Less likely to cherry pick
Household with a working adult female	Less likely to cherry pick

Note: Adapted from Fox, E.J. & Hoch, S.J. (2003). Cherry Picking // *Journal of Marketing*. 69 (1). [Online] Available from: <http://proquest.umi.com> [Accessed: 24/01/2006]. p. 12.

From the deductions made above in Table 1, one can conclude that cherry picking has a meaningful influence on the retail industry from an economic point of view, and, therefore, is a cause of concern for the affected retailers of today. A consumers understanding and intellect of the retail industry have a significant influence on their propensity to cherry pick. Consumer knowledge will, therefore, be discussed as the next important construct put under investigation in this study.

3.3. Consumer knowledge and gender. Consumer knowledge or expertise is generally defined as a consumers' confidence or experience in shopping. Knowledgeable consumers are those who are well informed or "clued up" on the prices of products, the types of stores as well as product assortment. These consumers generally feel comfortable in sharing this knowledge with others as they see themselves as a good source of reference. Consumers inform themselves by searching for information on promotional material and constantly updating themselves on the latest product on the market or price specials at certain stores. If a consumer is enlightened through various media channels and word of mouth, they begin to store this information in their memory and begin to feel confident in their knowledge and, therefore, if information is required from

them, they share it with the thought of being a good source of information.

H₃: There is a significant relationship between consumer knowledge and gender.

The method of analysis chosen and the results, thereof, will be discussed next.

4. Methodology

The sampling, data collections and measures of the research are analyzed in this section.

Grocery shoppers were the targeted population of this study. The sample was targeted through the use of mall intercept and interviewer-administrated personal interviews at a variety of shopping malls. The sampling frame was obtained from different shopping malls found in Pretoria (Tshwane), South Africa, based on convenience. Shopping malls found in areas representing the different LSM groups were targeted, thus affording the researchers a closely representative sample of the population of Pretoria (Tshwane).

A realized sample size of 176 was obtained from a target sample size of 250 with 100% of the questionnaires being usable. This could be attributed to the use of personal interviews as a data collection method. The data collection method is now discussed in more detail.

A pilot study was conducted on the questionnaire through 10 quasi interviews. Respondents were selected based on convenience and only the "main family grocery shopper" was allowed to participate.

Data collection took place over a span of three days through the use of personal interviews at ten different shopping malls within the Pretoria (Tshwane) region. Well trained interviewees were used to conduct the research, thus, decreasing the chance of error and bias. According to Tustin et al. (2009, p.155), personal interviews are regarded as one of the most viable options to use in testing variables like cherry picking and consumer knowledge. Three different times slots in the day were used (morning, afternoon and early evening) whereupon research was conducted, thus allowing the researches to capture a wider spread of respondents.

5. Measures

This study's main constructs of consumer price knowledge, cherry picking and gender were measured using Likert-type scales as opposed to the demographic variables (income, age, and gender) whose questions delivered only nominal data. The basic scale design, therefore, consisted of a Likert-

type scale with five scale points (with labels ranging from “strongly agree” to “strongly disagree” and “not well informed” to “very well informed”). This scale was found to be highly reliable with a Cronbach’s Alpha of above 0.7. No items on any of these scales were reverse scored. The results of the study are shown below.

6. Research results

In this study, the research results were described by using descriptive statistics and inferential statistics.

6.1. Descriptive statistics. The study shows that the majority of respondents who participated in this study were female (67%) with an average age of between 24 and 28 years (30%). A relatively diverse spread of language across respondents was obtained with most respondent’s preferred language being Afrikaans (50%), and 37 percent of the respondents English as their preferred language, while only 13 percent speak North Sotho. The race of the respondents was an important variable in indicating what effect price knowledge and gender have on a consumers’ propensity to cherry pick. The response is summarized in Figure 1.

