Introduction to
CONSUMER BEHAVIOUR

Only Study Guide for
MNM1505



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Pretoria

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Printed and published by the
University of South Africa
Muckleneuk, Pretoria

MNM1505/1/2018–2020

70521239

Indesign

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PREFACE

1 INTRODUCTION

Dear student

Welcome to the module Introduction to Consumer Behaviour (MNM1505). We hope that you will find this module interesting, meaningful and enriching.

The aim of this module is to enable you to gain a better understanding of the basic principles of consumer behaviour. It explains the principles of consumer behaviour, which will enable you to analyse and predict consumers' behaviour in the marketing context.

The field of consumer behaviour is extremely dynamic and challenging. The learning content and activities contained in this Study Guide will therefore provide you with opportunities to explore the latest developments in this field and help you to discover the field of consumer behaviour as it is practised today.

It is important to note that consumers are different and may take on different roles in the purchasing decisions in which they participate. To understand their consumers, marketers need to know everything they can about them – what they want and think, and how they work and play. Marketers need to understand the personal and group influences that affect consumers' decisions, and how these decisions are made. This module deals with a wide spectrum of important aspects related to consumer behaviour.

The MNM1505 module is offered by the Department of Marketing and Retail Management. Please do not hesitate to contact us by means of myUnisa, via e-mail or by visiting our offices at the Muckleneuk Campus in Pretoria. Should you wish to visit us on campus, please remember to arrange an appointment beforehand (office hours: 08:00–16:00).

2 OUTCOMES AND ASSESSMENT CRITERIA

Outcomes	Assessment criteria
Critically discuss the nature of consumer behaviour and the decision-making process.	• The scope of marketing is understood in relation to the relevant literature. • The meaning of consumer behaviour can be defined according to relevant literature. • The importance of consumer behaviour can be explained in accordance with relevant literature. • The role of consumer behaviour in marketing and the importance of consumer behaviour to marketers can be explained.

Outcomes	Assessment criteria
	• The various macro-environmental factors influencing consumer behaviour can be explained according to relevant literature. • The basics of consumer research and the stages in consumer research are understood and can be applied practically. • The consumer decision-making process, and aspects of the process, can be explained in accordance with the relevant literature and can be applied practically. • The stages in the decision-making process can be explained with the aid of relevant and practical examples.
Demonstrate knowledge and an understanding of the various individual factors influencing consumer behaviour.	• Market characteristics and the personal characteristics of consumers can be explained with the aid of practical examples. • The various age cohorts can be explained as well as how the various age generations make purchase decisions. • The full scope of consumer perception and the perceptual process can be discussed in relation to the relevant literature and with the aid of practical examples. • Consumer learning and memory can be described in relation to the relevant theory. • The nature of consumer personality, lifestyle and the self-concept can be discussed in relation to the relevant literature and with the aid of practical and relevant examples. • Consumer motives, emotions and values in consumer behaviour can be explained in relation to the relevant literature. • The nature of consumer attitudes and attitude changes in consumer behaviour can be explained in relation to the relevant literature and with the aid of practical examples.
Demonstrate a knowledge and understanding of the group factors that influence the behaviour of consumers.	• The role and importance of family as a primary reference group can be discussed. • Knowledge and understanding can be illustrated of all the functions of the family in influencing the behaviour of the consumer in relation to the relevant literature. • The various stages in the family life cycle can be named, discussed and practically applied. • Knowledge and understanding can be illustrated of the influence of culture and the cultural values in relation to the relevant literature and with the aid of practical examples.

Outcomes	Assessment criteria
	• The concept of reference groups, the importance of reference groups and their effect on the purchasing behaviours of individuals can be fully comprehended. • The scope of reference groups, opinion leaders and social class can be explained in accordance with the relevant literature, and knowledge and understanding of their influence of consumer behaviour can be fully comprehended.
Demonstrate knowledge and understanding of market segmentation, targeting and product positioning.	• Knowledge and understanding can be demonstrated of the various aspects of market segmentation, targeting and product positioning in relation to relevant literature and with the aid of relevant and practical examples.
Demonstrate a knowledge and understanding of relationship marketing (RM) and customer relationship management (CRM).	• The full scope of relationship marketing (RM) can be explained in accordance with the literature. • The full scope of customer relationship management can be explained in accordance with the literature and with the aid of practical and relevant examples. • The concept and scope of customer engagement and customer loyalty can be discussed.

3 LEARNING UNITS

TOPIC 1: INTRODUCTION TO CONSUMER BEHAVIOUR

Learning unit 1: The nature of consumer behaviour

Learning unit 2: The consumer decision-making process

TOPIC 2: INDIVIDUAL FACTORS INFLUENCING CONSUMER BEHAVIOUR

Learning unit 3: Personal characteristics of the consumer

Learning unit 4: Consumer perception and learning

Learning unit 5: Personality, lifestyle and the self-concept

Learning unit 6: Consumer motives, emotions and values

Learning unit 7: Consumer attitudes and attitude change

TOPIC 3: GROUP FACTORS INFLUENCING CONSUMER BEHAVIOUR

Learning unit 8: Family and cultural influences on consumer behaviour

Learning unit 9: Influence of reference groups, opinion leaders and social class on consumer behaviour

TOPIC 4: MARKET SEGMENTATION, TARGETING AND POSITIONING

Learning unit 10: Market segmentation, targeting and positioning

TOPIC 5: RELATIONSHIP MARKETING (RM) AND CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Learning unit 11: Building relationships with customers

TOPIC 1

Introduction to consumer behaviour

AIM

To help you develop an understanding of the nature of consumer behaviour and how to do consumer research.

LEARNING OUTCOMES

After studying this topic, you should be able to do the following:

- demonstrate an understanding of the nature of consumer behaviour
- explain and discuss the concept of consumer behaviour and apply the consumer behaviour model
- discuss the various macro-environmental factors influencing the behaviour of consumers
- explain the role of consumer research in consumer behaviour and how it can be used by the marketer
- understand and discuss the consumer decision-making process with relevant examples

TOPIC CONTENT

Learning unit 1: The nature of consumer behaviour
Learning unit 2: The consumer decision-making process

Learning unit 1

The nature of consumer behaviour

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1.5.9 Step 9: Preparing the report
1.6 Summary
1.7 Case study with questions
1.8 Reflection
1.9 Self-assessment questions

OVERVIEW OF THIS LEARNING UNIT

This learning unit sets the foundation for the module by discussing the nature of consumer behaviour. Understanding why consumers buy certain products, how they buy and who or what influences their behaviour are important facets retailers, organisations and marketers need to understand to be successful. We try to understand these behaviours so that we, as marketers, can position our products or services to enable businesses to cater for the needs and wants of their customers. Satisfying consumer needs is our main game, creating loyalty and customer retention is what we attempt to achieve.

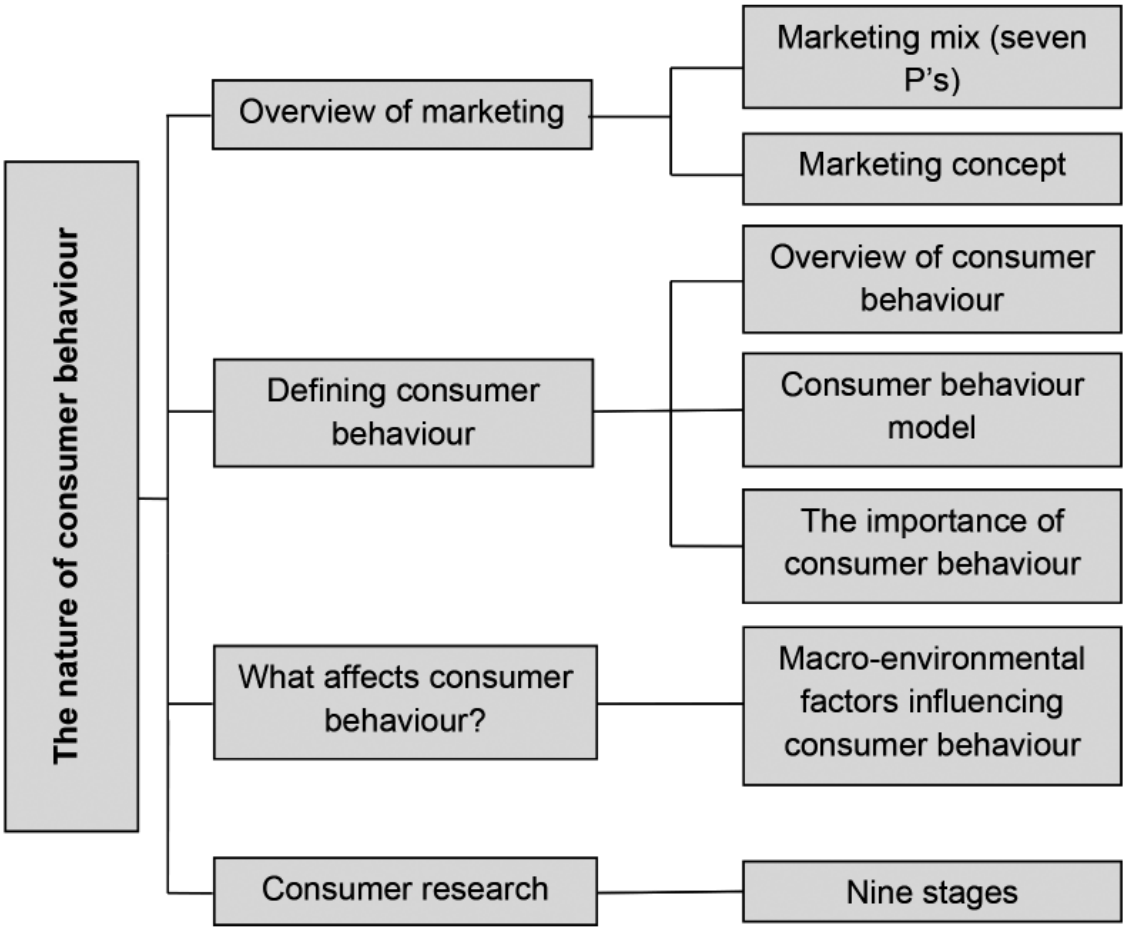
Marketing may seem to be a general profession, perhaps focusing only on sales or advertising – and unfortunately in some businesses the marketing discipline is seen in this way – but in fact, marketing is a well-developed, multifaceted profession that needs to combine all the elements of management, vision, direction, organisational reputation, political conditions, threats, opportunities and even a little bit of psychology. That is why the study of consumer behaviour is critical to the development of your marketing or business profession.

As marketers, we need to understand issues such as

- how consumers think, feel and reason when purchasing products or services
- aspects in the environment that can affect consumers' purchasing decisions
- individual and group factors that influence the behaviour and decision making of consumers
- family decision-making principles – who influences the purchasing decision, who purchases and who consumes the product
- how the lack of knowledge of certain products can hamper purchasing behaviour
- how store layout, design and visual merchandising affect purchasing power

Ultimately, we will never fully understand our consumers, their behaviours and decisions; nevertheless, through the knowledge that you will receive throughout this module, you will be well on your way to achieving the necessary understanding of how various consumers behave.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- define and discuss the concept of marketing
- explain the extended marketing mix and give practical examples of each
- describe what the marketing concept entails and discuss the five principles of the marketing concept
- define and discuss the concept of consumer behaviour
- explain and apply the consumer behaviour model
- discuss the importance of consumer behaviour to marketers
- discuss the various macro-environmental factors affecting consumer behaviour
- discuss and illustrate your understanding of the macro-environmental factors influencing the behaviour of consumers
- explain the various stages in consumer research and apply each stage practically
- discuss the important facets of consumer research

KEY CONCEPTS



- Marketing
- Marketing mix (seven P's)
- Extended marketing mix
- Marketing concept
- Consumer behaviour
- Consumer activities
- Consumer response
- Needs
- Stimuli
- Macro-environmental factors
- Consumer insight
- Consumer research
- Qualitative and quantitative research
- Sampling
- Sampling frame
- Probability sampling
- Non-probability sampling

1.1 INTRODUCTION

Although great attention is given to marketing as an important aspect of any organisation's success, and numerous managers are aware of the role marketing plays in achieving the organisational objectives; the concept of marketing is still unclear to many. Marketing may be seen to be a general profession, and many organisations and managers consider the discipline of marketing to include only selling and advertising. Although sales and advertising form a big part of marketing, marketing is a well-developed, multifaceted professional function that needs to combine all the elements of management, ideas, direction, reputation, political considerations, threats, opportunities and a bit of psychology. From a modern management perspective, the marketing concept goes beyond promoting and selling products and services using all means possible to maximise sales and profits. For this reason, the study of consumer behaviour is critical to the development of an organisation's marketing or business plan.

Before we discuss consumer behaviour in more detail, let's first explore where consumer behaviour fits into the bigger scheme of marketing.

1.2 OVERVIEW OF MARKETING

What does the concept of "marketing" entail? You are likely to come across various definitions, and numerous explanations of the term marketing. Marketing is a broad concept that has many different meanings to different people and there is not one agreed-upon definition. To some, marketing entails the mere promotion of products and services; to others it includes advertising products and services to increase sales and profits. Nonetheless, marketing entails all these and so much more.

Cant et al. (2006) describe marketing as a fundamental part of our daily lives. Marketing has two facets: first, it is a philosophy, an attitude, a perspective or a management-orientation that stresses customer satisfaction. Secondly, marketing is a set of activities used to implement the philosophy. The American Marketing Association (AMA) further defines **marketing** as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (AMA, 2016). This definition implies that marketing includes the basic task of making products and services available at a particular time and place. This definition seems to narrow marketing down to the supply of products and services to the consumer (Al-Jeraisy, 2008:12). Therefore, the following, more elaborate, definition of marketing will be considered for this module:

> "Marketing is a process where an organisation, in its drive to meet its organisational goals, focuses on meeting customers' needs and wants, by means of offering the right product, at the right price, at the right place, and by using the right marketing communication channels and which, in this process, strives to establish relationships with customers and to develop and grow these relationships with relevant stakeholders in an ever-changing environment" (Cant, Van Heerden & Ngambi, 2013:3–4).

Key aspects that can be taken from the definition of marketing are that the core purpose of any organisation is to be successful and profitable, thereby meeting and satisfying the needs and wants of customers. Furthermore, organisations should offer customers the right product, at the right place and price, by using the right promotional elements to reach their target market. This is generally referred to as the four P's of marketing, or the marketing mix. Although we will never fully understand the behaviour of consumers, the marketing mix can be used as a framework for consumer behaviour strategies. The next section briefly discusses the marketing mix or the four P's or marketing, which later expanded to the seven P's of marketing.

1.2.1 Marketing mix (seven P's)

Consumers are faced with various marketing stimuli from numerous companies at once. **Stimuli** are any elements of input that affect one or more of the five senses, namely sight, smell, taste, touch and hearing (Van Niekerk, 2014:51). The stimuli confronting individuals include the traditional marketing mix element. The **marketing mix** refers to a unique blend of product, place, promotion and pricing strategies designed to produce

mutually satisfying exchanges with the target market (Lamb, Hair & McDaniel, 2009:46). The marketing activities of any kind of organisation are normally concentrated around the traditional four P's, namely product, price, place and promotion.



Figure 1.1: Four P's of the marketing mix

- **Product**
  The product is the item being offered to customers to satisfy their perceived needs and wants; and will ultimately bring in the money for the organisation. Therefore, the features and design of the product need careful consideration. Organisations need to determine what product features will appeal to the target market for them to be successful.
- **Price**
  Have you ever wondered if the quality of a product is good if it is considerably cheaper than its competitors? The price of a product should be a reflection of the value to the customer and the quality of the product. The cost of the product or service will ultimately have an impact on the organisation's profit margins, supply and demand and the marketing strategy of the organisation.
- **Place**
  Place (or distribution) refers to making the products and services available to the customer, when and where the customer wants them. Distribution therefore refers to the logistical function of getting the product from the point of production to the place (store) where the customer wants the product/service. A product should be at the ideal location – this can be in a store or online.
- **Promotion**
  Having the right product at the right price means nothing if the benefits of the product are not communicated to the customer. Promotions therefore involve the marketing communication methods or channels used to inform the target market of the product offering, its benefits and differentiating factors. Promotion includes, for example, advertisements, social media marketing, direct marketing, personal selling, sales promotion, public relations and sponsorships.

Because the traditional four P's of the marketing mix catered primarily for the marketing of products, the concept was extended to include how a service would be marketed.

This ultimately led to the introduction of the extended marketing mix, or the seven P's of marketing, which include three additional P's, namely people, physical evidence and processes (Shilbury, 2014:7; Solomon et al., 2014:30; The Marketing Mix, 2016):

- **People**
  People refer to the individuals who serve the customer – the employees or staff members of the business who are in direct contact with the customers. Having the right people are extremely important for any business as they support the product and service of the business. For example, the sales staff, staff members working at the tills and the store assistants.
- **Physical evidence**
  Physical evidence refers to the physical environment where the exchange takes place. In other words, physical evidence is the visual or tangible cues of the service product, such as the design and look of the store, the packaging of the product, and the neatness of the staff and surrounds.
- **Processes**
  The last P refers to the processes, policies and procedures involved in serving the customer. Businesses have to ensure that they have a well-tailored process in place to maximise efficiency, costs and ultimately profitability. For example, when you order a Big Mac Meal from McDonald's, there are certain processes that take place in the restaurant to have your order ready in the quickest possible time. This ensures that McDonald's can serve more people in a certain time frame.



Figure 1.2: The marketing mix (seven P's)

Before you continue with the next section in the learning unit, click on the URL link below to watch the YouTube video, which further discusses the marketing mix.

A new look at the 4 P's of marketing:
https://www.youtube.com/watch?v=JlirzTdaey4

Have you noticed in the video that without one of the four P's of marketing, your organisation and your marketing campaign will be unsuccessful? All of the four P's have to work together towards a specific target market to be successful. The video summarises the four P's of marketing as following: (1) Product does not merely include the physical item, but the variety, quality, design, packaging and brand of your product offering; (2) Pricing considerations include retail pricing, discounts, bonuses, payment plans as well as credit terms offered to the customer; (3) Promotion includes advertising, personal selling, sales promotion, public relations, sponsorships, sales calls, brochures, e-mails and others; (4) Place (also known as distribution) includes how your customers find your product – are products delivered to the customer's door, at a retail location, can it be downloaded, supply and logistics. Pay close attention to the example in the video to understand the use of the marketing mix in practice.

Activity 1.1

Describe the four elements of the marketing mix and provide relevant examples for each.

Feedback

The elements of the marketing mix include the following:

- *Product: These are the product offerings the organisation makes available to the consumer. The product includes the physical items, packaging, warranties and guarantees, after-sales services, the brand name, company image, and others. A Lindt Lindor chocolate has many elements: the chocolate itself, the wrapping around the individual chocolates, the packaging of the individual chocolates, the customer satisfaction guarantee as well as the prestigious Lindt Lindor brand name and logo.*
- *Price: The product should be offered at the correct price that depicts the value and quality of the product. For example, you would expect to pay more for an Apple laptop than a Dell as consumers consider Apple products to be of better quality. Apple can therefore charge more for its product as it is perceived to be of good quality. You can also use a Rolex watch as an example. At a prestigious jewellery store in Sandton City, the Rolex costs R35 000, but the same watch can be bought at the China Mall for R500. The one priced at R35 000 is of better quality and the genuine product, while the one at the China Mall is probably counterfeit.*
- *Place: An organisation should make its product readily available to consumers when they want it and where they want it. A customer does not want to drive 50 km to an outlet selling potatoes. For example, Unilever sells consumer products through wholesalers and retailers, such as Pick n Pay, Spar, Shoprite and others.*
- *Promotion: Promotion includes the communication and selling (advertising) of the product or service offering to inform customers of the items. Promotions include ad-*

vertising, sales promotions, publicity, public relations and personal selling, such as Cell C billboards on the N1 highway or a radio or television advertisement.

1.2.2 Marketing concept

The marketing concept can be described as an ethical code or philosophy that governs all marketing initiatives. In this day and age, our marketing concept is to build and maintain long-lasting relationships with our customers. In other words, it is the way of thinking which determines the course of action about marketing functions (Jain, 2010:41). The marketing concept proposes that an organisation should determine its consumers' needs and aim to meet those wants and needs better than its competitors. For instance Ellis Brown Creamer is not just used in coffee and tea by its consumers. Through research the company determined that many consumers use creamer in cooking and baking, so the company now features recipes on the pack to entice its consumers to use the product in cooking.

The essence of the marketing concept lies in five principles, namely customer, production, sales, marketing and societal marketing orientation (Cant, 2010:6–10; Lamb et al., 2012:4–6):

- **Customer-orientation:** All actions should be aimed at satisfying the needs and wants of the customer – "the customer is king".
- **Production-orientation:** Production orientation is a philosophy that focuses on the internal capabilities of the business rather than on the desires and needs of the marketplace. Here, the business assesses its own resources and capabilities to determine what it does best, what it can offer, and what is easy to produce given the available resources.
- **Sales-orientation:** Individuals will buy products only if the business aggressively promotes these products. The sales orientation therefore focuses on aggressive sales techniques used by businesses to entice individuals to buy their products.
- **Marketing-orientation:** The marketing orientation articulates that the social and economic justification of an organisation's existence is the satisfaction of customer wants and needs while meeting the objectives of the business.
- **Societal marketing orientation:** The societal marketing orientation extends the marketing orientation by focusing on the needs and wants of the target market and delivering value better than competitors that preserves the consumer's and society's wellbeing.