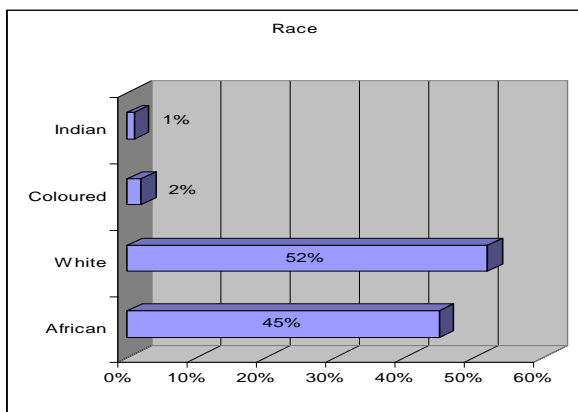


Fig. 1. Socio-demographic profile – race

From the data represented above in Figure 1, the response with regard to the race of the respondents, it seems that 52 percent of the respondents were white and 45 percent were African, compared to 2 percent colored and one percent of Indian respondents. The outcome of this statistic can possibly be explained due to the selection of shopping centers during data collection.

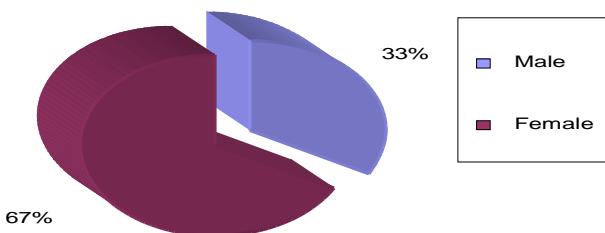


Fig. 2. Socio-demographic profile – gender

It can be clearly seen from Figure 2 that the majority of the respondents who completed the questionnaires were females, showing a strong 67% compared to the 33% of male respondents. This can also be explained due to the time periods during which data collection took place. The bulk of the data collection took place in the morning, early afternoon and late afternoon, therefore, the majority of the respondents were housewives and senior citizens with a smaller percentage of the working population.

The hypotheses set for this study are stated in the next section from which the above was tested and analyzed.

6.2. Empirical and inferential statistics. In this study the researchers describe the sample data as means, standard deviation and proportions. Besides, they wish to make inferences about the population based on what was observed in the sample. Inferential statistics allow researchers to make inferences concerning the true differences in the population (Tustin et al., 2009).

6.3. The effect of consumer price knowledge on marketing strategy. The gender of consumers may have an influence on their interest in products and their expertise as to their prices which may affect the retail marketing strategy. It has been researched that females, who account for the larger percentage of purchases of grocery products, would be more knowledgeable about prices in this category than males (Market Research Bureau, 2004). This study would like to investigate if this statement holds true for grocery items purchased in South Africa. To achieve the objectives of the study and to determine the price knowledge and gender relationship of consumers when they do grocery shopping, the following hypotheses were formulated:

H₁: Consumer price knowledge has a positive effect on retail marketing strategy.

H₂: Consumer price knowledge has a positive effect on cherry picking in selecting groceries.

H₃: There is a significant relationship between consumer knowledge and gender.

Where $H_{01}: \mu_1 \neq \mu_2$, $H_{A1}: \mu_1 = \mu_2$.

6.4. Empirical hypotheses tested. The hypotheses will be empirically tested next.

H₁: Consumer price knowledge has a positive effect on retail marketing strategy.

Table 2. Pearson correlation between consumer price knowledge, gender and retail marketing strategy

Data		Correlation between consumer price knowledge, gender and retail marketing strategy	Total: consumer price knowledge, gender and retail marketing strategy
Correlation between consumer price knowledge, gender and retail marketing strategy	Pearson correlation	1	.047
	Sig. (2-tailed)	.	.348
	N	167	166

In analyzing H0₂, the researchers conducted a Pearson correlation test between the variables: consumer price knowledge and gender. Table 2 shows that there is a significance relationship between the two as the p-value is 0.047 for both at a 0.05 significant level. When conducting the z-test, H0₂ was rejected, therefore accepting Ha₁. Therefore, by accepting Ha₁, one may conclude that there is a significant correlation between price knowledge and gender. The table below portrays the results of a cross tabulation between the two constructs tested in this hypothesis.