Consumer behaviour plays a very important role in the marketing concept – many companies see the value in determining whether a product will actually be of value to a consumer before developing the product. The cost of launching a new product is significant; therefore it is vital that a company understands not only who its customers will be, but also their behaviour. For instance, a fragrance company that is contemplating launching a new perfume featuring a young music artist as spokesperson, must understand whether the consumer would be able to afford the product and what type of scent would be appealing to young people.

Now that you understand the basics of marketing and know where consumer behaviour fits in, let's define and discuss consumer behaviour.

1.3 DEFINING CONSUMER BEHAVIOUR



What does consumer behaviour entail? You might say that consumer behaviour refers to the study of how people make the decisions to buy products and services. However, consumer behaviour involves quite a bit more than merely the decision individuals make to purchase or not. Hoyer, MacInnis and Pieters (2013:3–4) define consumer behaviour as the totality of consumers' decisions with respect to the acquisition, consumption and disposition of goods, services, activities, experiences, people and ideas by decision-making units over time. Furthermore, Sahney (2014) explains that consumer behaviour is the "interplay of forces that takes place during a consumption process, within a consumer self and their environment." So what does all this mean?

Consumer behaviour is in essence the study of individuals, groups or organisations and the processes they go through to search for, select, purchase, use, evaluate and dispose of products, services, ideas or experiences (Van Niekerk, 2014:48). These decisions are based on and/or influenced by consumers' emotional, mental and behavioural responses that determine their purchasing behaviour. In a nutshell, consumer behaviour is about how individuals make decisions to spend their time and money and consume and dispose of the products they have purchased (Agarwal, ND:6). The definition implies that there are direct and indirect influences on the decisions of consumers, and that the decisions involve more than the buyer and the seller.

> **Consumer behaviour** entails the behaviour that customers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs (Joubert, 2010:1).

Consumer behaviour involves and deals with the understanding of individuals' buying patterns and behaviour by considering the following:

- **What** they purchase – products and services
- **Why** they purchase – their needs and wants
- **When** they purchase – time, daily, weekly, monthly, yearly, per occasion, etc.
- **Where** they purchase – place (supermarket, wholesaler, garage shop, etc.)
- **How** often they purchase – time interval of purchase
- **How** often they use it – the frequency of use

Let's use a simple example to illustrate consumer behaviour by answering the following questions:

1. What type of shampoo do customers purchase?
   For dry and damaged hair, for extra volume, for frizzy hair or for coloured hair
2. What brand do customers prefer to purchase?
   Dove, Head 'n Shoulders, Elvive or Pantene
3. Why do customers purchase shampoo?
   For soft and silky hair, for healthy looking hair, to have more volume or to protect coloured hair
4. Where do customers purchase shampoo most often?
   At their local supermarket, at the petrol garage shop, or at the wholesaler
5. How often do customers use shampoo?
   Every day, twice a day, every second day, twice a week, or once a week
6. How often do customers purchase shampoo?
   Weekly, monthly or every four months

It can therefore be said that consumer behaviour explains the reasons and logic that underlie the purchasing decisions, patterns and habits of individuals. There is hence an interplay between consumer behaviour, the consumer activities involved and consumer responses to products and services as shown in the figure 1.3.

1.3.1 Overview of consumer behaviour

From the figure below, it is clear that consumer behaviour comprises consumer activities and consumer responses, which ultimately influence their buying behaviour. An individual's activities (i.e. purchase, use and dispose of) have a direct influence on their emotional, mental and behaviour responses.

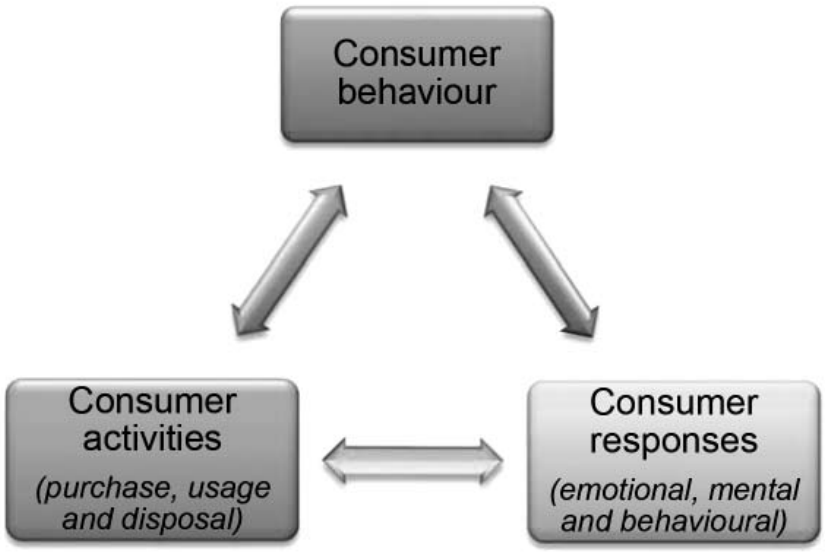


Figure 1.3: Overview of consumer behaviour

The **consumer activities** are associated with the purchasing, usage and disposal of products and or services. For example, when an individual buys a Coke, the individual has

made the decision to purchase a Coke at a petrol garage as they are thirsty *(purchasing activity)*. Usage activities depict when, where and how consumption takes place. For example, when the individual opens and drinks the Coke. Finally, disposal activities are ways in which the consumer discards products or packaging after they have been used, such as recycling, reuse or reselling (Van Niekerk, 2014:48).

Consumer response involves the emotional, mental and behavioural responses towards products and services. These responses ultimately influence the buying behaviour of consumers (Kardes, Cline & Cronley, 2011:11):

- **Emotional/affective response**
  Emotional or affective responses refer to an individual's feelings, emotions and attitudes at the time of purchase/decision making. For example, Susan is having a bad day at work and is feeling sad, she therefore buys chocolates and ice-cream to make herself feel better.
- **Mental/cognitive response**
  Mental or cognitive responses refer to an individual's opinions, thought processes, beliefs, and intentions about products or services. For example, an individual making a mental list to consider the pros and cons of the new television they would like to purchase. In other words, the individual is debating, in their head, whether to purchase the product or not.
- **Behavioural response**
  Lastly, behavioural responses include an individual's decisions, actions and activities during the purchasing, usage and disposal of the product and/or service. For example, when an individual is in the market to purchase a new car, they will pay attention to various car advertisements, read reviews, test-drive the car prior to purchase, discuss their decision with family and friends and regularly maintain the car after purchasing.

From the above discussion, it is clear that meeting the needs and wants of consumers are extremely important. A **need** can be described as a driver of human action which marketers try to identify, emphasise and satisfy, and around which promotional efforts are organised (Business Dictionary, 2016). A closer analysis of consumer behaviour also reveals potential influences on consumers, groups and organisations. A business should have a clear understanding of its customers and the numerous and diverse factors that influence their buying behaviours.

Now that we understand what consumer behaviour is, what are the various factors that influence the behaviour of consumers? In the next section we discuss the consumer behaviour model, which clearly depicts these factors and also provides a framework for the remainder of the document.

1.3.2 Consumer behaviour model

The consumer behaviour model provides an overview of the various steps in the consumer behaviour process (Kotler & Keller, 2009:92). The consumer behaviour model starts with the identification of the marketing stimuli (the marketing mix that was discussed in section 1.2.1) that have an influence on the behaviour of consumers and then continues with the group and individual factors affecting consumer decision making. These individual

and group factors are discussed in various learning units. These factors ultimately lead to the decision-making process where consumers follow a process to establish whether or not to purchase a product and or a service. The decision-making process is discussed in detail in the next learning unit (learning unit 2).

With the amount of information available to consumers these days, the organisation must ensure that it offers the best possible product and/or service compared with its competitors. We next look at the importance of understanding the behaviours of consumers.

1.3.3 The importance of consumer behaviour

It is important to understand how consumer behaviour influences the decision-making process as it helps the organisation to market and position its products and services correctly. The study of consumer behaviour is appropriately explained as the study of who, what, where, when and why consumers purchase products and services, as well as how often they purchase and use them. Information about the effective use of accessible resources customers have at their disposal and how consumption decisions are made is extremely valuable to market researchers (Joubert, 2013:6).

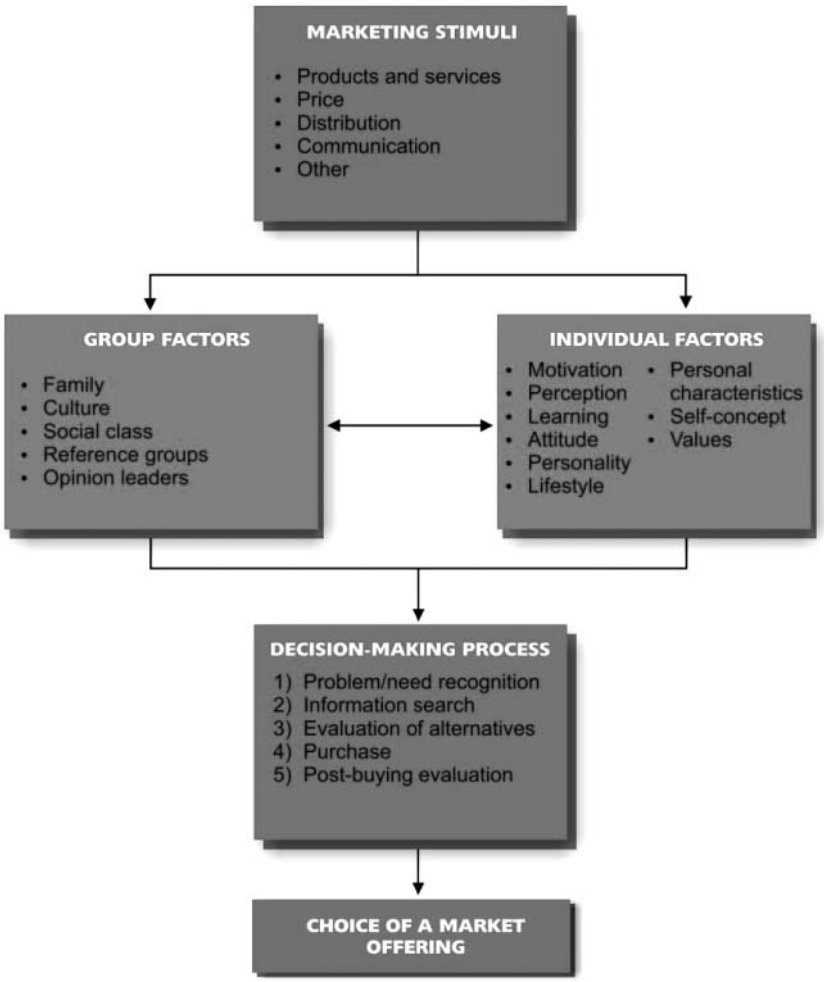


Figure 1.4: Consumer behaviour model

Source: Van Niekerk (2014:51).

As marketers, we need to have a thorough understanding of our customers' purchasing habits as it allows us to have a competitive advantage and to stay ahead of increased and intensified business rivalry. By learning more about how consumers behave and what influences that behaviour, businesses can gain a better understanding of why consumers buy, what they buy, or why they respond to certain stimuli. However, the ultimate goal of understanding and learning the behaviours of consumers, is so that businesses can satisfy the needs of customers, customer retention and, ultimately, long-term customer value (Joubert, 2013:6). Kardes, Cronley and Cline (2015:11) state that the main reason to study the behaviours of customers is to improve business performance – marketers who understand their customers can create better products and services, promote their product offering more effectively and develop marketing strategies that foster a sustainable competitive advantage.

Let us look at the micro-, macro- and market environmental factors and how these have an effect on consumers.

1.4 WHAT AFFECTS CONSUMER BEHAVIOUR?

There are many factors in the macro-, micro- and market environment that influence the behaviours of consumers. The **micro-environment** includes the management of the company while the market factors include a company's suppliers and competitors. The **market environment or marketplace** takes place in the organisation and includes aspects such as its competitors, suppliers, consumers and intermediaries. These parties have a direct influence on the organisation, while the organisation in turn also exerts an influence on the variables in the marketplace. The **macro-environment** is the conditions that exist in the economy as a whole, rather than in a particular sector or region. Seeing that the macro-environment exerts the most influence on the buying decisions and behaviours of customers, we will discuss the various macro-environmental factors in more detail.

1.4.1 Macro-environmental factors influencing consumer behaviour

The **macro-environment** is the collection of uncontrollable forces and conditions facing a person or a company, including demographic, economic, natural, technological, political and cultural factors (AMA, 2016). The macro-environment includes factors such as the gross domestic product (GDP), inflation, unemployment rate, disposable income, and the monetary and fiscal policy (Investopedia, 2016a). Unlike the micro- and market environment, organisations have no control over the factors in the macro-environment. An example would be the interest rate – it has a major impact on the amount of disposable income a consumer has to spend.

In this learning unit we focus on the macro-environmental factors as they have the biggest impact on the consumer.

1.4.1.1 Demographic factors

The **demographic environment** can be explained as the human population characteristics that surround a business and that greatly affect markets. The demographic environment includes factors such as age distributions, birth rate, death toll, immigration status, marital

status, gender, education, religious affiliations and geographic dispersion characteristics that are often used for segmentation purposes (AMA, 2016).

In South Africa the following issues affect individuals:

- *National population size* – how many people are in South Africa.
- *Age distribution in the South African population*. The age distribution classifies South African people by their age group, for instance how many people fall into the 25 to 34 year age group.
- *Physical distribution of the population* (especially useful for segmentation). South African residents are classified by the region in which they reside, for instance the percentage of people living in Limpopo or Gauteng.
- *Education levels among communities*.
- *Size of the labour market* – how many members of the South African population are able to work.
- *Unemployment rate* – how many members of the South African population are able to work, but are not employed.
- *Formal and informal sectors*. In the formal sector people have formal jobs (they get a specified salary for hours worked), while a hawker selling apples at a taxi rank (he/she does not have a set salary) works in the informal sector.
- *The size of the foreigner labour market* – how many people working in South Africa are not South African citizens.

The issues affecting households in South Africa include the following:

- *Housing shortages*. Many South Africans still do not have a formal house and the government is not able to build enough houses at the rate required.
- *Water resources and availability*. Many South Africans still do not have running water in their houses and have to carry water for great distances after collecting it from central points. The severe drought we experienced in 2016 also had an impact on the availability of water in South Africa.
- *Energy sources*. Many households do not have electricity, and are forced to use candles as a light source. There are also many illegal electrical connections in informal settlements.
- *Telephones*. Most South Africans have access to cellphones, although data charges remain an issue.
- *Access to and conditions of health care facilities*. Most South Africans are not on a medical aid and need to make use of government clinics and hospitals. There are not enough clinics or doctors for the massive South African population.
- *Household income*. This is the amount of money a household earns per month.



Activity 1.2

After studying section 1.4.1.1, answer the following questions:

1 How does the physical distribution of people influence the types of messages marketers convey?
2 What are the implications of the increase in the size of the national population and household income for the energy shortage in South Africa?



Feedback

Urbanisation has significant implications for the types of products and services consumers consume. The movement of people into urban and metropolitan areas increases the need for accommodation, necessities, safety and transportation. Marketers can therefore position their products to cater for the upsurge in the demand for these products and services. The price at which to target urban consumers requires careful consideration.

The South African population verges on the 50 million mark. With the increase in immigrants into the country and the growing black middle class, the demand for resources has escalated to such an extent that South Africa is currently contending with an energy crisis. The rising demand for electricity demand has unfortunately met with a reactive rather than a proactive response from government. Marketers therefore need to take cognisance of this shortage when launching products or campaigns that rely heavily on the availability of electricity.

1.4.1.2 Economic factors

There are many economic factors that influence consumer behaviour. Economic factors include the inflation rate, interest rate, economic cycle, unemployment, gross national product (GNP) and national debt. Certain economic indicators have a direct influence on the income of consumers. If taxes and interest rates, for example increase, consumers automatically spend more money and consequently save less. Important economic factors that businesses should be aware of include the following (Investopedia, 2016b; Wiid, 2012:10–11):

- **Gross domestic product (GDP):** The GDP is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.
- **Gross national product (GNP):** The GNP of a country is the total value of all goods produced and services provided by a country in one year. The GNP is the GDP plus the net income from foreign investments.
- **Interest rate:** This is the purchasing power of a country's currency. As interest rates increase, the demand for products and services decline.
- **Inflation rate:** Inflation is the rate at which the general level of prices for products and services is rising and, consequently, the purchasing power of currency is falling.
- **The economic cycle:** The economic cycle reflects trends and fluctuations of the economy between periods of growth and recession.
- **National debt:** This is the money the government has borrowed from other countries. When the government spends more money than it receives, the national debt increases.
- **Unemployment:** Unemployment occurs when a person who is actively searching for employment is unable to find work.

Let's consider the following example: every time the oil price increases, it has an impact on South Africans. When the oil price increases, the petrol price and inflation rates increase, meaning that the price of food also has to increase as businesses are now paying more for their products to be delivered to the various stores across the country. Consumers ultimately spend less on consumables as they have to pay more for petrol and their house loans.



Activity 1.3

Can you recall the first quarter of 2014, when oil prices went through the roof and soared to US$115 a barrel? Briefly explain how this brought about higher inflation rates in South Africa, and what this did to your spending ability.



Feedback

With higher oil prices, the rate of inflation rises because costs for most businesses rise and they thus have to increase the prices they charge the consumer to remain profitable. The problem here is that as the interest rate increases, consumer spending decreases as consumers (like you and me) have to tighten their belts and spend less. Over this period the general amount spent on luxuries decreased, possibly because of fewer nights out or perhaps because people were placing a hold on purchasing that new PS3 on credit. General sales figures in the motoring industry (especially new car sales) decreased dramatically over this time.

1.4.1.3 Governmental/legal factors

The government can exert pressure on the country, steering agricultural and economic policy in a particular direction (Wiid, 2012:9). The government makes the "laws of the land" and defines the legal parameters within which businesses must operate. The government interferes in the annual budget, taxation, import control, export incentives, price control for certain products and services, health regulations, as well as other incentives to encourage development in a specific direction or region (Wiid, 2012:9).

Government legislation is the rules that are set by the government. An example is the legislation that was introduced a few years ago banning tobacco companies from advertising. The South African government implemented the legislation to reduce the number of people smoking, which had a severe impact on the tobacco companies.

Public policy, for example freedom of speech and Acts, is established by the government. There are various legislations in place to protect the consumers, the most important being the Consumer Protection Act 68 of 2008 and the National Credit Act 34 of 2005.

1.4.1.4 Physical factors

Physical factors refer to the natural environment and factors such as the weather, global warming, pollution, the ozone layer, the greenhouse effect and lack or depletion of natural resources that affect the behaviour of consumers. Major physical factors that are of concern include the following (Wiid, 2012:20):

- an imminent shortage of raw materials and resources
- the increasing cost of energy
- the increasing level and consequences of pollution
- increasing pressure on government to become more involved in environmental issues

In 2016 South Africa was faced with a severe drought – many regions and communities did not have water. Farmers also struggled with water shortage concerns, which had a negative impact on crops and livestock. South Africans were faced with an increase in the price of food, especially vegetables and meat, as farmers were struggling to fulfil the needs of the South African population and lost livestock because of the drought.

We are fortunate that the South African climate offers a hospitable environment for the cultivation of crops, wildlife, tourism and business. What we need, however, is a greater awareness of the conservation techniques we can employ to sustain the environment in which we work and live. As marketers we need to be aware of "going green" and to stimulate awareness of this trend and promote its growth. After all, we are not only professionals – we are also consumers of the very resources that are under threat. It is therefore our duty to act in a way that is environmentally responsible.

It is also important to consider the geographical landscape in South Africa. We are fortunate to have some relatively flat areas which enable a speedy and reliable transportation network. Countries with a hilly terrain, such as Switzerland, confront many more problems in transporting products across their landscape.

South Africa's marine and coastal resources are also under a considerable amount of stress due to over-harvesting and urban development. If conservation techniques are not employed, the beautiful marine and coastal life that we currently take for granted will be lost for good. Take some time to think about the implications of our deteriorating coastal and marine life and relate these to the effect on the tourism trade in South Africa.



Activity 1.4

Conduct research into current organisations in South Africa that have made it their purpose to be more environmentally conscious. In your research, identify the inherent problems or concerns they had and then state how the organisation managed to overcome the problems. Give your opinion as to whether or not the organisation succeeded in solving the problems and say what you would have done differently. You may use various information media, including the internet, newspapers and trade journals.



Feedback

Let's take Woolworths as an example.

Popular retailer Woolworths has gone to great lengths to ensure its commitment to South Africa's environment. The retailer was named International Responsible Retailer of the Year for 2008. Its insistence on eco-efficiency and product quality has cascaded down to its suppliers as well. In 2008 Woolworths was the first retailer in the world to acknowledge the efforts of its suppliers in becoming eco-efficient. Three of its suppliers (La Motte, Kimberly-Clark SA and Westfalia) focused their energies on becoming more efficient by doing the following:

- *reducing water wastage by 41% and energy consumption by 17% (La Motte)*

- *achieving ISO 14001 certification, overall reduction in water usage of 10%, recycling strategies and functional and operations upgrades (Kimberly-Clark SA)*
- *understanding and reducing its carbon footprint (Westfalia)*

Although this is only a snapshot of the environmentally friendly campaigns Woolworths supports, it illustrates the organisation's commitment to change for the betterment of all South Africans. Can the rest of South Africa's commercial sector follow suit?

1.4.1.5 Social factors

A consumer's culture, religion and lifestyles can have a major impact on the individual. The society into which a person is born has a major impact on their decisions and choices in life. We are often loyal to a brand or product because our parents believed in it and we grew up with it. An example would be a specific brand of laundry detergent. The same can be said about religion – a person who went to a specific church that condemned the use of alcohol, rarely change and use alcohol once grown up. South African organisations face a challenge with the diverse cultures in our country as consumer groups differ significantly. For instance, the marketing message to a mother in rural Limpopo who believes hand-washing clothing is the most effective way, differs vastly from a message to a suburban family in Sandton who has a washing machine and tumble dryer.