Table 3. Cross-tabulation of price knowledge and gender

		Male	Female
How informed are female and male respondents with regard to prices of products?	Not very well informed	60%	30%
	Indifferent	16%	17%
	Very well informed	24%	53%
Total		100%	100%

Table 3 shows that 53 percent of the female respondents are of the opinion that they are well informed about prices of grocery products compared to 24 percent of the male respondents. Table 3 also shows that 60 percent of the male respondents admit that they are not very well informed compared to only 30 percent of the female respondents. The study shows that females are more knowledgeable about prices of grocery products.

6.5. The effect of consumer price knowledge on cherry picking in selecting groceries.

H₂: Consumer price knowledge has a positive effect on cherry picking in selecting groceries.

The research aims to establish whether consumer price knowledge has a positive effect on cherry picking in selecting groceries in South Africa and, therefore, the following hypotheses were set:

H₀₂: $\mu_1 \neq \mu_2$.

H_{A2}: $\mu_1 = \mu_2$.

The hypotheses will be empirically tested next.

Table 4. Pearson correlation on the effect of consumer price knowledge and gender on cherry picking

Data		Effect of cherry picking on consumer price knowledge and gender	Total: price shop across stores and gender
Effect of cherry picking on consumer price knowledge and gender	Pearson correlation	1	.037
	Sig. (2-tailed)	.	.348
	N	167	166

Table 4 indicates the Pearson correlation on the effect of consumer price knowledge on cherry picking in selecting groceries. These variables were correlated through the use of the Pearson correlation test. The results show that there is a significant relationship between these variables with the p-value of 0.037 at a 0.05 significance level, therefore, the null hypothesis is rejected as 0.037 is smaller than the p-value. The study shows that consumer price knowledge has a positive effect on cherry picking in selecting groceries.

From the results found above it can be concluded that South African consumers are able to confidently cherry pick over more than one day due to their increased knowledge of prices offered on different products at different stores. If consumers have a broader knowledge of prices they are able to participate in the act of cherry picking easier than a consumer who has selected knowledge thereof.

6.6. Consumer knowledge about product prices, type of stores and product assortment and gender.

H₃: There is a significant relationship between consumer knowledge and gender.

Consumer knowledge as indicated in section 4 is the consumers' confidence or experience in shopping. Knowledgeable consumers are those who are well informed on the prices of products, type of stores as well as product assortment. The respondents were asked whether they know a lot about product prices, type of stores as well as product assortment. The response is summarized in Figure 3.

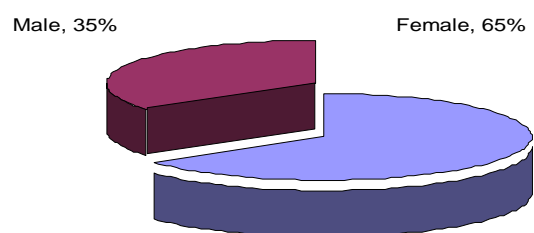


Fig. 3. Knowledge about product prices, type of stores as well as product assortment

From Figure 3 it is clear that female respondents are more knowledgeable about product prices, type of stores and product assortment. As to the female respondents, 65% indicated that they are well informed, compared to 35% of male respondents.

The research also aimed to establish whether gender has an influence on the knowledge that the South African consumers have on the prices of products, type of store and product assortment and, therefore, the following hypotheses were set:

$$H_{03}: \mu_1 \neq \mu_2,$$

$$H_{A3}: \mu_1 = \mu_2.$$

Table 5. Pearson correlation between consumer knowledge and gender

Data		Correlation between price knowledge	Total: price knowledge
Correlation between price knowledge	Pearson correlation	1	.045
	Sig. (2-tailed)	.	.348
	N	167	166

In Table 5, the variables were correlated through the use of the Pearson correlation test. The results show that there is a significant relationship between these two variables with the p-value of 0.045 at a 0.05 level significance, thus the null hypothesis is rejected as 0.045 is smaller than the p-value. Therefore, the hypothesis testing indicated that there is a significant relationship between consumer knowledge and gender.