The following factors in the social environment have an effect on consumers (Wiid, 2012:12–15):

- **Population growth and size:** The population growth rate indicates at what rate the population is increasing, while population size indicates the number of people living in a country. The estimated overall growth rate of South Africa increased from approximately 1,28% between 2002 to 2003 to 1,65% for 2014 to 2015 (StatsSA, 2015:7–8).
- **Geographic location and shift of the population:** The geographic location of the population indicates where in the country the people are living. Are they primarily living in urban or rural areas? In which provinces or districts do they reside? The shift in geographic location indicates the trends in urbanisation – the increase in the proportion of people moving from the countryside (rural areas) to towns and cities (urban areas) (Internet Geography, 2008).
- **Level of education:** Marketers need to determine the level of education of their consumers as educated consumers are more informed and more sophisticated when choosing products, services, brands and companies. Educated consumers are more aware of changes in price, quality, packaging and advertisements. The level of education of a business's consumers also determines how the business must communicate to reach and make its target audience understand.
- **Household and disposable income:** Disposable income is the amount of money that a household has available for spending and saving after deductions (such as income tax) have been accounted for (Investopedia, 2016). An organisation must know what the average income of households is and into which income groups the majority of its target audience falls. The more disposable income consumers have, the more they spend.
- **Family structure:** Family structures refer to the combination of relatives that comprise a family (StatCan, 2015). A family that only consists of a wife and husband has different

spending patterns and decision-making concerns that a family with two children, or a single-parent household. The various family and household structures is discussed in learning unit 8.
- **Male-female composition:** The male-female composition indicates the percentage of males to females in the entire population of the country. The changing roles of men and women are discussed in learning unit 3.

The last factor influencing the behaviour of consumers we consider are technological factors.

1.4.1.6 Technological factors

Technology is changing and evolving at an incredible speed and has a massive influence on how consumers gather and evaluate information. The advancements of computer applications, smartphones, communications and electronics cannot be denied. In the rapidly changing consumer market, organisations need to keep up to date with the latest innovations (Wiid, 2012:16).

The advances in technology in South Africa have had a massive impact as many more customers can be reached than before the boom. Approximately twenty years ago very few South Africans owned a cellphone – today most consumers have access to cellphones. There have also been major improvements in connectivity – the inception of 4G and LTE data-processing networks, fibre internet connectivity, satellite communications and wireless technology. This enables organisations to reach consumers quickly and effectively. An example would be a retail store's consumer application that enables a consumer to get instant discount after receiving a text message communicating a promotion on toothpaste.



Activity 1.5

Consumers are faced with many macro-environmental factors that influence consumer behaviour. If you think of your situation at home, briefly explain how the six categories will have an influence on your decision to buy a bottle of water.



Feedback

As a 20-year-old student from Polokwane, the following factors may have an impact on whether Maria will buy a 500 ml bottle of water:

- *Demographic factor: Maria is unemployed, so she doesn't have the money to purchase a bottle of water. She would rather use the R7 to buy a loaf of bread to feed her family for the day.*
- *Economic factor: With the rise of the inflation rate the price of a bottle of water increased with R1 making it more expensive.*
- *Governmental factor: With the implementation of the new sugar tax, Maria is persuaded to rather buy the bottle of water than a soft drink.*
- *Physical factor: Due to the lack of rain in Limpopo, Maria is forced to buy water as there are certain times during the day that her neighbourhood has no water.*
- *Social factor: Maria's parents do not believe that a person should buy water and she grew up with this message. This has an impact on Maria's decision to purchase the bottle of water or to rather fill her own container with tap water.*

- *Technological factor: Maria has Facebook installed on her smartphone and sees that there is currently a consumer promotion on a specific brand of bottled water. She has a chance of winning airtime. This persuades her to purchase the bottle of water.*

1.5 CONSUMER RESEARCH



At the intersection of consumer behaviour and marketing research is the synergy of **consumer insight** – an insightful knowledge of the consumer that comes from integrating traditional marketing research tools and methods with theories on consumer behaviour. Acquiring these consumer insights can help a business structure and plan its decisions about its products, brand, marketing strategies and others (Kardes et al. 2015:18). Obtaining customer insight is why it is imperative for organisations to do market and consumer research. In this section we briefly discuss the consumer research process by looking at the nine stages in the process.

Consumer research forms part of market research in which the preferences, motivations and buying behaviour of the targeted customer are identified through direct observation, mail surveys, telephone or face-to-face interviews, and from public sources (Business Dictionary, 2016). Consumer research enables marketers to identify consumers' needs, preferences and buying patterns and give researchers the necessary insight into how consumers can be segmented into specific target markets. Consumer research also provides marketers with the necessary cues for predicting future behaviour and thereby mitigating potential threats and/or weaknesses. Understanding these target markets empowers marketers to develop tailor-made marketing strategies.

"**Consumer research** forms part of market research in which the preferences, motivations, and buying behaviour of the targeted customer are identified through direct observation, mail surveys, telephone or face-to-face interviews, and from public sources" (Business Dictionary, 2016).

The consumer research process consists of nine stages as shown in the figure below.

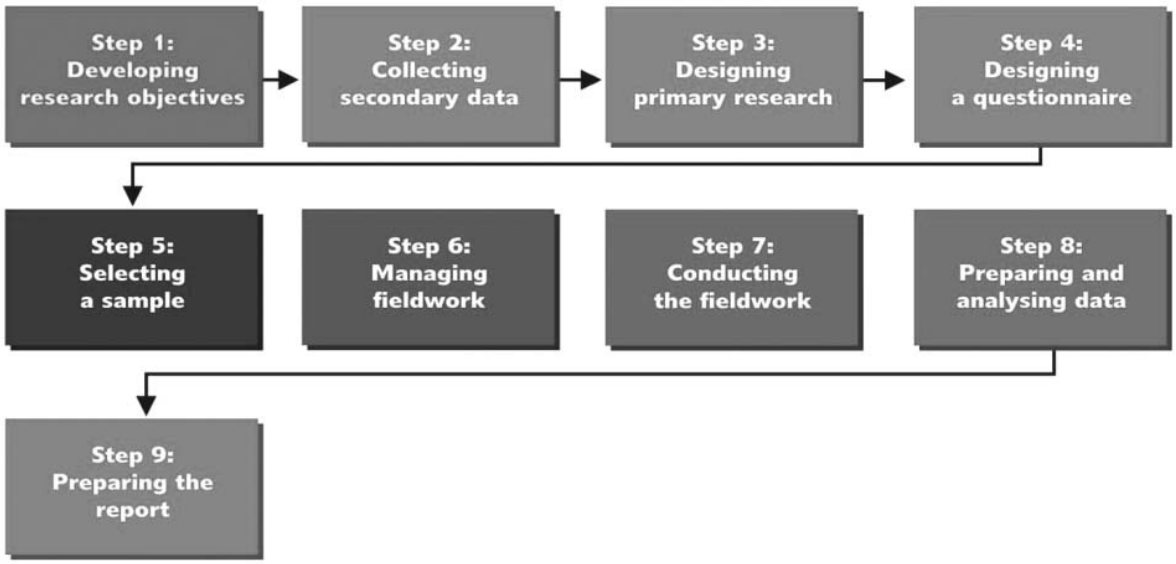


Figure 1.5: Consumer research process

After studying this section, you should be able to identify the various steps of the research process, discuss and apply each one.

1.5.1 Step 1: Developing research objectives

Research objectives usually stem from the research problem or research criteria. In a business context, the marketing manager would set up an appointment with the research manager to discuss the purpose of the research study. At this "start-up meeting", the scope of the research would be defined according to what problem(s) the marketing manager wants to solve. Certain business considerations would also have to be adhered to so that the research undertaking does not make a negative impact on that area of the business.

Let's apply the above to a practical example in a typical business environment. A marketing manager at a bank wants to gain an understanding of the level of satisfaction clients experience in dealing with the student loans division. The marketer approaches the research manager and explains the criteria for the research. The specific business unit head may also be invited to this meeting as he or she usually has a better understanding of the business than the marketing or research manager. In this case, the head of the student loans division is invited to talk about the activities of the division. Now you may be thinking, "That's a lot of people". However, it is through this type of involvement that all the research questions get asked and any uncertainties are ironed out. This method also brings about a greater sense of acceptance of the research project.

The research manager may carry out this task with a team of research individuals, or the task may be contracted out to an independent research house. The latter is usually preferred, as the research is perceived as being more objective, which adds to the credibility of the research undertaking.

1.5.2 Step 2: Collecting secondary data

Secondary data is existing data that has the same or similar research characteristics as those of the intended research project. This type of information may consist of existing sales figures, census results, segmentation characteristics or industry standards.

Secondary data sources stem from two locations:

- **internal** – data received from the organisation's existing sales and service figures
- **external** – any data collected from outside the organisation

External data sources include the following:

- **Syndicated sources:** This type of data is standardised on behalf of a group of clients to view a specific standard.
- **Independent research:** Organisations receive data submitted by interested organisations. The pooled data is processed and distributed to these interested parties. For example, the National Association of Automobile Manufacturers of SA (NAAMSA) gathers a collection of motor vehicle sales statistics for processing and publication.
- **Other sources:** These include government departments such as Statistics SA and certain universities. Information gathered may consist of population statistics, regional data, demographical spread of individuals and national financial data.

1.5.3 Step 3: Designing primary research

The design of the research is founded on the main purpose of the study. Should an exploratory investigation be needed, qualitative techniques should be used. Otherwise, should descriptive and measurable information be needed, a quantitative study should be performed. After studying this section you should be able to explain the different dimensions of the quantitative and qualitative research methodologies.

Qualitative research methods can be used to uncover underlying reasons for behaviour that may not be identified through conventional means. Qualitative research is therefore the process of gathering, analysing and interpreting data by observing people's verbal and non-verbal behaviours.

Qualitative research is not subject to quantification and refers to the exploring of a situation as well as understanding underlying reasons and motivations (Wiid & Diggines, 2013:59).

Qualitative research methods involve the following:

- **Mystery shopping**. This strategy uses a disguised shopper and/or audio and visual recording equipment. It captures the behaviours of consumers when shopping at certain stores. A fieldworker may pose as a shopper and may approach other consumers in this appearance to get a spontaneous, unselfconscious response from them. This form of observation requires the subject to have no prior knowledge of the research, although once the interaction is completed the subject must be made aware of the research being conducted and must consent to the use of their information in the analysis. This regulation is one of the South African Marketing Research Association's (SAMRA) rules.

- **In-depth interview**. This is usually a lengthy interview conducted by a fieldworker or researcher. Respondents are encouraged to talk freely on the topic at hand. The researcher merely acts as a facilitator to direct the respondent along the necessary path of project-specific responses. In-depth interviews usually occur at the respondent's place of business or residence so as to secure a comfortable and non-evasive setting to facilitate information sharing. In-depth interviews may be recorded for further analysis.
- **Focus groups**. A focus group consists of eight to ten respondents who come together for a group discussion, facilitated by an experienced researcher or moderator. Such a group usually convenes at the researcher's premises as the focus group venue is of special importance. This venue consists of two rooms: a general meeting room with the necessary audio and visual recording hardware; and an adjacent viewing room where clients can observe and listen to the focus group discussion. The viewing room has a large, one-way mirror through which clients can see what is happening in the focus group room. Focus group members cannot, however, see through the mirror into the viewing room. The researchers moderate the discussion according to the aims of the research project and probe underlying issues that may lead to a deeper understanding of the research problem.
- **Projective techniques**. Projective techniques are an indirect form of questioning that allows the respondents to project their beliefs, opinions, feelings, attitudes and emotions on an issue of concern (Shukla, 2008:36). Projective techniques have been developed to reveal people's hidden opinions and beliefs, as people have the tendency to answer questions in a way that does not reflect badly on their self-image (Wiid & Diggines, 2009:95).

Qualitative research methods include:

Mystery shopping
In-depth interviews
Focus groups
Projective techniques

As soon as you hear the words "quantitative research", think of numbers and structure. Quantitative research involves a structured set of questions and a large sampling group.

Quantitative research focuses on addressing the research objective through empirical assessments involving mathematical analysis (Zikmund & Babin, 2010:133).

The following are associated with quantitative research:

- **Observational research**. This is a more scientific approach to observing individuals' buying behaviour. By watching consumers, researchers gain an understanding of the various influences that affect consumers' buying decisions and can assess brand loyalty levels.
- **Experimental research**. It is possible to test the validity of a hypothesis about products, packaging, design and prices through a cause-and-effect or correlation relationship. By manipulating certain dependent variables, researchers are able to assess the extent to which a variable correlates with the research hypothesis. Take the following example: if a marketer wants to test the appeal of three differently shaped packages, she may

select three similar hypermarkets and display the packages in these stores (one type for each store). If one store sells more than the others during the same specified time period, the researcher can conclude that the increase in sales correlated with the shape of the package because all the other factors were kept constant (such as price, type of consumer, time and promotional appeal).

- **Survey research**. This type of research attempts to gather data by using predetermined criteria, such as the items of a questionnaire. There are various types of surveys:
  - *Mail or electronic, telephonic and face-to-face (personal interviews)* – and each has its inherent pros and cons. For instance, mail and electronic surveys usually have a low response rate. An average of 10% of questionnaires are completed and returned to the sender. Thus, although mail and electronic surveys may be the cheapest type of survey, they are not necessarily the most reliable. Telephonic surveys have a better response rate, but the costs are a little higher (call centre agent costs). Telephonic surveys are usually supported by an advanced IT structure, so that as the research agent takes the respondent through the questionnaire, the responses are captured simultaneously on the system. This allows for quick turnaround times on results as data preparation becomes a little easier. Face-to-face surveys are the most costly as you have to pay the fieldworker's salary as well as all transportation and sundry costs. The data usually gets captured on a paper-based questionnaire and is only transferred to an electronic format when the questionnaire is sent back to the research house and the responses are captured by coders. Face-to-face surveys, as you may have guessed, also have the longest turnaround times. The value of this type of survey lies in the premise that face-to-face fieldworkers offer a richer sense of instructional direction and may clarify statements should the respondent need this.

Qualitative research methods include:

Observational research
Experimental research
Survey research



Quantitative versus qualitative data:
https://www.youtube.com/watch?v=EcKrT_IegoU

This video explains the difference between quantitative and qualitative data. In the video, they explain quantitative research as information that is expressed as numbers that can be used in computerisation and statistical analyses. They further explain qualitative research as information that provides researchers with more depth and understanding. The various research methods and limitations are also discussed in this video.

Now that we have looked at data collection, let us examine the actual instrument of data collection – the questionnaire.

1.5.4 Step 4: Designing a questionnaire

Think about the last time you completed a questionnaire. Did you understand the questions that were asked? Did the layout of the questionnaire make sense to you? The following section describes the elements involved in designing a valid and effective questionnaire:

- **Question content and phrasing**. Questions need to be kept clear and concise and at the vocabulary level of the intended target audience. Questions should also not be double-barrelled, as in the following example: "Did you find the staff speedy and knowledgeable?" The respondent may have found the staff quick to respond to their query, but the staff may not have had the necessary skills or knowledge to handle the respondent's query in an effective way. Therefore, whatever the respondent rates on this question is an inaccurate response since it does not cover both parts of the question.
- **Wording of questions**. Questions should be worded objectively and should be free from any bias. The latter refers to "leading questions", which are structured in a way that invites a specific type of response.
- **Sequence of questions**. It is better to structure the questionnaire using a funnel-type approach – starting off at a basic question level and then delving into the more complex questions. This provides the necessary momentum for individuals to complete questionnaires and not become discouraged by difficult questions early on in the process.
- **Question format**. Some examples of question formats are summarised below:
  - *Dichotomous questions*. Here the respondents are asked a question with only two possible answers, of which they must choose one (e.g. to what gender do you belong? male/female).
  - *Multiple-choice, single response questions*. This is a fixed question where a list of possibilities exists and only one answer is possible (e.g. what is your income bracket?).
  - *Multiple-choice, multiple response questions*. This is similar to the above, but the individual can select and rate responses from a range of possibilities.
  - *Scale questions*. Attitudinal scales obtain information from respondents by presenting them with a statement about products or product attributes and instructing them to select their response from a pre-ranked set of responses.
  - *Forced-ranking scales*. A set of items is presented to the respondents, who have to rank them in order of preference (e.g. "Please rate the following movie genres from most favourite to least favourite by allocating a 4 to your favourite and a 1 to your least favourite.")

An example of a scale question would be:

Indicate your agreement or disagreement with each of the following statements by selecting a response from the scale below.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
"It is easy to purchase electronic equipment over the internet."	1	2	3	4	5
Statement 2	1	2	3	4	5
Statement 3	1	2	3	4	5

1.5.5 Step 5: Selecting a sample

Now that we understand the instrument used in gathering information, it is necessary to identify from whom we will gather the information, how many respondents we should survey and how to select them.

It would be ideal to distribute a questionnaire to an entire population, but the time and cost implications make this a near impossibility. That is why we use a smaller group (known as a *sample frame*) selected from the population whose opinions, likes, dislikes and so on we want to measure. **Sampling** allows us to gather information from a group that is reliably able to represent the total population, more efficiently and more cost-effectively. There are certain formulas that are used to accurately derive a reliable sampling number, but for the purposes of this learning unit, you need only understand the types of sampling methods employed.

A **sample frame** can be described as a list of individuals in the population that will be selected to participate in a survey (Iacobucci & Churchill, 2010:284).

Researchers have two main sampling methods to choose from when deciding on how to select a sample, namely probability and non-probability sampling:

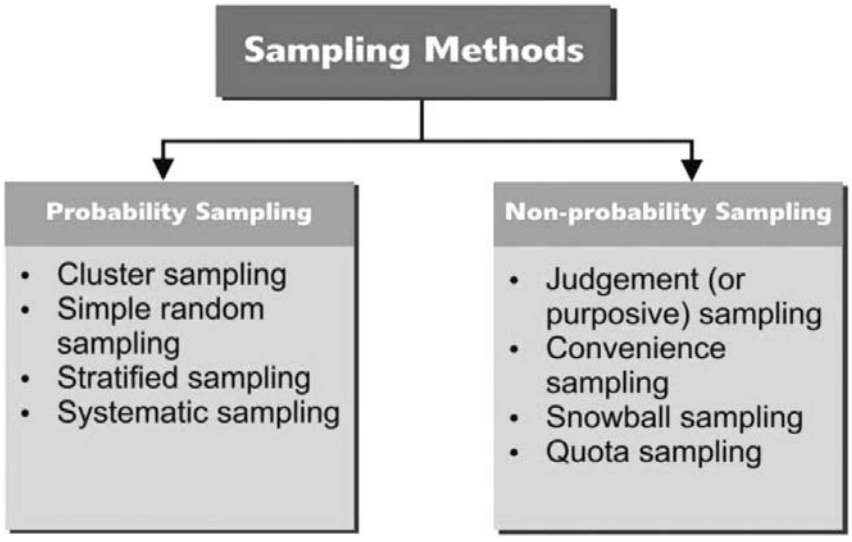


Figure 1.6: Sampling techniques

- **Probability sampling** is used when each item in a population has a known chance of being included. In other words, all elements have an equal chance of being included in the sample frame. There are various methods of probability sampling, namely:
  - *Simple random sampling* involves selecting individuals randomly from a population list. Computer software provides the necessary technology to conduct this type of operation efficiently.
  - *Stratified random sampling* involves breaking up the population into mutually exclusive groups based on a common characteristic with respect to the research project.
  - *Cluster sampling* involves breaking the population into specific groups, from which the groups to be studied are randomly selected.
  - *Systematic sampling* entails the selection of sample units in relation to a particular pattern in time or space, for example equivalent distance intervals along a line or a pattern.

Probability sampling refers to a situation in which all the members of the population are known and are chosen in terms of random selection where all individuals are given an equal chance of being selected as part of the sample (Iacobucci & Churchill, 2010:285).

Non-probability sampling refers to a sampling technique in which the members of the population do not have an equal chance of being selected and therefore cannot be generalised to populations outside the sample (Iacobucci & Churchill, 2010:285).

- **Non-probability sampling** is used when subsets of the population have a limited or no chance of being selected in the sample. There are four types of non-probability sampling techniques, as follows:
  - *Convenience sampling* is specifically used at street intercepts to test consumers' opinions about a new brand or product.
  - *Judgement* (or purposive) *sampling* is chosen on the basis of the researcher's opinion of what constitutes representatively. For instance, a researcher may choose a sample of salespeople for their opinions as inputs in preparing a sales forecast in which to test new products. These salespeople would have enough relevant knowledge based on their previous experience and understanding of their business to generate a working model for the researcher.
  - *Snowball sampling* refers to the sampling technique in which the sampling frame is selected based on referrals from other survey respondents. In other words, snowball sampling involves the researcher collecting data from a few members of the target population that is available and asks them to send it to individuals that they know. For example, the researcher sends a questionnaire via Facebook to their friends and asks everyone to share the post to their wall.
  - *Quota sampling* is used where the sample is selected based on pre-specified characteristics, so that the total sample will have the same distribution of characteristics in the population that is being studied. For example, the researcher may require an equal number of responses from male and female participants.



What is sampling?

https://www.youtube.com/watch?v=Gs-gLeYuDZw

In this video, Prof N Hozack gives examples of the concept of sampling and the various probability and non-probability techniques researchers can use. Prof Hozack uses an example to explain sampling, population and sampling techniques. Population is the group of people that you want to make assumptions about, for example, college students. However, it would not be viable to send out questionnaires to all college students in the world. Hence, the researcher would have to select a sample frame. A sample frame is the group of people from which the researcher will draw a sample, for example, under-graduate student at a specific university and college. Prof Hozack concludes the video by explaining the importance of sampling in research.

1.5.6 Step 6: Managing fieldwork

Fieldworker recruitment, training and management follow the questionnaire design and sampling process. Interviewers need to be skilfully trained to handle the various questions that respondents may pose. Fieldworkers need to remain objective throughout the interview by using a technique known as bracketing – setting aside their own culture, beliefs and/or norms for the purposes of conducting a non-biased interview. Continuous training is necessary to maintain a high standard of interviewing.

1.5.7 Step 7: Conducting the fieldwork

Once the fieldworkers have been briefed on the questionnaire and scope of the research project, they are handed their questionnaires and sent into the field. It is the supervisor's responsibility to ensure that the fieldworkers are honestly capturing information and to inspect sample completion. A method known as "check-backs" is employed. This is where a predetermined percentage (usually between 10% and 15%) of respondents is contacted to test the validity of the questions answered. Please note: Questionnaires need to contain the respondents' details to facilitate this procedure.

1.5.8 Step 8: Preparing and analysing data

Once the data has been obtained from the field, the researchers embark on data preparation and cleaning. During this phase all responses are loaded onto a database from where researchers prepare the data to make analyses and draw up reports. Cleaning data refers to conducting checks that sample completion has been achieved accurately, that no duplicated records exist within the dataset, that erroneous entries are discarded and that all data entries are in the required format for constructing analytical reports. Once this process is done, researchers use statistical programs such as Statistica and SPSS to test the reliability and validity of the study. The dataset needs to pass certain requirements for the study to be deemed reliable and valid.

1.5.9 Step 9: Preparing the report

This is the last stage of the research process. The report is presented to the client. It summarises the preceding steps in the research process, and sets out the analysis of the data gathered. The data presented in the report must, of course, correspond with the client's requirements as expressed at the start of the research project.



Activity 1.6

Thandi is the marketing manager at PGC, a company that manufactures vitamins. The company has noticed that its competitor is doing exceptionally well with its chewable kiddies vitamins, and PGC does not currently manufacture chewable kiddies vitamins. Thandi is tasked to do research and determine whether consumers would buy an alternative if launched.

Thandi decides to use a qualitative research method. List and discuss the four qualitative research methods that Thandi could use to determine whether consumers would consider buying an alternative and whether PGC should invest the money to develop and launch the product.



Feedback

Thandi can make use of four qualitative research methods:

- *Mystery shopping. This strategy uses a disguised shopper and/or audio and visual recording equipment. Thandi and her team can pose as shoppers who buy the competitor's product that is currently available in stores. Thandi will ask probing questions and will determine whether consumers are open to other options.*
- *In-depth interview. This is usually a lengthy interview conducted by a fieldworker or researcher. Respondents are encouraged to talk freely on the topic at hand. This will be in a formal environment. Thandi can make use of a conference venue and will ask direct questions*
- *Focus groups. A focus group consists of eight to ten respondents who come together for a group discussion, facilitated by an experienced researcher or moderator. Such a group usually convenes at the researcher's premises as the focus group venue is of special importance. Thandi can make use of a moderator that will lead a discussion between the respondents.*
- *Projective techniques. Projective techniques are an indirect form of questioning that allows the respondent to project their beliefs, opinions, feelings, attitudes and emotions on an issue of concern.*

1.6 SUMMARY

Customers are constantly exposed to different marketing messages from organisations. Their behaviour has a major impact on the decisions they make. The learning unit explored where consumer behaviour fits into the broader marketing function. Consumer behaviour was defined and an overview of consumers in relation to consumer activities

and responses were explored. The importance of consumer behaviour was explained as well as the macro-environmental factors that have an influence on consumer behaviour.

1.7 CASE STUDY WITH QUESTIONS

Read the short case study given below and answer the questions that follow:

Mini Case Study: Sandy's Flowers

Sandy's Flowers is a small florist shop situated in Pretoria East that has been open for four years. It supplies flowers to predominately local hospitals and joined a leading online flower delivery service in 2014. The owners, Sandy and Rob, want to expand their business and saw the opportunity of becoming a preferred supplier at a nearby wedding venue, Hollow Oaks. They have to change their marketing mix significantly to have a competitive advantage over the other three flower suppliers in the area.

QUESTIONS

1. Name and discuss the seven P's of the marketing mix and practically apply each P to Sandy's Flowers.
2. Ella Smith and Gareth Weston are getting married in August at Hollow Oaks. Ella has her heart set on extra-large bouquets with white lilies and pink roses. Discuss the five steps of the consumer process and explain how it applies to Ella and Gareth.
3. Sandy and Rob are worried about the new flower market, Eula Market, which is being opened 1 km from Hollow Oaks. They are concerned that they will lose business from Hollow Oaks and will not be seen as the preferred supplier anymore. Sandy wants to research their consumers' behaviour and decides that a qualitative research method must be used to uncover underlying reasons for behaviour that may not be identified through conventional means. Name the types of methods that can be used and discuss which method will be the best method for Sandy to use.

1.8 REFLECTION



Before you continue to the next learning unit, reflect on the following questions:

1 How does consumer behaviour tie into the broader marketing function?

2 Define marketing and explain the marketing mix and the marketing concept in detail.

3 What is the definition of consumer behaviour?

4 Explain the consumer behaviour model and provide practical examples where applicable.

5 Discuss the importance of consumer behaviour to marketers.

6 Discuss the macro-environmental factors that have an effect on the behaviour of consumers. Give an example of each factor to illustrate the influence on consumers.

7 Discuss the nine stages of consumer behaviour.

8 What is the difference between qualitative and quantitative research. Also discuss the various techniques that can be used in each.

9 Explain the difference between probability and non-probability sampling. Also discuss the various probability and non-probability sampling techniques researchers can utilise.

10 Explain a sample, a sample frame and the population. Give a practical example to illustrate your understanding of each.

1.9 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

Cookies 'n Cream is an ice cream manufacturer that has been in business since 2006. The company is situated in the industrial area in Randburg. The company mainly manufactures ice lollies and tubs of ice cream. Cookies 'n Cream recently decided to expand and launch catering-sized ice-cream tubs for restaurants and guest houses in the Gauteng area.

QUESTION 1

Cookies 'n Cream wants to sell catering-sized ice-cream tubs. Which ONE of the P's do the ice-cream tubs represent?

1 product
2 price
3 place
4 promotion

Questions 2 and 3 relate to the consumer decision-making process:

QUESTION 2

Steakhouse A uses ice cream for its milkshakes and desserts, but currently buys small ice-cream tubs from the local supermarket at a high price. The owner of the restaurant would prefer to buy ice-cream in bulk at a lower price. At what step of the consumer behaviour process is Steakhouse A?

1 problem recognition
2 information search
3 information evaluation
4 decision

QUESTION 3

The manager of Steakhouse A calls different catering suppliers to find out about their products and pricing after identifying that they would prefer buying ice-cream in bulk. At what step of the consumer behaviour process is Steakhouse A?

1 problem recognition
2 information search
3 information evaluation
4 decision

QUESTION 4

The macro-environmental factors have a major impact on consumers, and the organisation has no control over these factors. Which **ONE** of the following is a social factor influencing consumer behaviour?

1 the weather
2 religion
3 public policies
4 education levels of the community

QUESTION 5

Cookies 'n Cream decides to extend its range to include some exciting, unique South African flavours like malva pudding and koeksister. The marketing manager decides to use a researcher to do qualitative research. The method he decides on uses an experienced researcher and eight to ten respondents. What method is he considering?

1 in-depth interviews
2 mystery shopping
3 focus groups
4 questionnaires

Before checking the answers to the MCQs above, try to answer them yourself to test your knowledge and understanding of the theory your have just learnt.

MEMORANDUM

QUESTION 1

Option 1 is the correct answer.

Option 1 is correct as the product is the ice-cream tubs that the company will be selling. Option 2 is incorrect as the price is the value that the consumer will pay for the ice-cream tubs. Option 3 is incorrect because the place is where the ice-cream tubs will be sold. Option 4 is incorrect as promotion is how the ice-cream tubs will be advertised to consumers.

The correct answer can be found in section 1.1.

QUESTION 2

Option 1 is the correct answer.

Option 1 is correct because problem recognition is the phase where the consumer identifies their need and becomes motivated to satisfy the need. Option 2 is incorrect as the consumer searches for the necessary information needed to make a decision about how to satisfy the need. Option 3 is incorrect as after gathering the necessary information the consumer sifts through and evaluates the information material to make a qualified decision on their intended buying direction. Option 4 is incorrect as after evaluating all the necessary information the consumer takes the second-last step in the decision-making process, which is to purchase the product or service.

The correct answer can be found in section 1.3.3.

QUESTION 3

Option 2 is the correct answer.

Option 2 is correct as the consumer searches for the necessary information needed to make a decision about how to satisfy the need. Option 1 is incorrect as the consumer has already recognised his need. Option 3 is incorrect as the manager is still searching for information Option 4 is incorrect as the manager is still searching for information.

The correct answer can be found in section 1.3.3.

QUESTION 4

Option 2 is the correct answer.

Option 2 is correct as a consumer's culture, religion and lifestyle are all social factors influencing consumer behaviour. Option 1 is incorrect as the weather is a physical factor that can have an impact on consumers. Option 3 is incorrect because public policies are legislation that government enforces. Option 4 is incorrect as education levels form part of the demographic characteristics that also include vital statistics, for instance age, race, ethnicity, gender and location.

The correct answer can be found in section 1.4.1.

QUESTION 5

Option 3 is the correct answer.

Option 3 is correct because focus groups consist of eight to ten respondents who come together for a group discussion, facilitated by an experienced researcher or moderator. Option 1 is incorrect as these are lengthy interviews conducted by a fieldworker or researcher. These interviews are usually one on one. Option 2 is incorrect as this strategy uses a disguised shopper and/or

audio and visual recording equipment. It captures the behaviours of consumers when shopping at certain stores. Option 4 is incorrect as questionnaires are usually filled out by a single applicant.

The correct answer can be found in section 1.5.3.

Learning unit 2

The consumer decision-making process

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OVERVIEW OF THIS LEARNING UNIT

The process of deciding whether or not to purchase an item or service can best be described as solving a problem. You realise you have a problem, see whether there are products that will be the best solution for your problem and you buy the product – problem solved!

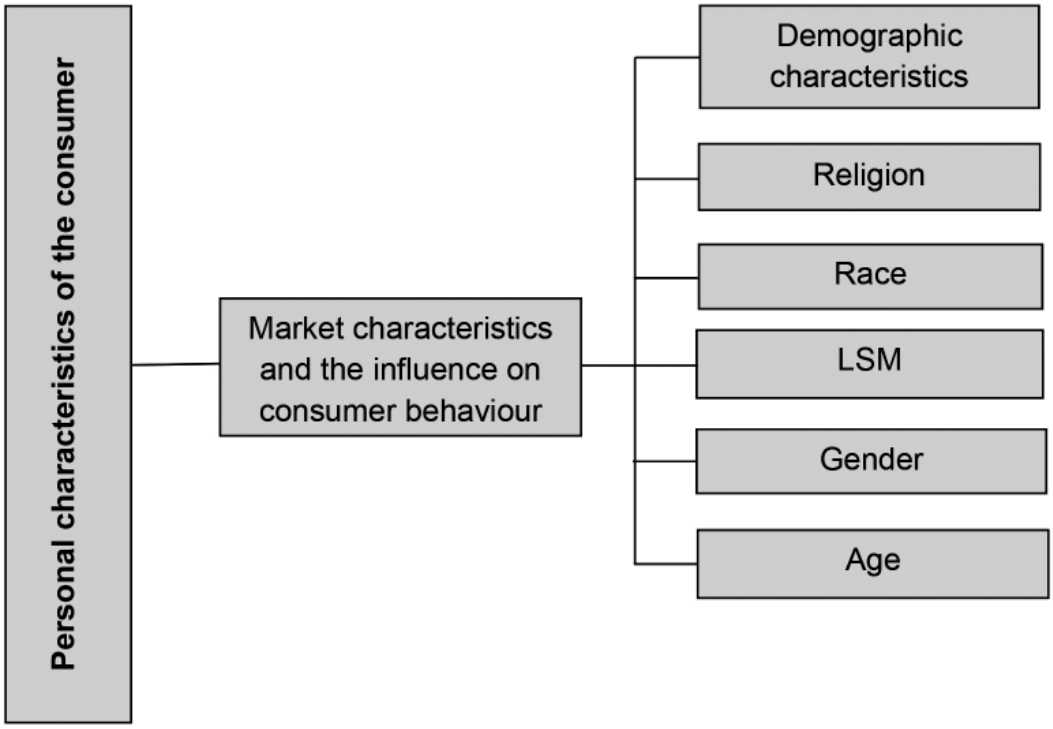
In reality, it looks something like this: you realise that your phone is not working correctly anymore. You start looking at promotional magazines, visit stores, look at websites and talk to your friends. In this way, you are weighing up alternatives, such as different models, features and prices. When you have compared all the alternatives and criteria you want the phone to have, you choose one and buy it.

Of course, not all purchase decisions are that intense, for example you do not go through the same process when buying bread or milk. That process is much shorter. Why do you think is it relevant to know what a consumer's buying decision-making process is, and what impact does it have on the marketer? In short, by knowing how people make decisions, and what factors influence their decisions, marketers can better serve their customers, and more importantly, they can anticipate (predict) what the customers want.

In this learning unit, we first discuss the consumer decision-making process. The process includes five steps, namely: (1) problem/need recognition, (2) information search, (3) evaluation of alternatives, (4) purchase and (5) post-purchase evaluation. We discuss

these steps in detail by looking at the sources of customer search, how different types of customers influence their decision to purchase as well as the various levels of decision-making and involvement. Post-purchase evaluation, assessment and responses are also looked at in more detail. Thereafter, the various roleplayers in the consumer-decision making process are discussed.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- understand and discuss the consumer decision-making process with relevant examples
- discuss the internal and external information search
- explain the various types of customers and how they make purchasing decisions
- discuss the four levels of decision-making and give a practical example of each
- explain the various responses after post-purchase evaluation and explain how a dissatisfied response to a purchase can influence a business or brand

KEY CONCEPTS



- Consumer decision-making process
- Problem recognition
- Consumer research
- Internal and external search
- Limited, habitual, extended and impulsive decision making
- Post-purchase evaluation
- Inertia

- Post-purchase dissonance
- Cognitive dissonance
- Consumer decision-making roles

2.1 INTRODUCTION

How many choices do you think the average consumer makes in a day? Ten, or maybe 30 decisions? According to Sheena Iyengar, a world-renowned expert on the subject of choice, consumers make 70 decisions in a typical day, of which most of them are made in less than nine minutes. Think about when you go to the grocery store, you don't stand in front of every item you want for nine minutes and think about whether you want it or not. Usually, you know exactly what you want, which brand you prefer, and sometimes even where on the shelf you find the product. When deciding to buy a car, you definitely spend more than nine minutes when looking for the right one.

Follow the link below to listen to Sheena Iyengar speak about individuality, choice and freedom and how consumers make decisions when shopping for products and services. She challenges the audience to think about the tricks we play on ourselves about our uniqueness and the choices we make. The freedom to choose or not to choose! https://www.youtube.com/watch?v=fejditZYSi4

Knowing how consumers make decisions, and what factors influence their decisions can help marketers to predict what customers want and make it easier for them to get the products that they want or need. Matterson (2016) explains this very well for the South African market:

> *"The implication of this growing trend [...of an increased expectation of choice and less willingness to settle] is that all brands must now be much more cautious of how they communicate with their customers. We as marketers haven't been mindful enough of our language and tonality in acknowledging that consumers want to feel empowered and that they are actually the drivers in the relationship. Brands are used to being the driver and making people reach out to them, but now consumers are doing the picking and choosing based on their individual needs*.
>
> *In short, marketing efforts must be explicit in acknowledging that consumers have the power and they are the ones who actually decide how to spend their money. The kind of messaging that reminds people about their need to aim for less must be avoided; it's about what they want and understanding that value is determined by what they deem important and worthwhile.*
>
> *The South African consumer is looking for real value – real value as defined by them."*

Let's discuss the various stages consumers go through before making a decision whether to purchase a product and/or service, or not.

2.2 THE CONSUMER DECISION-MAKING PROCESS

Consider the following scenario: Lucy has just finished studying, and has been selected to go for a few interviews. For the first interview she decides to wear a suit that her parents bought for her two years ago. She notices that the suit looks a bit old and decides that she needs to buy a new one.

Lucy then first reads a bit on the internet to learn what would be appropriate to wear at an interview, and discovers that a professional business suit would be best. She likes shopping at Levi and Urban, but they do not have business suits. Then she realises that she saw an advertisement of the new workwear sold at Mango and decides to go there.

Sophie is Lucy's best friend, and Lucy decides to take Sophie with to help her choose the best suit. Sophie is interested in fashion and is much more clued up than Lucy, so she values her opinion. At the shop, a shop assistant helps them pick out three suits according to her preferences. Lucy tries on all three suits and Sophie says that the most expensive suit looks best. Lucy is a bit hesitant, because it is much more expensive than she hoped to spend. However, after the shop assistant and a woman shopping also say the suit looks great, she decides to buy it.

Lucy asks whether she can pay with a Visa card. The shop assistant recommends that she should rather open an account so that she can repay the money over six months, and receive vouchers to spend.

Consider Lucy's shopping trip as we discuss the consumer decision-making process. First, Lucy realises she has a need. She then goes on the internet and looks for information, and thinks about which stores she likes. Finally, an advertisement catches her attention and convinces her to go to Mango. She picks the product she likes, buys it, and can evaluate if the purchase satisfies her need after wearing it.

The consumer decision-making process is illustrated in figure 2.1:



Figure 2.1: Consumer decision-making process

OER Source: Adapted from: Tanner & Raymond (2012:98)

2.2.1 Step 1: Problem/need recognition

The first stage of the decision-making process entails the identification of a need or a problem an individual wishes to fulfil or overcome. A problem generally arises due to an imbalance between an individual's actual state of affairs and the desired state of affairs (Lamb et al., 2012:190). In other words, individuals aim to change their existing state into a desired or ideal state – customers are determined to solve a problem that they perceive as a need. For example, the general manager of a large retail outlet may recognise the need for a holiday. Similarly, a college student may need a laptop to complete a project or get access to the internet. Or, if you are hungry (actual state), you wish to fulfil the need of hunger by purchasing something to eat (desired state).

Problem/need recognition is the most important part of this process. If you think about it, if there is no need or desire for something, there will be no purchase. You can walk past a hundred advertisements with pictures of the most amazing pizzas and burgers, but if you are not hungry, you will not buy food.

Problem/need recognition can be either internal or external. Consider the example of Lucy. She recognised that she had a need for a new suit because she wanted to look professional for the upcoming interviews. She therefore had an internal awareness of a need. Other examples of internal need recognition would be, if you needed a haircut or a new dishwasher because yours broke last week. Some needs also come from external sources. For example, you are watching television, and the next thing that appears on the screen is an infomercial for new Tevo Smart Seal. You then realise that you have always hated using cellophane, and that Smart Seal would make your life so much easier. Another example would be, if you see an advertisement for an Apple iPad and you suddenly realise how amazing the features are. You never knew that you could use the iPad for so many things and that it would help you with your work and personal life.

Parumasur and Roberts-Lombard (2012:253–254) identify certain problems that can occur and affect the recognition of a problem or a need:

- **Assortment inadequacies:** This situation happens when the availability of consumer supplies of a particular product run low or out. For example, when a consumer does not have coffee and sugar, they will need to purchase these items again.
- **New information:** The availability of new information creates awareness among individuals that raises a need for products and services and these individuals view them as solutions to their problems. For example, when a person who wants to lose weight sees an advertisement about a new fitness machine that is easy to use and efficient.
- **Expanded desire:** Individuals have a constant desire to improve their current living conditions, which ultimately results in the need for new products and services. For example, an individual who owns a small, old car without air-conditioning wants to buy a newer and bigger car that has air-conditioning. Or a person who has an old box television, want to buy a flat-screen television.
- **Extended or reduced means:** An increase in the disposable income of an individual almost always leads to an increase in spending. For example, if an individual receives a promotion and salary increase at work, they may decide to buy a new car or have a pool built at home. On the other hand, a person who has been retrenched may feel the need to move into a smaller house or sell one of their cars to save money. The

financial wellness of an individual therefore has an effect on how much they spend and what products and services they acquire.

2.2.2 Step 2: Information search

Once an individual realises they have a need, they start looking for information about the product. The next stage in the consumer decision-making process is therefore the search for, and processing of information.

In many buying situations, prospective customers are expected to search for information once they have identified a problem, need or desire. This refers to **consumer search**, which involves the mental and physical activities undertaken by individuals to obtain information on identified problems or needs (Joubert, 2013:128). Consumer search can be either internal search or external search. **Internal search** is when a customer remembers a past experience or something a trusted friend or family member said about a product or brand. Internal search therefore includes the information that an individual already has, such as their memory or knowledge of a product or service. A person who wants to buy a refrigerator may remember a colleague complaining about a specific brand and a family member who has another brand which they believe is reliable. Individuals also remember their own experiences with a product, the service received from an organisation or the brand. For example, if they need to buy a new refrigerator due to their old one breaking within a year, and the customer service they received from the company was unsatisfactory, they will most likely not purchase the same brand refrigerator.