From the results found above it can be concluded that there is a significant relationship between consumer knowledge and gender and that gender has an influence on the knowledge that the South African consumers have on product prices, type of stores and product assortment.

7. Hypotheses are rejected or confirmed

The following hypotheses were formulated and below it is indicated whether hypotheses are rejected or confirmed, with also a summary indicating that the hypotheses have been formulated and empirically tested.

H₁: Consumer price knowledge has a positive effect on retail marketing strategy.

The results indicated in Table 2 show that there is a significant relationship between the two as the p-value is 0.047 for both at a 0.05 level of significance. When conducting the z-test, H₀₂ was rejected, therefore, accepting H_{A1}. Therefore, one may conclude that there is a significant correlation between price knowledge and gender.

H₂: Consumer price knowledge has a positive effect on cherry picking in selecting groceries.

The results show that there is a significant relationship between these variables (Consumer price knowledge and cherry picking) with the p-value of 0.037 at a 0.05 significance level, therefore, the null hypothesis is rejected as 0.037 is smaller than the p-value. The study shows that consumer price knowledge has a positive effect on cherry picking in selecting groceries.

H₃: There is a significant relationship between consumer knowledge and gender.

The imperial hypothesis testing results show that there is a significant relationship between these two variables (consumer knowledge and gender) with the p-value of 0.045 at a 0.05 significance level, thus the null hypothesis is rejected as 0.045 is smaller than the p-value. Therefore, the empirical testing shows that there is a significant relationship between consumer knowledge and gender.

8. Managerial implications

Knowledge regarding cherry picking behavior will enable retailers to get a higher wallet share from even its price sensitive shoppers, while at the same time charging higher prices for its price insensitive customers. The retailers must be aware of the fact that much of the savings on cherry picking trips is due to the purchase of more promotional items, where savings are subsidized by manufacturer discounting. Thus, the burden of cherry picking is borne by both retailer and manufacturer. The implication of marketing for retailers is that they need to find a balance between “specials” and cherry pickers as well as “regular” customers. This is important for the survival of the retailer over time.

Retailers must also make an effort to embrace this segment as it accounts for such a large percentage of the population. Cherry pickers build price competitions between retailers, therefore, they should strive to have the most attractive offers and weekly advertisements, in order to draw the cherry pickers in and obtaining a greater turnover.

Conclusion and recommendations for future research

The research could be extended and conducted over weekends and in the earlier evening, thus taking into consideration the working population who only get the chance to conduct their shopping trips during these periods. A larger sample of South Africa needs to be considered in order to create a “truer” representation of the shopping habits of South Africans. A 50-50 sample population with regards to men and women should be

attained in order to measure the true level of price knowledge and consumer knowledge.

The study aims to establish the relationship between consumer knowledge and gender in selecting grocery items and whether price knowledge and gender have a positive effect on cherry picking in selecting groceries.

The research indicates that there is a significant relationship between consumer knowledge and gender selecting grocery items. Gender has an influence on the knowledge that the South African consumers have on product prices, type of stores and product assortment. The study also shows that consumer price knowledge and gender have a positive effect on cherry picking in selecting groceries.

From the research results it can be concluded that South African consumers are able to confidently cherry pick over more than one day due to their increased knowledge of prices offered on different

products at different stores. If consumers have a broader knowledge of prices they are able to participate in the act of cherry picking easier than a consumer who has selected knowledge thereof.

Limitations of the study

Research was only conducted in shopping malls within the Pretoria (Tshwane) area, therefore, this study is not truly representative of the South African population.

No research was conducted over weekends and in the early evening; this could, therefore, have an impact on the final results of this study as some people conduct their shopping trips during this time.

A larger percentage of females than males completed the questionnaire, and, therefore, this may have a bearing on the stronger results shown on females to that of males.

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