If the product is new, or very expensive the customer needs to make a more comprehensive information search before making a purchase. The customer then turns to external information. **External search** comprises additional information people obtain to help them make a decision. External search is affected by *individual differences* – such as consumer research, motivation and involvement, knowledge, attitude, personality, lifestyle and demographics – and *environmental influences* – such as personal information sources, business and marketing influences, natural sources, human sources and social and cultural influences (Joubert, 2013:129). For example, if the customer wants to buy a new couch, they go to the shops they know stock the couches they like, or they go on the internet and search or they look at catalogues they received in the mail. They do not just walk into the first shop and buy the first couch they see.

Not too long ago, if you wanted to buy a second-hand car, you would have to drive from vendor to vendor, or look at newspaper ads, or go to motor fairs on Sundays to look for the right car. These days, you can easily look for, and compare second-hand vehicles on the internet. You can give very specific criteria such as, colour, make, model, year, price and mileage. Information search has become very easy, and marketers know that if their customers can easily find the right information, they make better buying decisions.

2.2.3 Step 3: Evaluation of alternatives

Now that the customer has all the information they need, they start evaluating the information according to a set of criteria and see which of the alternatives would best serve their needs. When individuals evaluate alternatives, they compare the characteristics of different products and services and measure them according to pre-established criteria.

These criteria can include brand preference, product specifications, reviews from other customers, price and availability. There are also other factors that can have an influence on the choice a customer makes, for example cultural, social, individual and psychological factors.

Each customer has their own set of criteria when evaluating alternatives. One customer buys a car because owning a specific car makes them feel important, but another customer only looks at space and safety as their main criteria. When we consider the example of Lucy; she had three alternatives that the shop assistant recommended. She looked at the alternatives, considered her budget, what she personally felt, the opinion of the people around her, and whether she thought it was a suitable option for a corporate interview and then made her decision.

The implication for you as a marketer would be, that you must be in the consideration set of your customers. The consideration set is the set of alternatives your customer ends up with after the information search. You must make sure that you are in the forefront of your customer's thoughts when thinking about the product you are selling. This can be achieved through advertising, location strategies or a loyalty programme. McDonald's is a very good example of using its location as a strategy. There are more than 100 McDonald's outlets in Gauteng alone. This means that people see its brand at many locations, on television advertisements and on billboards.

- ***Types of customers***

As customers differ considerably from one another, they also act differently when it comes to making decisions and purchasing a product or service. Certain individuals are more emotional and passive buyers (*hedonic consumers*), while others make decisions based on facts and are task driven (*utilitarian consumers*).

People purchase products and services that they have a favourable and positive attitude towards and that are in line with their personalities. There are four types of customers involved in decision-making (Kumar, 2012:103–104):

- **Economic customer:** These individuals purchase products and services rationally to maximise the benefits derived from a product or service. For instance, a consumer that uses a product for more than one reason to save money. An example would be a mother who buys cocoa powder to use in baking, as flavouring in cooking and as a hot beverage for her children. An economic consumer would also consider the fuel efficiency and carbon footprint of a car before making a decision to purchase.
- **Passive customer:** Passive customers are submissive to the self-serving interest and promotional efforts of marketers. A passive customer, in other words, would not be swayed by appealing marketing campaigns or take action; they would rather avoid the marketing initiatives. An **active consumer**, on the other hand, would act or engage on marketing initiatives.
- **Emotional customer:** These individuals base their decisions entirely on personal and irrational needs and emotions. For example, James only buys a certain brand of peanut butter because it reminds him of his childhood and parents. Another example is someone who only buys a specific car brand because their family only bought that brand.

- **Cognitive customer:** A cognitive customer is defined as a thinker and problem solver. This type of customer can be persuaded to change the product they buy if the organisation communicates the benefits in doing so. Cognitive customers base their decision on information from the environment, on social influences, personal needs, attitudes, perceptions and experiences. For example, an individual who considers all sources of information and evaluates all alternatives before making a decision to purchase.

2.2.4 Step 4: Purchase

Once an individual has selected the most desirable alternative, they make the decision whether to purchase the product or service, and respond accordingly. Sometimes it happens that the customer wants to buy a car, and looks at all the options available, compares a few vehicles, and realises that they cannot afford to buy a car at that moment, so they postpone the purchase. It can also happen that the product they have chosen is not available in this country or for exporting, or the product is out of stock. The customer will then have to wait, or choose the next best option available to them.

- ***Levels of consumer decision making***

The level of information search is based on the type of product or service being considered. Expensive items would require a more informed decision than a cheaper item. As consumers move from an extremely low level of purchase involvement to a higher level, the decision-making process becomes increasingly complex (Joubert, 2013:130). Four distinct types of consumer decision making can be recognised, namely: habitual, limited, extended and impulsive decision making (Brookins, ND; Joubert, 2013:130–131; Noar & Pierce, 2009):

- **Habitual decision making:** Individuals, who are generally satisfied with a product, become brand loyal and eventually, the purchase becomes habitual. In other words, these are purchases that are made routinely with little or no conscious effort from the individual. It also means that the consumer is loyal to a specific brand, because they will not think twice about buying the same product from the same manufacturer every time. For example, an individual who routinely buys Omo washing powder, without even considering other brands, is partaking in habitual buying. Habitual decision making therefore exists when there is a low involvement with the buying process, and it results in repeat purchases and brand loyalty.
- **Limited decision making:** Limited decision making is generally very straightforward and simple as there is no real motivation to search for information and rigorously evaluate alternatives. Limited decision making is used when an individual purchases products or services that they are familiar with, but still needs to gather information about which brand or model will best fit their needs. Assume that you need a new backpack for a hiking trip. While you are familiar with backpacks, you know that new features and material have become available since you purchased your last backpack. You spend some time looking for one that is decent because you don't want it to fall apart while hiking. You may also do a little research online and come to a decision relatively quickly. You may consider the choices available at your favourite retail outlet and not look at every outlet before making a decision. Or, you may rely on advice from

a friend who is knowledgeable about backpacks. In some way, you shorten or limit your involvement and the decision-making process (Tanner & Raymond, 2012:96).

- **Real or extended decision making:** Real or extended decision making entails a high level of involvement from the individual to search for internal and external information to make an informed purchasing decision. Extended decision making involves the complex evaluation of information and alternatives. In other words, this type of decision making has to do with a response to a high level of buying involvement – the customer is buying a product of high value, and they put a lot of effort into choosing the right product. We generally see extended decision making when purchasing expensive products, such as a house, car, computer or gadgets.
- **Impulsive decision making:** Impulsive decision making is when customers instinctively or automatically make a purchase without thinking it through. The individual makes a purchase with little to no thought and prior planning involved. In most cases, this happens with low-priced items. For example, when you stand in the queue to pay for your monthly groceries, you may take a chocolate bar, cold drink, gum or magazine without thinking much about the decision and without prior planning. Another example can be when you walk into Woolworths and a pair of pants catches your eye, and you decide to buy it without considering any other option or trying it on.



Activity 2.1

Discuss the various levels of consumer decision making, and give an example of each.



Feedback

- *Habitual decision making: Habitual decision making is when a customer buys a product without putting much thought into it. This means that the customer already knows exactly what they want because they have bought it in the past, or are loyal to a specific brand. An example would be a customer who routinely buys Sta-soft conditioner for their clothes.*
- *Limited decision making: This happens when limited effort is involved in deciding on a product or service. Individuals gather limited information before making a decision. An example would be when a consumer has some knowledge about tablets, but cannot decide whether to buy the Samsung or the Apple tablet – they engage in a limited information search to make a decision.*
- *Real or extended decision making: This is when a customer buys a product that is high in value and requires an extensive information search and deliberation before purchase. An example would be when someone wants to buy a house or a car.*
- *Impulsive decision making: This happens when individuals decide on the spur of the moment to purchase, usually a low-priced item. For example, when a customer stands in the queue at the store and takes a chocolate bar and magazine from the stand.*

2.2.5 Step 5: Post-purchase evaluation

The last stage in the consumer decision-making process is the post-purchase evaluation of products and/or services bought. At this stage, the consumer evaluates the performance of the product or service and, in doing so, establishes whether the initial problem or

need has been resolved or met. How well the expectations of the consumer have been met, will depend largely on whether they are satisfied or dissatisfied with the product or service offering (Parumasur & Roberts-Lombard, 2012:260). Consumers ultimately do a post-purchase assessment to evaluate the performance of the products and services in relation to the criteria. Post-purchase evaluations can lead to one of the following responses (Festinger, ND; Joubert, 2013:134–135; Kotler & Keller, 2009:99):

- **Post-purchase satisfaction:** When consumers can justify their purchase decision and they are happy with the product or service they have bought, the brand and condition surrounding the purchase are constructive, and they have a positive overall assessment of the purchase, the outcomes will be satisfactory. The expectations of the consumers have therefore been achieved and their need or desire has been met successfully.
- **Post-purchase dissatisfaction:** When the outcomes of the purchase do not match the expectations of the consumer, they experience post-purchase dissatisfaction. It generally happens that when the consumer realises an alternative would have been more attractive and satisfying, they tend to be more dissatisfied with the product they chose. Consumers generally respond to post-purchase dissatisfaction through verbal or behavioural response. A verbal response may be when a consumer spreads negative word-of-mouth of the brand or the product which can tarnish the reputation of the business. A behaviour response may involve a complaint from the consumer (i.e. complaint behaviour) or the consumer switching to another brand or company (i.e. brand switching).
- **A neutral or indifferent behavioural response:** Consumers can experience a neutral or indifferent behavioural response towards their purchasing decision. This type of response can include *inertia* – when consumers purchase the same product because they feel it is not worth the time and effort to search for alternatives – or *impulse buying* – an unplanned consumer purchase pattern.
- **Post-purchase conflict:** Consumers often experience doubt or anxiety after making a difficult purchase decision. Known as *post-purchase dissonance* – or buyer's remorse – it is when a consumer regrets their purchase decision because they had to give up the attractive features of an alternative they did not choose. Typically, dissonance occurs when a product or service does not meet your expectations. Consumers experience an imbalance or conflict among their beliefs, knowledge and attitudes that occur after a purchase decision – this is referred to as *cognitive dissonance*. Each person has many thoughts (cognitions) about the decisions they make which can lead to *consonant cognition* (logic) or *dissonant cognition* (logical inconsistency). Ling et al. (2015:450) identify frequent reasons for cognitive dissonance:
  - Alternatives seem more attractive than the product bought
  - Insufficient knowledge
  - Perceived risk
  - Performance and physical risk
  - High financial commitment
  - Personal importance of the decision
  - High social visibility
  - Inconsistent information about alternatives
  - Insufficient time to evaluate decision or alternatives
  - The decision is permanent

Consider, for example, someone who has just bought a new and expensive car and discovers that it is not comfortable on long drives and it is not as fuel efficient as they were hoping it would be. This causes post-purchase dissonance between their beliefs (attitudes and knowledge) that they have bought a good, comfortable and fuel-efficient car. Post-purchase dissonance could be eliminated by reasoning that the car is generally used for short trips, so it does not matter if it is not comfortable on longer trips; or rather focusing on the strengths of the car such as safety, appearance and handling (i.e. consonant conditioning).

As a marketer, you need to carefully investigate and examine all the areas of the decision-making process. You not only have to get into the minds of your consumers, you also have to ensure that the product (or service) you are selling can and does meet the performance expectations of the ultimate user to ensure that the consumer buys the product again. It is also important to focus the message correctly on the consumer, who can take on many roles as explained in the next section.



Activity 2.2

Simphiwe Ndludlu wants to buy a new house. Explain how he progresses through each of the phases in the consumer decision-making process.



Feedback

You should discuss the basic theory of each phase and how the theory explains what Simphiwe does. Look at the following suggestions:

- *Need or problem recognition: In this phase the consumer becomes aware of a need. The need can either arise from an internal or an external awareness. For example, after getting a new job with a higher salary and considering that he has been in a stable relationship for the past two years, Simphiwe sees a need to invest in a house so that by the time he gets married he will have a house of his own.*
- *Search for information: In this phase the consumer searches for information about the product. The information search can be either internal or external. For example, Simphiwe may first use internal sources such as memory and experience. He may then turn to external sources such as the advice of family members and friends, or marketing sources such as property magazines. Did you refer to the important aspect of consumer involvement in decision making? You could also briefly refer to the different types of consumer decision making here and mention that Simphiwe is involved in extended decision making.*
- *Evaluation of alternatives: This phase entails the consumer evaluating the attributes and benefits of the various alternatives. Simphiwe would like to buy a house with three bedrooms and two bathrooms in Garsfontein, Pretoria-East because it is close to the route he takes to work every day. He also wants a yard with a swimming pool and extra parking for friends and relatives who come to visit. He has a set budget, and can only apply for loan with a maximum amount of R1 400 000. He then views a number of houses and compares price, location and the type of house in line with his budget.*
- *Response/buying/purchase decision: Once the best alternative has been identified, the consumer makes a decision. This step is Simphiwe's outcome of evaluation, selecting the most desirable option. Here he finally decides to buy the house of his choice.*

- *Post-buying/post-purchase evaluation: In this phase consumers re-evaluate their decision to purchase. If the product they have purchased fulfils their expectations, this may lead to brand loyalty. If they are dissatisfied, they could lodge a complaint. They may also begin to wonder whether they have made the right decision, even if there is nothing wrong with the product. This condition is known as dissonance. The post-purchase phase can be regarded as the beginning of a new decision-making process. When moving into his house Simphiwe will realise whether he made the right decision buying the house. Maybe everything in the house is in perfect working order and he loves his house, but he may also find that the previous owners were not forthcoming with everything that needed to be fixed in the house, and that can cause great dissatisfaction.*
- *In this case, one of the marketing implications that needs to be considered is the type of product that is being purchased. Buying a house is a lifetime decision, because unlike bread, houses are not bought every day. The marketing in this case is a direct marketing and personal selling effort as opposed to mass marketing. The agent who is appointed as the personal seller has a significant influence on Simphiwe's decision to make a purchase.*

2.3 CONSUMER DECISION-MAKING PROCESS ROLES (GROUP DECISION MAKING)

The consumer decision-making process focuses on individual decision making, however, in many instances decisions are made in groups (such as when buying a house). Households generally make joint decisions or members in the household exert an influence on, for example, the type of cereal or brand of milk that is used. In the case of group decision making you can see the different stages of the consumer decision-making process applying to different members who take on different roles (Ling et al. 2015:459). The **role** of a consumer is defined as the expected behaviour of an individual in a society (Boundless.com, 2016). The following consumer roles have been identified, which are commonly seen in family structures (Kumar, 2012:104–105; Ling et al. 2015:459–461):

- **Initiators:** Initiators are those individuals who recognise that there is a need to be satisfied or a problem to be solved.
- **Gatekeepers:** These are the individuals who control the flow of information about a product or service. Gatekeepers, or *information gatherers*, take the responsibility of searching for information, looking for alternatives and setting the evaluation criterion. An example is a mother who trusts and believes that a certain type of margarine is healthier than the other margarines on the market.
- **Influencer:** Influencers usually have a personal interest in the outcome of the decision and therefore have a persuasive influence on the person who purchases the product or service. For instance, a child influences their mother to purchase a new toy, or a teenager influences their father to purchase a laptop or cellphone for them.
- **Decider/decision maker:** This is the person who finally takes the decisions on whether to buy, what to buy, how to buy and from where to buy. An example is the CEO that looks at all the different conference venue options and quotations and then makes the final decision of where the conference will be held.

- **Buyer:** The buyer is the personal who actually fulfils the purchasing transaction of paying for the product or service. As this person pays for the product/service, they have some control over the decision.
- **User**: The person who actually uses or consumes the product or service and therefore benefits from it. An example is a scholar who uses the pens his mother bought at the local supermarket.
- **Maintainers**: These individuals service or repair products so that they provide continuous satisfaction. For example, the husband repairs the blocked drain.
- **Disposers**: Disposers refer to those individuals who decide on carrying out the disposal or discontinuation of a particular product or service. For example, a person who disposes of glass bottles by placing them at a recycling bin nearby.

A single person in the household can take on various roles, for example, the father of the household may take on the role of the decider, buyer and user. For instance, the father decides on the brand of margarine being used due to his concern for cholesterol and heart conditions, but he is also the person who provides the funds for his wife to do the grocery shopping each month and then he consumes the margarine his wife bought from the supermarket.

In 2013, Accenture (in Ling et al. 2015:29) identified the following ten consumer dimensions, which ultimately have an influence on the roles of individuals in the household and consumers' decision making:

- **Connected consumers** are constantly linked with the internet and regularly check their e-mails.
- **Social consumers** use social media to connect with friends, family, colleagues and businesses.
- **Co-productive consumers** provide feedback and co-design products for businesses.
- **Individual consumers** prefer to customise offerings to their uniqueness and personality.
- **Experiential consumers** seek non-digital experiences such as events and travelling.
- **Resourceful consumers** engage in online auctions, selling to online communities and buying used products online.
- **Disconnected consumers** are those who are disengaged from the digital world.
- **Communal consumers** value social causes.
- **Conscientious consumers** make their own things, buy locally, consider the environment and give away products they do not need to the underprivileged.
- **Minimalist consumers** reuse products, purchase second-hand products and participate in car-pooling.

With the fierce competitive market, it is not always easy to gain new customers and retain existing ones. Therefore, it is important to understand the various roles and dimensions of people to develop marketing strategies that will attract your target market successfully. Read the following article to gain a better understanding of the challenges and possible solutions of "wooing" the customer: Srivastava, M. 2014. Wooing the customers through Bonobo marketing: a new marketing concept. *International Journal of Applied Services Marketing Perspectives*, 3(2):956–963.

2.4 SUMMARY

In this learning unit we looked at how customers make decisions, by looking at the five steps in the consumer decision-making process. We also looked at where individuals source information from to make informed decisions, we discussed the various types of customers and looked at the levels of decision making. Sometimes an individual can go through the entire process without even realising it, while at other times decision making can be complex and time-consuming. Knowing how consumers make decisions, and what influences the level of involvement, can help a marketer to create successful marketing messages, website content and product placement decisions. If someone wants to buy a car, for instance, they want all the necessary information about the car readily and easily available. So, the website must be up to date with the latest and relevant information about the car. By knowing the steps in the process, marketers can direct their marketing strategy towards helping customers to make a purchase.

2.5 CASE STUDY WITH QUESTIONS

Read the following case study, and answer the questions that follow.

James has just finished studying, and applied for a job opportunity at a leading marketing company in Durban. James has been short-listed and invited for an interview at the head office in Durban. James decides to wear a suit that his parent bought him a few years ago. Looking at the suit, he realises that the suit looks old and he does not feel professional in the suit. He also wants to wear a white shirt, but realises his white shirt is too small for him, and he does not have a proper tie to wear. James, therefore decides to look for a new suit, shirt and tie for the occasion.

Before going off to the nearest shopping centre, James goes onto the internet to read more about the proper attire for an interview. He then searches for companies specialising in business attire, especially business suits. He remembers that his friend mentioned buying a suit at Polo a few years ago for a wedding, and decides to look on its website. He also remembers a recent advertisement of a new range of suits sold at Eurosuit and decides to go to its website to have a look. James also phones his brother, Bruce, to get his opinion of what to wear and the best places to shop, as Bruce has purchased many suits for his job before.

Bruce agrees to go with James to the shops to find the perfect suit for the occasion because he is much more clued up than James. James values his brother's opinion. When they come to the shop, a shop assistant helps them to pick out three suits according to his preferences. He tries on three suits and Bruce says that the most expensive suit looks the best. James is a bit hesitant, because it is much more expensive than he hoped to spend, but after the shop assistant and another man in the store say the suit looks great, he decides to buy it.

James asks whether he can pay with a Mastercard, However, the shop assistant recommends that he should rather open an account so that he can repay the money over six months and get vouchers to spend as well. James is very satisfied with his decision and decides that he will definitely go back to the store in the future.

QUESTIONS

1. Consider James's shopping trip and discuss the various steps in the consumer decision-making process. In your discussion, make reference to the case study above.
2. Explain which type of customer James is and motivate your answer with evidence from the case study.
3. What level of consumer decision making has taken place? Explain your answer.

2.6 REFLECTION



Before you continue to the next learning unit, reflect on the following questions:

1 Think about how it affects a marketer who knows what a consumer's decision-making process is. The marketer can create marketing messages by trying to stimulate a response or creating a need. Knowing how the decision-making process works, how would you formulate a marketing message to sell a beverage to customers?

2 A customer who makes a purchase is the ultimate goal for marketers. What do you think you can do as a marketer to ensure that a customer will make the purchase and continue to come to your establishment? In the theory it was explained that it helps to decrease the risk of the purchase, and to make payment as easy as possible. Do you think that having excellent service, good return policies and loyalty programmes will help to ensure customers' return and their loyalty?

2.7 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

QUESTION 1

Buying a car is an example of which type of buying decision?

1 habitual decision making
2 relational decision making
3 impulsive decision making
4 real or extended decision making

QUESTION 2

After realising the customer has a need that has to be met, what is the next step in the decision-making process?

1 purchase
2 information search
3 evaluation of alternatives
4 perception

QUESTION 3

A customer goes to the same shop and buys the same bread every week. What is this an example of?

1 limited decision making
2 habitual decision making
3 extended decision making
4 real decision making

QUESTION 4

Customers make purchases if they perceive that the risk is low. This includes offering credit and having return policies. Which of these are also an example of a technique that decreases the perceived risk?

1 longer trading hours
2 money-back guarantees
3 stock-outs
4 extended sales

Before checking the answers to the MCQs above, try to answer them yourself to test your knowledge and understanding of the theory you have just learnt.

MEMORANDUM

QUESTION 1

Option 4 is the correct answer.

Option 4 is correct because you do an extended information search before buying a car. Option 1 is incorrect as habitual decision making is when you buy everyday products such as bread and milk. Option 2 is incorrect because there is not any theory about relational decision making. Option 3 is incorrect because impulsive decision making is when you buy a chocolate bar at the checkout counter. You do not think nor do an information search before buying the product.

The correct answer can be found in section 2.2.

QUESTION 2

Option 2 is the correct answer.

Option 2 is correct as a customer will do an information search after realising they have a need to be met. Option 1 is incorrect, because the customer has to do an information search after they realise they have a need that needs to be met. Option 3 is incorrect because the customer has to do an information search after they realise they have a need that needs to be met. Evaluation

of alternatives comes after the information search. Option 4 in incorrect as perception is not a stage in the decision-making process.

The correct answer can be found in section 2.3.

QUESTION 3

Option 2 is the correct answer.

Option 2 is correct, because habitual decision making is when a customer has to buy something habitually, such as bread. Option 1 is incorrect, because limited decision making requires a limited and simple search for information. Options 3 and 4 are both incorrect as extended or real decision making is when a customer buys something that needs more information search such as a house or a car.

The correct answer can be found in section 2.2.

QUESTION 4

Option 2 is the correct answer.

Option 2 is correct, because if the customer feels that they can bring back the product if they are not satisfied, it gives a sense of security. Option 1 is incorrect, because longer trading hours only increase the customer's satisfaction with service, it does not necessarily decrease the risk of purchasing. Option 3 is incorrect because stock-outs cause an increase in the perceived risk. If a customer buys a product that needs refills, they choose a retailer that continually stocks the product. This decreases their perceived risk. Option 4 is incorrect because even though extended sales are convenient and nice to have, they do not necessarily decrease the perceived risk of purchasing.

The correct answer can be found in section 2.3.

TOPIC 2

Individual factors influencing consumer behaviour

AIM

To demonstrate knowledge and an understanding of the various individual factors influencing consumer behaviour.

LEARNING OUTCOMES

After studying this topic, you should be able to do the following:

- explain the market and personal characteristics of consumers with the aid of practical examples
- explain the various age cohorts as well as how the various age groups make purchase decisions
- discuss the full scope of consumer perception and the perceptual process with the aid of practical examples
- describe consumer learning and memory with the aid of practical examples
- describe consumer personality, lifestyle and the self-concept with the aid of practical and relevant examples
- explain consumer motivation, emotions and values in consumer behaviour with the aid of practical examples
- discuss the nature of consumer attitudes and attitude changes in consumer behaviour with the aid of practical examples

TOPIC CONTENT

Learning unit 3: Personal characteristics of the consumer
Learning unit 4: Consumer perception and learning
Learning unit 5: Personality, lifestyle and the self-concept
Learning unit 6: Consumer motives, emotions and values
Learning unit 7: Consumer attitudes and attitude change

Learning unit 3

Personal characteristics of the consumer

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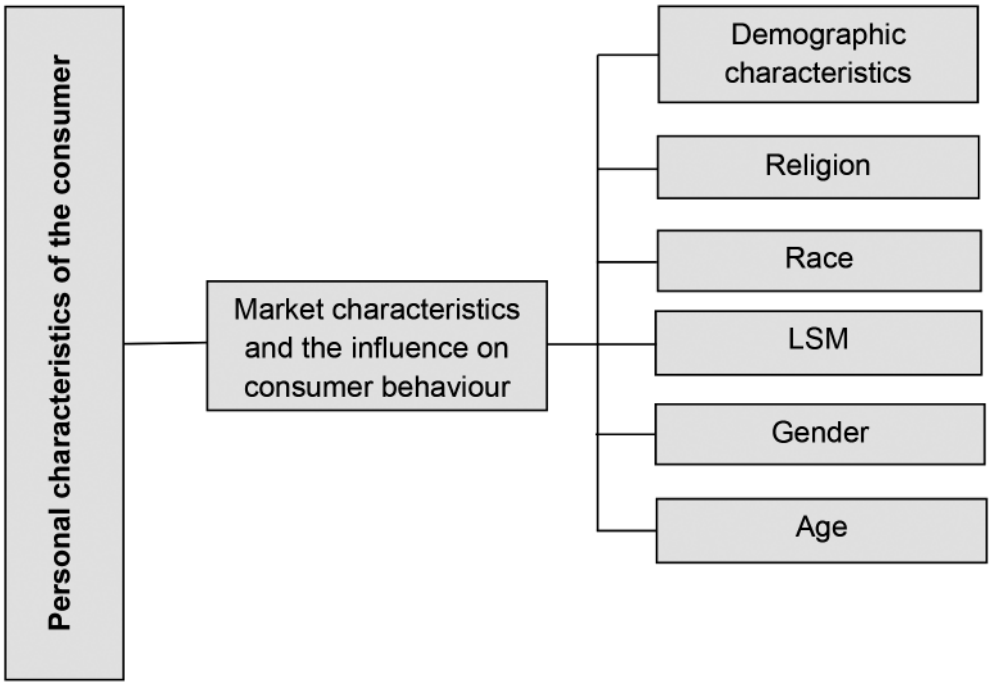
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OVERVIEW OF THIS LEARNING UNIT

This learning unit covers the first of the individual factors, namely the personal characteristics that have an influence on consumer buying behaviour. The introduction gives you an overview of the individual factors, explains important aspects and puts it into context with group factors. The market characteristics are the first individual factors discussed. Thereafter, the next section discusses the demographic factors that include religion, race, the LSM, gender and age. Each one of these is defined, the nature and subsections are discussed and examples are given to provide you with a better understanding of the concepts.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- explain how market characteristics influence consumer behaviour
- discuss the influence of the demographic characteristics on consumer behaviour and provide South African examples
- explain how a person's religion influences their buying behaviour
- discuss the role race plays in consumer behaviour and marketing strategies
- describe the different LSM groups and provide an overview of the significance of the LSM framework
- explain how age influences consumer behaviour and why marketers need to consider age in their marketing decision making
- discuss the role gender plays in consumer behaviour and how the changing roles of males and females influence marketers' decisions
- explain the changing role of male and females in the emerging economy
- compare traditional/stereotypical elderly and new-traditional elderly individuals
- discuss the various generational age groups and explain how marketers can successfully reach these markets

KEY CONCEPTS



- Personal characteristics
- Consumer market
- Demographic characteristics
- Religion
- Race
- Living Standards Measurement (LSM)
- Gender
- Gender roles and identity
- Westernisation
- Age
- Age cohorts
- Cohort analysis
- Age
- Gerentographics
- Silent Generation
- Baby Boomers
- Generation X, Y and Z

3.1 INTRODUCTION

Individual consumers face a lot of information when they walk into a store and they have to make many choices before they buy something. They are confronted with different brands, products, packaging and prices, and even their own personal motivations of the moment. They are often not consciously aware of the reasons for their decision making; if a marketer asks a consumer why they buy a product, the consumer is not always able to give a straight answer. According to Kotler and Armstrong (2010), 95% of the thoughts, emotions and learning that drive purchases occur in the unconscious mind of consumers and they are often not aware why they behave the way they do.

If marketers want to be successful they need to know and understand why consumers behave in specific ways. Fortunately, for marketers, a lot of research has been done on the topic and consumers' decisions are not made in isolation but are influenced by external and internal factors.

External influences include marketing-related factors such as product, price, place and promotion (the four P's), market-related factors and socio-cultural influences. The socio-cultural influences are recognised as group factors and are discussed in the next topic (topic 3) in this module. The group factors include culture and subculture, social norms, family and other reference groups and opinion leaders consumers identify with.

According to Mpinganjira et al. (2013), the internal factors include aspects such as prior knowledge, intellectual capacity, personality, attitude, perception and motives. These are all part of the individual factors that also include personal characteristics that are discussed in this learning unit. Personal characteristics influence consumer behaviour in a distinct way and each consumer possesses them as an individual (Joubert, 2010).

Personal characteristics refer to a set of criteria that are inherent within a group or population and are the basic criteria for demographic segmentation. People of a specific age or gender share certain traits and can be grouped together. An older consumer would for example rather buy a more sensible car or family car instead of a sporty coupé and men would buy different products than women.

Race is also one of the personal characteristics, and marketers need to be mindful that personal and demographic factors cover sensitive issues as a recent campaign by KFC illustrated. According to Mackay (2014), the advertisement told the story of a South African schoolgirl in Thailand, feeling overwhelmed by the strangeness of Thai culture and customs, who made a friend and connected over some KFC – which "tastes like home". While it is clear this ad is trying to show that KFC is a classic, nostalgic and well-loved food for South Africans, it came across as racial stereotyping to some. If KFC did not feature predominantly black people in its advertising, it would be irrelevant to modern South Africa and its own consumers. Mackay (2014) reported that KFC has done an admirable job over the years in trying to get closer to its consumers and to tell stories from their perspective. But the South African dislike for being singled out still rears its head.



KFC racial campaign gone wrong:

Visit the following link to view the KFC advertisement on YouTube: https://www.youtube.com/watch?v=FT2Z_3di5QM

The full article by Mackay (2014) can be accessed on http://www.ywood.co.za/thinking/articles/unite-and-conquer-the-power-of-togetherness-to-inspire-south-african-consumers.aspx.

All the above factors, characteristics and behaviours happen in markets. To understand consumers a person first needs to understand how the market, as a separate factor, influences what consumers buy and how they behave.

3.2 MARKET CHARACTERISTICS AND THEIR INFLUENCE ON CONSUMER BEHAVIOUR

Consumers buy products and services in a market and the characteristics of the market influence what and how much they buy. A **market** can be defined as the set of actual and potential buyers of a product and also as a place where buyers and sellers get together (Kotler & Armstrong, 2010). There are many different kinds of markets, such as industrial markets, business markets, international markets, consumer markets and even internet markets. Each market has its own unique characteristics. In this learning unit we focus on consumer markets.

A **consumer market** is defined as all the individuals and households that buy products and services for personal consumption. This market refers to people with particular demands who manifest certain forms of behaviour in satisfying those demands (Du Toit et al., 2010:110).

The consumer market is seen as the final link in the value chain of production. The *value chain* is a term used to describe all the players in a market, from the farmer who provides corn (the producer) to a mill right through to the retailer who sells the product to the final consumer. Each one of the players needs to understand the consumer market before they develop their strategies. The world consumer market, for example consists of about 7 billion people. The South African consumer market is made up of all the people in South Africa who need any kind of product or service.

From a marketing perspective, companies have realised that they cannot sell the same product to all consumers. Consumers make choices that fit their own circumstances and that are influenced by their own characteristics and those of the market. The characteristics of the market depend on other competitors, the nature of suppliers and the intermediaries who are used to close the gap between the company and the consumers. Marketers need to carefully analyse the market and decide which final consumer segments they are targeting.

Marketers usually define consumer characteristics through market segmentation, the process of separating and identifying key customer groups for targeting. The factors that involve consumer segments are the demographic, psychographic and geographic traits of the market. Traditionally geographic factors would be the first element to consider when a market is segmented – as the business grows and becomes more specialised the organisation looks at the other factors as well. When a company grows, segmentation is more specific and all the characteristics and factors need to be considered. If an entrepreneur for example opens a grocery store, the inhabitants of the neighbourhood would be the segment that is targeted. If a more specialised store such as a men's clothing store is opened, the men living in the area would be the target segment. If the store sells formal attire only, the segment of the market would be men between the ages of 21 and 70 living in the area. Lifestyle and individual factors and income groups would also be taken in consideration. (Segmentation will be discussed in detail in learning unit 10.)

Organisations need to analyse and understand the characteristics to be able to develop their strategies. Some of the market characteristics that are analysed include the actual and potential market size, the market growth and profitably and trends and developments in the market (Jooste, 2011:52).

The actual and potential size of a market depends on the number of people who exhibit the need, who have resources to engage in exchanges and are willing to offer these resources in exchange for what they want. Demographic information help organisations in this regard. The size of the e-commerce market in South Africa, for example, can be seen as all the consumers who have resources such as access to the internet and money to buy something over the internet.

Trends and developments in markets are especially important to marketers. They influence marketers and consumers and are currently closely linked to new developments in technology. An example of a trend is the growth in the e-learning industry. Students have developed a growing need to be able to study anywhere at any time instead of sitting in classrooms and not being able to earn an income. According to the Docebo Report, the projected value of worldwide e-learning will be $51,5 billion in 2016 and this shows an annual growth rate of 7,9% since 2012. The case study at the end of this unit and the next activity gives you more insight into trends.



Activity 3.1

Visit the following URL link: www.euromonitor.com/south-africa.

Euromonitor International publishes the world's most comprehensive market research on consumer products, commercial industries, demographic trends and consumer

lifestyle in South Africa. Look at all the categories of research that have been done and the trends in 2015 and 2016. Organisations that want an understanding of the industry in which they are operating, can purchase information from this organisation. The prices for specific research results and information are also available.

This activity was developed to give you an idea of consumer markets, and the marketing research and information that are available in the world. Do you notice all the different categories of market information that are available? Can you identify the consumer characteristics and trends in some of the market categories and see how they influence a marketer's strategies?



Feedback

Did you notice that Euromonitor provides organisations with:

- *current statistics of South Africa and a country briefing*
- *consumer lifestyle in South Africa*
- *future demographic: South Africa in 2030*

The organisation provides in-depth data and statistics on consumer lifestyle, income and expenditure, digital consumers and the economy. Characteristics and trends in product types such as cities and their characteristics, consumer lifestyle and global briefings are reported as well as industry categories such as alcoholic drinks, apparel and footwear, automobiles and beauty and personal care.

Almost any marketing information you would like to know about the South African consumer market and its characteristics can be found and bought on this website.

An example of consumer characteristics and market trends in "Menswear in South Africa" is:

> *"There is a growth in the sales of menswear in South Africa that is being fuelled by factors such as a greater focus on personal appearance and rising disposable income. A higher proportion of South African men are earning higher salaries and attaining key positions."*

Unfortunately you need to buy the report to read the rest of the research results but if you read through the summary of the other categories you will get a good understanding of the market characteristics and their influence on South African consumers, marketers and industries.

3.3 DEMOGRAPHIC CHARACTERISTICS

Marketers need to know the size and demographic characteristics of a market to enable them to decide on marketing strategies such as which consumers to sell to, what to sell and how much to produce. The demographic characteristics influence the price of a product, the product itself, the size of packaging, and also where and how the organisation communicates information to the market.

Demographics include information about variables such as gender, age, race or ethnicity, income level, occupation, education level and household size (Du Plessis, 2009:235).

Information about the demographic characteristics in South Africa is published by Statistics South Africa (StatsSA). The information provides South African marketers with an understanding of the composition of South African society, the standard of living of South Africans and customer behaviour. A summary of demographic information available from Statistics South Africa (http://www.statssa.gov.za/publications/P0302/P03022015.pdf) for 2015 is:

- The estimated mid-year population for 2015 was 54.96 million citizens residing in South Africa.
- Approximately 51% (or 28.07 million) of the total population consists of females.
- Gauteng comprises the largest share of the South African population with approximately 13.20 million people (24%). KwaZulu-Natal is the province with the second largest population (10.92 million or 19.9%). With a population of approximately 1.19 million people (2.2%), Northern Cape remains the province with the smallest share of the South African population.
- About 30.2% of the population is younger than 15 years and approximately 8.0% (4.42 million) is 60 years or older. The proportion of elderly persons aged 60 and older is increasing over time.
- The majority of South African's main expenditure are for housing, electricity, water and other utilities (24.9%), followed by food and non-alcoholic beverage (19.3) and transportation costs (15.3%).
- When looking at household expenditure for different types of food items, such as bread, meat, fish and fruits, households in lower deciles spent more on bread and cereal as compared to meat and fish. Whereas households in higher expenditure deciles spent more on meat and fish as opposed to bread and cereal.
- Follow this link to read more on the consumption patterns of South Africans: http://www.statssa.gov.za/publications/P0310/P03102008.pdf

The full report as well as tables that provide you with information about birth and death rates, age and gender compositions in provinces and any other statistics on South Africa are available online at www.statssa.gov.za. Do your own research to see how the statistics in the above report have changed since 2015.

3.4 RELIGION

Religion is not generally used as a personal factor to target consumers, but religious customers from certain denominations expect marketers to honour their religion and to provide products and services that cater for their religion. Some consumers actively look for symbols such as halal or kosher because their religions prescribe it. Some consumers also look for symbols that they do not want to be associated with.

From a marketing perspective we need to realise that religious symbols carry great potential to generate revenue. However, these symbols should not be exploited and they should not offend. During Christmas we see malls decorated with symbols signifying the festive season but many have argued that this is simply to alert consumers that the shopping season has started.

Religion is a sensitive subject and the internet has brought knowledge to the public about organisations' attitudes towards religion. Consumers are getting better informed about companies' attitudes and they react when organisations do not respect their values and beliefs. A major retailer in South-Africa faced a boycott after taking all Christian magazines off its shelves. The retailer was forced to review its entire magazine collection to avoid the boycott and changed its policies after pressure from consumers.

Some religions are growing because people are looking for sources of comfort in what they perceive as a chaotic world. There is a renewed interest in religions such as Christianity, Judaism, Hinduism and Islamic. Christianity, for example, has more than two billion followers worldwide. This renewed interest in spirituality affects consumers in many ways and they look at products, television programmes and magazines from a new perspective. Tapping into this heightened sensitivity presents unique marketing opportunities for brands but also threats that cannot be ignored.

The majority of South Africans (79.8%) are Christians, while the Zion Christian Church (ZCC) is predominantly in South Africa. Approximately 15% of the population has no religion, and 1.4% is undetermined about their faith. Being a culturally diverse country, South African religious groups include Islamic (1.5%), Hinduism (1.2%), African traditional beliefs (0.3%) and Judaism (0.2%) (Media Club SA, 2016).

African traditional religion and believes



South Africa offers many different religious groups, such as Judaism, Christianity, Islamic, Hinduism and Buddhism brought to South Africa by people from Asian and European countries. The African traditional religion and the religion of the San people are native to Africa.

Religion is a part of the everyday lives of the San people, and they believe there is a great God who is powerful and they either pray to him by themselves or through a healer, known as a Sharman. The San people, also known as Bushmen or Basarwa, are the oldest inhabitants of Southern Africa. The San is a diverse group of hunter-gatherers and comprises small communities of about 25 men, women and children.

An important religious ritual performed by the San people is the "trance dance". While the San men dance along the rhythm of spiritual songs that the San women sing while sitting by the fire, the spirit enters the shamans and they go into a trance where it is believed they get special healing powers. African traditional religion also involves the belief in ancestors and worshipping them. They practise Ubuntu – treating others kindly and showing concern for the community. African groups focus on the family and special events in other lives, such as the birth of a child, initiation, weddings and funerals. The majority of the African cultures sacrifice animals for special events and to honour the spirit of the ancestor.

Source: Bishops (ND); Siyabona Africa (ND).

3.5 RACE

Segmentation is tricky and segmentation strategies in South Africa are not easy to do. People do not like to be treated differently, and recoil from brands that pick up on any differences. This creates a tension for marketers. On the one hand, they need to make their marketing tailored and relevant to very different kinds of people and on the other hand, they cannot present a tailored approach as definitive of any particular group of people. Black Like Me products, for example, have race characteristics and are specifically manufactured for the black population. For more information about Black Like Me products, visit the website at http://www.blacklikeme.co.za/home. Make suggestions of how marketers can utilise race as a means of marketing and how race can ultimately influence the buying behaviours of individuals.

Race can be defined as a group of people who share the same genetic heritage and the common racial groups in South Africa are, black, white, Indian and coloured (Joubert, 2013).

Some products have few racial connotations and marketers can simply substitute models of different races in advertising mediums such as billboards, which are appropriate for the race predominantly occupying a specific region. The language of the region is also commonly used, yet the marketing message remains the same. An example of this is how billboards displaying washing powder are customised according to region. Some products target specific races and these product messages are likely to be tailor-made for the specific race they target and are published via media outlets where the majority audience consists of the race targeted. An example of this is the various plaits and braids often worn by African women. As these products are used almost exclusively by African women, you likely see advertisements for these products in magazines where the readership is comprised of predominantly African readers.

A concept closely related to race is *ethnic identity* that refers to having your own culture, language, religion and distinct requirements. People in South Africa with different ethnic identities are for example Zulu, Sotho, Xhosa and other groups. Ethnic identity does not define a certain culture; it is only a trait that marketers use to establish a subculture. Targeting ethnic segments is not racist as the segments differ in their needs and values; markets need to acknowledge the differences and cater for specific needs (Joubert, 2013).

Bear in mind that advertising messages should not depict one race in an unfair stereotypical manner, should never degrade consumers based on race and should strive not to divide an already divided society. One of the first advertisements that was successful in this regard was the Klipdrift "Met Eish" advertisement. It used humour and showed how the product could build bridges between historically divided races. Both races could identify with the advertisement as neither was depicted in a negative light. The advertisement made both audiences laugh at their own fallacies and in the process the "Met Eish" phrase was included in the common South African vocabulary. Visit the following link to watch the Klipdrift advertisement: https://www.youtube.com/watch?v=QBpoAFRE5iw

In the next section we look at the Living Standards Measurement (LSM) scale, which was specifically designed for the South African market.

3.6 LIVING STANDARDS MEASUREMENT (LSM)

Marketers use the Living Standards Measurement (LSM) tool to segment the South African market. This tool was specifically designed for the South African market and was first published in 1993 by the South African Advertising Research Foundation (SAARF). It has become the most widely used marketing research tool in South Africa (Cant, 2010).

Vodacom, for example, used this tool when it originally developed its business and marketing strategies. The LSM gave Vodacom information on the approximate number of people who earn enough money to afford its services and who have the lifestyle to want to buy a cellphone. It used LSM 7 to 10 and calculated that it would take five years to break even from introducing its services to the South African market. After three years Vodacom broke even because the consumers in LSM 6 also saw the benefits and bought its products.

The LSM consist of 29 variables that divide the market in ten segments (1–10). The major indicators are wealth, geography and access to markets. Some of the assets people may or may not have that are included in the measures are televisions, electric stoves and computers to name a few. A slideshow containing the updated LSM descriptors can be downloaded from the SAARF website: http://www.saarf.co.za/LSM/SAARF%20LSM%20Descriptions%20%20-%20Survey%20AMPS%20Dec%202014%20(4).zip

The Informal Low Income class of South Africa

In GG Alcock's (2015) book, *KasiNomics*, he suggests that the typical LSM measurement used in a South African context does not work primarily due to the mishmash of township cultural housing and other social dynamics. Alcock (2015:126) therefore identifies three urban segments or classes defined by distinct social structures, environments, financial levels and often behaviours unique to these segments. Alcock (2015:127) states the following: "At the bottom of the financial pile and at the top of the numerical abundance pile are the Informal Low Income classes; they are the *mkhukhu*, shack dwellers, the chicken warren, chicken houses. The shacks are at once tattered, poor, a quilt of corrugated iron and canvas or plastic sheets, yet at a second glance they are a vast, artfully designed and individually created architecture. Each shack is a proud home …"

Source: Alcock (2015).

The LSM descriptors are discussed in more detail in learning unit 10.



Activity 3.2

Visit the South African Advertising Research Foundation's (SAARF's) website at http://www.saarf.co.za/ and compare the information in the different LSM groups. Can you identify products and marketing strategies that are aimed at specific groups? If you do not have access to the internet you can look at the table in section 10.3.1 (table 10.1) and compare the information in LSM 7 low with LSM 7 high to get and understanding of the differences between LSMs.



Feedback

An example of a suitable product for LSM 7 would be a DVD player as DVDs are viewed by this group who have television sets in their houses. Marketers can communicate with these groups through TV advertisements and even advertisements on the internet.

LSM 1 in comparison includes about 4% of the market and is not a viable market for durables. The people in this market live in rural areas and have minimal access to services and minimal ownership of durables, except radios. Only basic medicine and bulk food products such as 50 kg bags of maize meal can be aimed at them. The main forms of marketing communication with this group are through radio advertisements and billboards.

3.7 GENDER

The terms "gender" and "sex" are often used interchangeably to refer to whether individuals are biologically male or female (Parumasur & Roberts-Lombard, 2012:117). Gender contains a biological element as well as gender identity elements that express certain masculine and feminine characteristic and gender traits. Over and above the fact that men and women consume products that are specific to their individual genders, there are also unique behavioural patterns that are intrinsic to each gender. The thought processes that persuade men to purchase an item may be dramatically different from those of women. These thought processes may include a person's perception of crowdedness, price sensitivity, product function or operational use, convenience and perhaps trade-offs of all these. These gender traits or characteristics are known as "gender identities". **Gender identity** refers to the qualities of femininity (instrumental characteristics such as sensitivity and empathy) and masculinity (instrumental traits such as ferociousness and supremacy) (Hawkins, Best & Coney, 2001:97). Gender identity formation takes place in early childhood as a person becomes aware of the differences between boys and girls.

Consider the following examples that emphasise feminine and masculine characteristics. A four-wheel drive vehicle, motorcycle or a Volkswagen Amarok "bakkie" is perceived to be tough and macho and therefore possesses masculine traits. Consider the following advertisement of the Toyota Hilux Double-cab: https://www.youtube.com/watch?v=neRg9YCyJqc. In this television advertisement, a suburban female takes on a tough personality and "masculine" persona when she uses her husband's Hilux to go shopping. In this advertisement, Toyota attempts to illustrate that its double cab is not necessarily developed to satisfy only gender-specific needs but may, in its own right, represent masculine or feminine dimensions that makes it appealing to both genders.

A topic that cannot be ignored when gender is discussed is the growing gay and transsexual communities. This is known as **androgyny**, which refers to the possession of both masculine and feminine traits (Solomon, 2013:208). Our Constitution makes it illegal to unfairly discriminate against a person due to sexual orientation and the result is that homosexuality is not such a taboo as years ago. A flood of TV shows such as *Modern Family*, *Queer Eye for the Straight Guy*, *Shameless* and *Six Feet Under*, openly portrays gay characters. Cape Town is a city that is famous for earning "pink dollars" from tourists and even has a brochure called *The Pink Map to Cape Town*. As gay couples usually have fewer children than heterosexual couples, they tend to have more disposable income. It

is estimated that a gay male tourist spends 4.5 times as much as a heterosexual tourist. According to a study conducted by the CMI (2009): "Gay men and lesbians travel more, own more homes and cars, spend more on electronics, and have the largest amount of disposable income of any niche market. Lesbians and gay men are a dream market for the tourism industry."

Many authors still elaborate on the masculine and feminine stereotypes but fail to take into consideration how the global and South African societies have changed in the past few decades. The male and female roles have changed and behaviour that was exclusive to one group is not exclusive any more. Transsexual issues can also not be ignored. According to Conway (2012), the ratio of transsexuals may be as high as 1:200. Marketers need to take the evolutions in gender roles and gender identity into consideration and realise they are marketing to a completely different society as years ago.

Gender role identity, according to Mittal et al. (2008:433), refers to how humanity thinks of a person simply based on the gender of that person. Every person adopts some notion of gender roles and moulds their own behaviour and expectations of others based on gender. Gender roles are discussed next.

3.7.1 Gender roles

Gender roles are the behaviours considered appropriate for males and females in a given society (Hawkins et al., 2001:98). The concept of gender roles has undergone a major shift: behaviour that was formerly considered proper behaviour for men is now acceptable for women too. Gender roles are **ascribed roles**, which are based on an attribute over which the individual has little or no control, such as their age, gender or any other uncontrollable factor. In contrast, **achievement roles** are based on performance criteria over which the individual has some degree of control, such as their occupation or level of education (Joubert, 2013:36). In other words, individuals determine their own achievement roles, but not their ascribed roles.

Although it is common to find products and services that are exclusively or strongly associated with either male or females, the "sex role" link has been diminished and in some cases has disappeared altogether. For example, hairdryers and visiting massage spas are associated with women, while shaving cream, cigars, ties and golf are generally associated with men. This is no longer the case, as men also go for relaxing massages and women also play golf. Furthermore, women have traditionally been cast as homemakers – raising the children and running the household – while men have been the breadwinners of the household (Schiffman et al., 2014:449). While such traits and roles are no longer as strongly associated with members of a specific sex, they are still somewhat prevalent. According to the 2011 census report around 36% of women were working while 47% of men were working. You may ask why this shift took place. One of the factors is possibly the current employment equity legislation that encourages employers to rather employ females than males and this same legislation forbids unfair discrimination based on gender. Another factor would be the shift in perception of females in the workplace. Let us now look at the changing roles of women and men.

3.7.2 The changing role of women

Decades ago it was generally frowned upon if mothers left their children in the care of others to build careers. Nowadays this stigma has been obliterated and it would be quite politically incorrect for somebody to ask a working mother if she doesn't feel guilty to leave her children during the day. Companies have also responded to accommodate working mothers, for example, Liberty Life having an onsite crèche so that mothers can take their babies to work. Another phenomenon that occurs more frequently is that of stay-at-home dads who raise the children while the mother becomes the primary breadwinner.

From a consumer perspective it is reasonable that this shift has also brought forth different shopping patterns in males and females. It is more and more common to see fathers shopping for baby diapers while we see high-powered executive females shopping for technology devices, which used to be a predominantly male shopping segment.

We still find the *traditional housewife* who fulfils the buyer and user roles for the household and enjoys doing this, but increasingly we also find the *trapped housewife*, a woman who wishes she could be working but circumstances do not allow it. Such a woman is likely to seek meaning and fulfilment outside of the household and it is to be expected that her shopping patterns will reflect this. We also find the *trapped working woman* who finds little if any satisfaction from her work and would rather be spending time with her family but has to keep working due to financial reasons. Finally, we have the *career-driven woman* who enjoys her work and willingly sacrifices time with her family to keep working and be rewarded financially.

The traditional values and roles of women have shifted in modern times. Think about all the stories you have heard from your mother or grandmother telling you "how different it was back then". This role shift has been brought about largely by westernisation and the changes in people's political and cultural beliefs. ***Westernisation*** refers to "the social process of becoming familiar with or converting to the customer and practices of Western civilisation" (Scott, 2007:10). In South Africa's case, it mostly concerns adopting and implementing European customs and practices, including matters such as their technologies, politics, economy, law, lifestyles, diet, language, alphabet or even values (Scott, 2007:10).

In addition to westernisation, constitutional changes enforce equality, not only between the genders but also across race, age, disability, beliefs and sexual orientation, giving any and all human beings the right to be treated equally.

Can you remember a recent advertisement that depicted a successful woman exuding confidence and power? It may have been for a brand of clothing or a magazine label. The message that was communicated was directed at the self-esteem needs of most South African women – to be empowered and confident. As marketers we need to hone in on these self-esteem needs of women today and to design marketing campaigns to satisfy those needs. As marketers we must also understand the significance of double-income families, where men and women are both providers of income. This provides further segmentation criteria on which to base marketing communications and product customisation.

3.7.3 The changing role of men

As equality levels the playing fields and the gender norms of modern societies interlace, the role of the traditional man becomes "lost in translation". The traditional "big, hairy and tough" image has been replaced by society's acceptance of males as being skinny, clean and sophisticated. Try to think of advertisements in which the male figure has characteristics that are more "feminine" in approach than "masculine". Nowadays men are more aware of their physical characteristics and are opting to enhance their appearance and general quality of life. This new trend has led to the coining of the term, "metro-sexual male", and it opens up a unique opportunity for us marketers. Men are now using products such as face moisturises, body lotions, anti-wrinkle and anti-aging creams – all of which were previously consumed only by women but that have now become widely accepted by both genders.



Heineken–What women want vs what men want:

https://www.youtube.com/watch?v=ylutgtzwhAc

This Heineken advertisement clearly illustrates the difference between what women want versus what men want when it comes to products.

Marketers need to be analytical in their thinking so as to identify these trends and why they are important to the respective gender groups. Could it be a self-esteem issue or a conformity issue? Whatever the case, we as marketers need to identify these traits and position our companies, products and services to best cater for these needs. As a student, you need to understand the changing roles of males and females in South African society, the factors that are influencing this and possible opportunities that may exist in this new environment.

In the next section, we look at the influence of age, one of the most important variables that affect the buying behaviours of consumers.

3.8 AGE

The age of consumers allow marketers to identify potential marketing opportunities and facilitate marketing planning. People of different ages have different needs and therefore give different weights to the importance of certain attributes. A life insurance policy is not as heavily weighted by a 20 year old as the need for vehicle financing. However, the reverse is true for people in their late 30s or 40s.

There are three major reasons for studying age and its impact on marketing. The things that people need or *want changes as their age changes*. Secondly, age helps the markets to calculate the *lifetime value* of a customer. The concept refers to the value of goods and services a customer could buy from a company over their lifetime. Thirdly the changes in the age composition of a population correlate with significant *shifts in values and demand*. The youth market should emerge as the major market segment in the country although the older market has greater spending power.

3.8.1 Defining age

The basic definition of age is "the length of time that a person, animal or thing has existed or lived" (Merriam-Webster, 2016). As there are various meanings of the concept of "age" from a marketing perspective, marketers should understand what they refer to when they discuss this concept.

Age can either be chronological, biological or psychological:

- **Chronological age** refers to the years that have gone past since a person was born. For example, an individual that was born in 1990 will be 28 years old in 2018.
- **Biological ageing** refers to the changes that happen in the human body over time. For example, an individual who is 70 years old (chronological age) may have the physical traits of a 60 year old due to a healthy and active lifestyle.
- **Psychological ageing** refers to peoples' perception and reasoning of their own age. A person's psychological age is based on their experiences, logic and emotions. For example, someone who is 60 years old may feel younger or vice versa.

Marketing to different age groups can vary considerably. Let's look for example at the buying behaviours of senior citizens compared to teens and young adults.

3.8.2 Marketing to seniors vs teens

Many seniors often think of themselves as younger than their actual age (psychological age). This perceived age represents the age that a person feels, and often differs from the chronological age, which is the actual number of years of their ages. As a result, markets who market to this segment use people in advertisements who are a bit younger than this market. Marketers stress product benefits instead of age appropriateness because many seniors do not identify with products directed at their age.

The following values should be considered by marketers when marketing to older customers (Joubert, 2013:43):

- **Autonomy:** Seniors want to lead active lives and be self-sufficient.
- **Connectedness:** Seniors value bonds with family and friends.
- **Altruism:** Seniors feel that they would like to give back to the world and help others.
- **Personal growth:** Seniors are still interested in trying new activities and experiences, and developing their potential further.

The elderly are occasionally segmented by marketers in terms of their motivations and quality of life orientations. Elderly individuals can then be divided into two groups, namely **traditional/stereotypical elderly** and **New Age elderly** individuals. New Age elderly individuals feel, think and do things according to a cognitive or psychological age that is younger than their chronological age. The differences between these two elderly groups are shown in the table below (Joubert, 2013:43):

Table 3.1: Traditional vs New Age elderly

Traditional/stereotypical elderly	New Age elderly
• They perceive other people their age to have the same outlook as them. • They see age as a physical or bodily state. • They perceive themselves as near their chronological age instead of a younger age. • They tend to feel, think and do things that they feel match their chronological age. • They have the normal range of self-confidence when it comes to making consumer decisions. • They have low to average consumer skills and abilities. • They are not very innovative. • They pursue stability and a secure routine. • They are fairly concerned about their financial security.	• They perceive themselves to have a different outlook as other people of the same age. • They perceive age as a state of mind, not a physical state. • They perceive themselves to be younger than their chronological age. • They tend to feel, think and do things that represent a younger age group. • They have a greater self-confidence when it comes to making consumer decisions. • They are selectively innovative. • They pursue new experiences and personal challenges. • They tend to feel more financially secure.

The elderly are by no means a homogeneous age group, and gerontologists suggests that these individuals are more diverse in interests, opinions and actions than other adult segments of the population. It has been proven endlessly that age is not necessarily a major factor in determining how older consumers respond to marketing activities.

Gerentographics is a segmentation approach to the mature market that looks at the ageing processes and life events related to the physical and mental outlook of older consumers. Based on this segmentation approach, the senior market can be divided into the following four sub-segments: healthy indulgers; healthy hermits; ailing outgoers, and frail recluses (Joubert, 2013:44).

While many marketers concentrate on marketing to the adult market, the buying habits of teenagers are often forgotten. Teenagers are purchasing – they are just buying differently to adult and senior markets. It is therefore not surprising that traditional marketing methods, such as print, radio and television advertisement, have much less effect on teens that on the older generations (Outbrain, 2016a). Today, the online world trumps many traditional methods and marketers should consider the following behavioural insights when marketing to teenagers (Outbrain, 2016a):

- Teenagers are obsessed with sharing information on social media platforms.
- They are interested in obtaining information from social media platforms.
- Teens prefer real-time content.
- They want to participate and be involved.
- Teenagers are ego-centric individuals.
- Teens care about their image and what people are thinking.
- They want the latest and greatest information.

The first noticeable difference between marketing to seniors versus teenagers is that teens tend to make decisions more impulsively based on real-time content, trends and "what's hot", popular or "trending". Seniors, on the other hand, make decisions more slowly and collectively, using more discretion and obtain more information before making a purchasing decision. Seniors tend to weigh the pros and cons of a product before purchasing and they are generally more comfortable with what they know than the latest trends (Outbrain, 2016b).

As the preferences and trends of seniors and teenagers are completely different, marketing to the different groups must also be approached differently. Once you have realised that teenagers are very unique in their needs compared to seniors, you can start marketing more successfully to this market.



Marketing to seniors versus teenagers:

Consider reading the following articles on marketing to seniors versus teenagers:

- 49 percent of online seniors use Facebook – http://www.cnet.com/news/49-percent-of-online-seniors-use-facebook/
- Survey: 94 percent of teens use Facebook – http://www.dailytech.com/Survey+94+Percent+of+Teens+Use+Facebook/article31611.htm
- Why teens are the most elusive and valuable customers in tech – http://www.inc.com/issie-lapowsky/inside-massive-tech-land-grab-teenagers.html

The era in which you grew up binds you with millions of others who were born in the same period and are the same age as you. Obviously, as you grow older, your needs and preferences change, often in union with others of your own age. This is due to certain social, economic, technological and political activities that have an impact on how we behave and make decisions. For this reason, age is considered a big part of our identity. The following section discusses these phenomena more clearly.

3.8.3 Age cohorts

The population can be subdivided into cultures using cohort analyses. **Cohort analysis** is the process of describing and explaining the attitudes, behaviours and values of an age group. It can also be used to predict age groups' future attitudes, values and behaviours (Joubert, 2013:42). This process divides the population into generation groups (or *age cohorts*), which are groups of people who have experienced a common social, political, historical and economic environment.

There are many descriptions of age subcultures or segmentations, but the most popular ones that we look at, are (Ling et al. 2015:85):

- the Silent generation
- Baby Boomers
- Generation X (also known as the Latchkey Generation)
- Generation Y (also known as Millennials, Net Generation, Boomerang or iPod Generation)
- Generation Z (also known as iGen, Post-Millennials, Centennials or Plurals)

Let's look at each of these age subcultures, their characteristics and buying behaviours.

3.8.3.1 The Silent Generation (1930–1945)

The Silent Generation, commonly referred to as *traditionalists* or *senior citizens*, were born between 1930 and 1945, and grew up as the children suffocated by war and depression. These individuals came of age just too late to be heroes of the war and just too early to be youthful and free spirits (LifeCourse, 2016). There are several theories as to where the label "Silent Generation" originated. It is believed that the children who grew up during this time worked extremely hard and always kept quiet. It was commonly understood during this period that children should be seen, not heard (Study.com, ND). Swanepoel, Erasmus and Schenk (2008:29) explain the Silent Generation as the most traditional group – with working fathers; being family people and having strong work ethics. Members of this generation are characterised to be ambitious, achievement oriented, and seek power and status. The Silent Generation have faced some tough times and have seen negative things in the world, but they have learned to survive. These individuals respect authority, value loyalty and discipline, and see work as an obligation (Swanepoel et al., 2008:29).

The Silent Generation in South Africa grew up under the iron fist of apartheid and witnessed the Great Depression and World War II. Although the Silent Generation are no longer permanently employed, they work beyond retirement, contributing to the organisation as a consultant or contractor (Career Suite, 2013).

From a marketing point of view, individuals from the Silent Generation base their behaviours on experiences from the difficult times of apartheid; they want to feel needed and strive for financial security. Because they grew up amid a major financial crisis, they employ the notion of "waste nothing" and "want nothing" that they do not need, making them less willing to spend and more likely to save (Bovino, 2015). The Silent Generation dislikes changes, technology and wasting money – therefore marketers could reach this group through traditional advertising methods, offer loyalty programmes and reiterate why their product or service is a fundamental need for them by highlighting the benefits and necessity. As family connections are important to this generation, marketers should therefore utilise imagery of lifestyle, family and pets in their advertisements. Because of their limited eyesight, also use simple and clear fonts, placating colours and respectful tones (Habres, 2016).



The Silent Generation, "The lucky few":

Consider reading the following article: The Silent Generation, "The Lucky Few" – http://www.forbes.com/sites#/sites/neilhowe/2014/08/13/the-silent-generation-the-lucky-few-part-3-of-7/#4617566f1e54 – stating more information and facts about the Silent Generation.

3.8.3.2 Baby Boomers (1946–1964)



Baby Boomers are the generation that was born between 1946 and 1964, at the end of World War II. Just after World War II, many Western nations experienced a spike in the birth rate as they slowly recovered from the economic hardships experienced during the war and Great Depression. Baby Boomers are well established in their careers and hold positions of power and authority, some nearing retirement or already retired. Baby Boomers are characterised as the generation that pursued personal growth and success (Aitchison, 2011).

Below are some common characteristics of the Baby Boomer generation (Kane, ND):

- **Work-centric:** Baby Boomers are hardworking and motivated by position, incentives and status.
- **Independent:** They are self-confident, autonomous and self-reliant.
- **Goal-oriented:** Baby Boomers are achievement-oriented, devoted and career-focused individuals.
- **Competitive:** Baby Boomers are fairly competitive in the workplace as they associate work and prestige with self-worth. They are furthermore astute, resourceful and continuously strive to win.

In South Africa there are over 5 million individuals in the Baby Boomer generation group. These individuals are characterised as people who enjoy travelling and experience new and exciting things. As these individuals are retired or nearing retirement and no longer have dependants, they have more free time to do what they enjoy. Baby Boomers also have more disposable income and they spend the most of their income on technological gadgets and participate in online shopping (Joubert, 2013:44).

Marketing to the Baby Boomer generation group is particularly appealing to marketers for the following reasons (Parumasur & Roberts-Lombard, 2012:132):

- Baby Boomers comprise the largest distinctive age category meaning that companies can reach a large segment of the population.
- They regularly make important purchasing decisions.
- The Baby Boomer generation contains smaller subsections of trend-setting consumers known as *yuppies*, who influence consumer tastes in the other age segments. Yuppies commonly refer to young upwardly mobile professionals in the retailing industry.

A recent study has shown that the three most effective marketing channels marketers utilise to reach the Baby Boomer segment, are television, search engines and e-mail marketing (Lockard, 2015). While print-based direct marketing channels are frequently used to target Baby Boomers, they do not engage much with direct mail and brochures. Lockard (2015) further states that television is the most significant method to get Baby Boomers to search for more information.

This generation is now nearing old age but generally does not like the idea of getting old. Fitness products, cosmetic surgery, health products and all available means of retarding the age process is sought after by this group and they have the financial means to pursue these products. In conclusion, Baby Boomers are motivated, consumption-oriented individuals. They enjoy buying for themselves, for their homes and for others. Generally, Baby Boomers are financially well off and have enviable careers, but as they are now maturing, their focus is shifting.



Marketing to Baby Boomers:

Follow the URL links below to read some more about marketing to Baby Boomers and fully understanding this unique generation group:

- 9 Digital Marketing Strategies to Woo Baby Boomers – http://www.cio.com/article/2684305/online-marketing/9-digital-marketing-strategies-to-woo-baby-boomers.html
- Baby Boomers ignored by South African markets – http://www.bizcommunity.com/Article/196/423/27446.html
- Baby Boomers – the end of the world? http://www.lexisnexis.co.za/our-solutions/private-sector/research-solutions/newsletter-articles/baby-boomers-the-end-of-the-world.aspx

Some Baby Boomers and Generation X segments are also described as the *Sandwich Generation* – they support a parent as well as a young or grown child at the same time and are therefore financially burdened (Ling et al., 2015:85). Generation X is looked at next.

3.8.3.3 Generation X (1965–early 1980s)

Generation X-ers were born between the mid-1960s to the early 1980s and did not experience the same strong economic conditions as the previous generation. Generation X is also known as the *Latchkey Generation* and values a balanced lifestyle, personal responsibility, multiculturalism and global thinking (Ling et al., 2015:85). Members of this generation witnessed the introduction of computers, cellphones and the internet (Williams, ND). While the Baby Boomer generation grew up with a strong economy, Generation X-ers grew up in difficult economic times and struggled to find meaningful jobs, career placements and advancements (Parumasur & Roberts-Lombard, 2012:133). As a result, they are disillusioned and less materialistic than the previous generation.

Generation X consumers seek product information and will therefore not buy a product or acquire a service until they have thoroughly researched it. This means that these individuals conduct extensive research on the internet and source information on review sites and social media websites. This generation is sceptical about marketing tactics and uses their extensive research to avoid being a target. If they are unsure about a product or service, they will not purchase it and they are not easily swayed by flashy advertising or sales people. These individuals prefer a clear explanation of a product's benefits and disadvantages before making a purchase decision. Therefore, marketers should make their

product highly visible on the internet and ensure positive reviews on social media sites and review forums. Provide clear and detailed information of the product and address scepticism by offering a significant reason to buy, such as a money-back guarantee (Williams, ND).

Members of Generation X respond favourably to both digital and traditional advertising methods as they saw the development of the internet and frequently go online to search for product information. Although they are tech-savvy, they are accustomed to traditional advertising such as print, radio and television advertising. As these individuals are avid readers of newspapers and magazines, and regularly listen to radio and watch television, marketers can utilise both digital and traditional advertising techniques to reach these customers (Williams, ND).

Furthermore, Generation X-ers are brand loyal. They are less interested in new brands compared to the younger generation groups. Instead, they prefer to stick with brands that they know and trust and are willing to pay a premium for them. These individuals also value diversity, independence and heterogeneous tastes. They favour businesses that reflect this diversity and acknowledge that every consumer is different – they do not respond well to "one size fits all" (Williams, ND).

From a South African point of view, Generation X consists of young people who are old enough to remember apartheid and be judged by history to have been part of it, but not quite old enough to have been involved in any form of struggle against apartheid (Joubert, 2013:45). Currently, this group is significant because its members are moving into the time of life when they buy durable products such as cars, houses and other highly priced items. Although Generation X-ers are not necessarily materialistic, they pride themselves on their sophistication, and purchase good-quality brands, but not necessarily designer labels. One key element is that marketers need to appear to be sincere, as this generation is not necessarily opposed to advertisements, only to insincerity (Joubert, 2013:46).

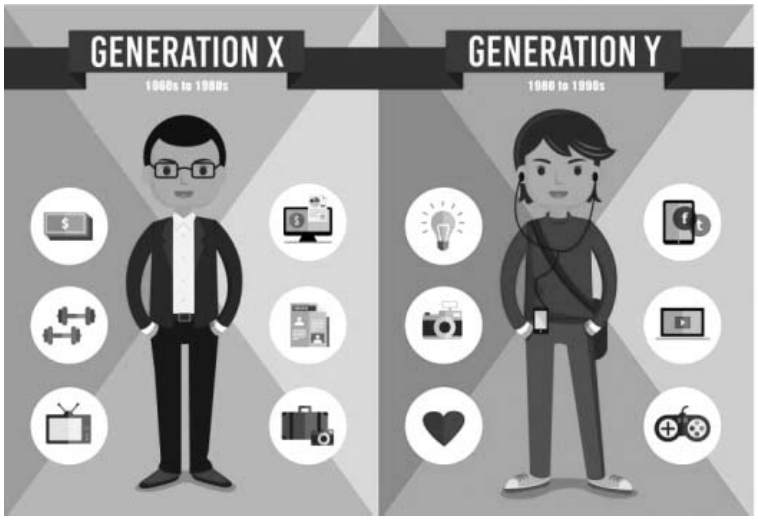


Understanding Generation X:

Follow the links below to read some more about marketing to Generation X and fully understand this complex generation group:

- Reaching Generation X: authenticity in advertising – http://www.nielsen.com/us/en/insights/news/2012/reaching-generation-x-authenticity-in-advertising.html
- Marketing to Generation X – http://themarketingspot.com/2011/06/marketing-to-generation-x.html

Generation Y, born between the 1980s and the year 2000 is looked at next.



3.8.3.4 Generation Y (1980s–2000)

Generation Y, also commonly referred to as the *Millennial Generation or Millennials*, *Net Generation* or recently, the *iPod Generation*, was born from the 1980s to the year 2000. The Generation Y segment that still lives with their parents for economic and relationship reasons are referred to as the *Boomerang Generation* (Ling et al., 2015:85).

This generation grew up with the internet from a relatively young age and embraces the disposable consumerism associated with this age. Generation Y-ers are therefore individuals who are sophisticated and technologically savvy (Joubert, 2013:47). Generation Y is better informed than previous generations but due to the overwhelming amount of information available, it is argued that this generation internalises less knowledge than previous generations did. Generation Y consists of individuals prone to isolation and online relationships are more prevalent than face-to-face relationships. It is a generation that seeks immediate gratification and the concept of long-term planning such as retirement annuities are not as important as items that have immediate benefit.

The members are described as pragmatic, socially and environmentally aware, and open to new experiences. They have moved some of their TV viewing time to the internet and are less likely to read the newspaper, compared to their parents. Moreover, unlike their parents, Generation X, this group is not as trusting of the stores where their parents shop. Being equipped with the latest technology and gadgets, such as iPhones, laptops and tablets, these individuals are online and continuously connected (Waterworth, 2013).

In South Africa, the impact of Generation Y is very important as Generation Y makes up 64% of the local population and spends approximately R2 billion a year. Their profile is described as being Nguni language speakers (45%), the majority are females (52%), they live in Gauteng, KwaZulu-Natal, Western Cape and Eastern Cape (65%) and 20% have completed matric (Joubert, 2013:49). South African marketers must be careful not to categorise all the people in this market as "youth", since the group consists of school pupils, university students and young working adults. The drive to create a "normal" society in South Africa, means that global brands, which represent normality, are powerful attractions for this age group (Joubert, 2013:49).

The last age cohort that we look at, which is also the current generation, is Generation Z, also commonly referred to as iGen, Post-Millennials, Centennials or Plurals.

3.8.3.5 Generation Z (after 2000)



Generation Z, also known as *iGen, Post-Millennials, Centennial* and *Plurals*, is the generation group of individuals born after the year 2000. Members belonging to this generation are highly connected as they live in an age of high-tech communication, technology-driven lifestyles and prolific use of social media (Waterworth, 2013).

Members of Generation Z are the ultimate consumers of "snack media" as research studies suggest that their brains have evolved to process more information at faster speeds, handling bigger mental challenges as a result. These individuals are also less active as they tend to spend more time in front of a computer, on a tablet or on their smartphones, and are more concerned about the world's social problems (Maseko, 2015). One important aspect of members of Generation Z is their lack of brand loyalty – they perceive the products itself to be more important than the brands that produce them (Martin-Wilbourn Partners, 2015).

Members of Generation Z are characterised as being more technological innate, able to use multiple screens simultaneously, think in 4D, are active volunteers, racially and gender blended, believe in togetherness, generally communicate with images, have a collective conscious, want to make stuff and are more future focused (Maseko, 2015). Maseko (2015) further discusses certain considerations that marketers should keep in mind to be able to connect with this distinctive generation group:

- Portray them as ethnically, sexually and fashionably diverse individuals.
- Use images, such as pictures, symbols, videos and emojis to communicate with them.
- Use shorter bursts of "snackable content" to communicate with them more frequently.
- Talk to these individuals as adults, do not approach them as teenagers or children.
- Assume that their opinions are heard and have an influence on family decisions.
- Give them a sense of control and preference settings.
- Talk to them about the cost of things as they care about the price of a product.

In South Africa, Generation Z is commonly referred to as the *Born Free* generation, seeing that they were born after the country attained democracy in 1994 and after the apartheid era. There is no denying that Born Frees have grown up in a time with its own economic and political turmoil, with issues such as unemployment, poor education levels, crime, questionable political leadership, global warming and a recovery from the most recent economic depression (Leshilo, 2015). For more information on the Born Free South African generation, read the full article written by Thabang Leshilo: http://themediaonline.co.za/2015/06/empowered-and-edgy-generation-z-about-to-influence-the-world/.

The differences among the five generation groups discussed above are summarised below, in terms of key marketing facets:

Decision making

- Silent Generation – They base their behaviours on experiences from the difficult times of apartheid, they want to feel needed and strive for financial security.
- Baby Boomers – Because they believe that they are entitled to everything they want, they tend to be more stingy and self-loving.
- Generation X – They are materialistic and want only the best, or at least what they perceive to be the best.
- Generation Y – They are more knowledgeable and up to date with the latest products, brands and trends.
- Generation Z – They have evolved to process more information at faster speeds, handling bigger mental challenges.

Technological innovation

- Silent Generation – There was limited technological innovation during this period.
- Baby Boomers – They were the first generation to have access to television.
- Generation X – They witnessed the introduction of computers, cellphones and the internet.
- Generation Y – They are used to technology as they grew up with the latest technology and gadgets, such as computers, tablets and cellphones.
- Generation Z – They are highly connected as they live in an age of high-tech communication, technology driven lifestyles and prolific use of social media.

The role of price and quality

- Silent Generation – They employ the notion of "waste nothing" and they do not purchase anything unless they really need it.
- Baby Boomers – They tend to purchase products for pleasure and as a treat for themselves.
- Generation X – They are more price oriented and therefore buy products based mainly on the price thereof.
- Generation Y – They are more value oriented and therefore buy products of good quality that still offer value for money.
- Generation Z – They care about the price of products and services.

The importance of brands

- Silent Generation – They are loyal customers and stick to what they know.
- Baby Boomers – They prefer brands that they know and are accustomed to.
- Generation X – They are big on brands and therefore do not switch brands easily.
- Generation Y – They tend to prefer brands that stand out and that they can relate to.
- Generation Z – They are more concerned with the actual product than the brands that produced them.

Advertising methods

- Silent Generation – They do not like change and can be reached through traditional advertising methods.
- Baby Boomers – Television, e-mail marketing and search engines are the most effective ways to reach the Baby Boomer market.

- Generation X – They respond favourably to both digital and traditional advertising methods.
- Generation Y – They spend more time on the internet and are less likely to read the newspaper.
- Generation Z – They refer real time information and "snackable content" which they can process quickly. They are likely to share their experiences on social media.

3.9 SUMMARY

This learning unit introduced you to the individual factors that have an influence on people when they buy products or services. You should have realised that there are market factors, demographic factors and personal factors that influence these buying decisions. Aspects such as religion, race, age and gender, play a role in the decisions consumers make. The unit also addressed the issues marketers face when they develop their marketing strategies for these aspects. Marketing segmentation, targeting and communication decisions can only be successful if the marketers know the personal factors that are part of their target market. Marketers also need to realise that their data must be updated on a regular basis to reflect the realities of trends and changes in South Africa.

The next learning unit looks at how consumer's perception and learning has an influence on marketing strategies.

3.10 CASE STUDY WITH QUESTIONS

Read the *"[Trend 2015] SA youth lifestyle and culture"* article by Bradley Maseko that is available online on http://www.bizcommunity.com/Article/196/684/123230.html and see how the predictions will influence marketing strategies targeted at the youth.

After you have worked through the article, answer the following questions:

QUESTIONS

1. How do you think the above trends influence marketing strategies that are aimed at the youth?
2. Do research on the internet and look at the latest research that was done on trends in South Africa. You will also find trends in other age categories. How do the new trends compare with those in the 2015 report?

3.11 REFLECTION



Before you continue to the next learning unit, reflect on the following questions:

1 Do you have a clearer understanding of the market and the demographic characteristics and its influence on consumer buying behaviour?

2 Do you have a practical understanding of the gender traits and the implication of these in marketing decisions?

3 Do you understand the three aspects that make age important to marketers? Can you illustrate the different marketing approaches used in addressing the various age subcultures by compiling a list of products and services and classifying them according to one of these subcultures?

4 Would you be able to explain how a person's religion influences their buying behaviour and the role race plays in marketing strategies?

5 What did you find interesting in this learning unit? Why?

3.12 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

QUESTION 1

Individual and group factors influence a customer's decision-making process. Which **ONE** of the following can be identified as individual factors?

1 opinion leaders, lifestyle and culture
2 attitude, social class and perception
3 motivation, perception and lifestyle
4 social class, lifestyle and culture

QUESTION 2

Which **ONE** of the following statements about "race" is **TRUE**?

1 It defines a certain culture.
2 It is not part of a genetic heritage group.
3 It influences the financial resources of the consumer.
4 It is divided into groups namely, black, white, Indian and coloured.

QUESTION 3

Which **ONE** of the following statements best describes the phrase "ascribed roles"?

1 These are roles based on the performance criteria over which the individual has some degree of control.
2 It is what someone is expected to do in a given position in a particular social context.
3 A good example may be that the role of men has changed due to the increased female participation in the workplace.
4 It is based on an attribute over which the individual has little or no control.

QUESTION 4

… is/are gender traits that express certain masculine and feminine characteristics.

1 Genderism
2 Gender identities
3 Gender scales
4 Sexism

QUESTION 5

Which of the following options are **INCORRECT**?

a Generally, the thought processes that persuade a man to purchase an item such as a car are very similar to those of a woman.
b Specific age groups follow specific trends which provide useful information for marketing purposes.
c People of different ages have the same needs and marketers therefore give similar weights to the importance of certain attributes.
d The things that a person needs or wants change as their age changes.

1 a b
2 b c
3 a c
4 c d

Before checking the answers to the MCQs above, try to answer the questions yourself to test your knowledge and understanding of the theory you have just learnt.

MEMORANDUM

QUESTION 1

Option 3 is the correct answer.

Option 3 is correct as motivation, perception and lifestyle can be identified as some of the individual factors influencing the behaviour of consumers. Options 1, 2 and 4 are all incorrect as family, culture, social class, reference groups and opinion leaders are all group factors that influence the behaviour of consumers.

The correct answer can be found in section 3.1.

QUESTION 2

Option 4 is the correct answer.

Option 4 is correct as common racial groups in South Africa are black, white, Indian and coloured. Option 1 is incorrect as it is only a trait that marketers use to establish subcultures. Option 2 is incorrect as race can be defined as

the genetic heritage group into which a person is born. Option 3 is incorrect as age influences the amount of financial resources and not race.

The correct answer can be found in section 3.4.

QUESTION 3

Option 4 is the correct answer.

Option 4 is correct as ascribed roles are based on an attribute over which the individual has little or no control. Option 1 is incorrect as the statement describes achievement roles. Option 2 is incorrect as the statement defines "roles". Option 3 is incorrect as this an example of the changing roles of men and women.

The correct answer can be found in section 3.7.

QUESTION 4

Option 2 is the correct answer.

Option 2 is correct as gender identities are gender traits that express certain masculine and feminine characteristics. Options 1, 3 and 4 are all incorrect as these are not definitions provided in the question.

The correct answer can be found in section 3.7.

QUESTION 5

Option 3 is the correct answer.

Option 3 is correct as statements b and d are incorrect statements. Statements a and c are true and therefore not the correct answer. Options 1, 2 and 4 are therefore incorrect.

The correct answer can be found in section 3.6/7.

Learning unit 4

Consumer perception and learning

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- 4.2.2 *Perceptual process*
- 4.2.3 *Functions of perception*
- 4.2.4 *Theories of perception*
- 4.2.5 *Getting the attention of the consumer*

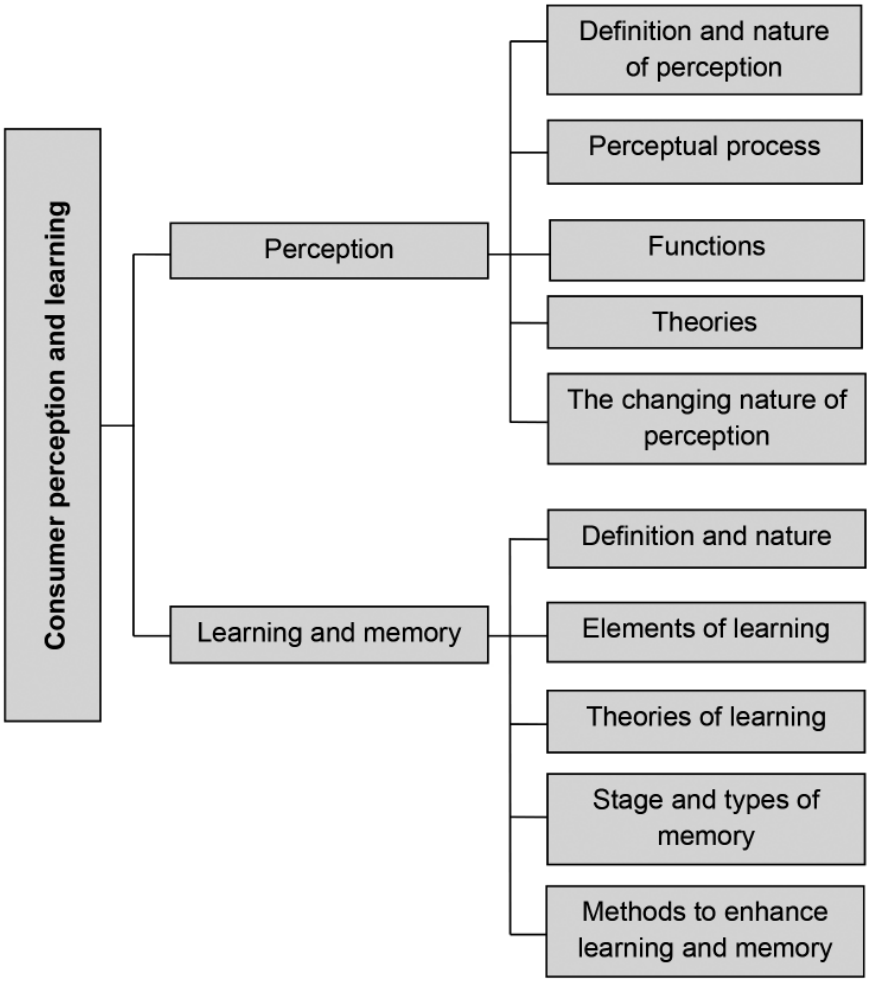
4.3 Learning and memory
- 4.3.1 *Nature of learning*
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4.4 Summary
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OVERVIEW OF THIS LEARNING UNIT

This learning unit discusses the individual factors – perception and learning. Both are defined and the nature of the concepts are discussed. In the section on perception, you will notice that perception has a process, function and theories that form part of the theoretical framework of the concept. You need to understand each of them. The second section discusses the theory that is involved in learning and memory. In this section you will notice that learning has elements such as stimulus, response and reinforcement. The learning theories you need to have an understanding of include classical conditioning, instrumental conditioning, operant conditioning, cognitive learning and learning as a social context. The next part looks at the stages and types of memory. Make sure that you can discuss the sensory, short-term and long-term memory, declarative and implicit memory and semantic and episodic memory. The last section of this learning unit gives you the methods marketers use to enhance learning and memory so that consumers can learn and remember their products and brands.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- define perception and discuss the nature of perception
- explain the perceptual process and provide examples of each stage, namely the stimulus, attention, and how it is interpreted and stored in memory
- discuss the functions of perception and how action is connected to perception
- discuss the theories of perception with reference to the Gestalt psychology, depth psychology and involvement theory
- explain how a marketer can get the attention of consumers and give practical examples
- discuss the definition and nature of learning and memory
- distinguish between the different elements of learning and provide practical examples of each element
- identify and explain the different learning theories
- distinguish between the different stages or types of memory
- discuss the methods that are used to enhance learning and memory of consumers and provide practical examples

KEY CONCEPTS



- Perception
- Stimulus
- Selective perception
- Subjective perception
- Perceptual defence mechanisms
- Exposure
- Attention
- Memory
- Learning
- Response and reinforcement
- Classical conditioning
- Instrumental conditioning
- Operant conditioning
- Cognitive learning
- Short-term and long-term memory
- Declarative and implicit memory
- Semantic and episodic memory

4.1 INTRODUCTION

All our daily actions and behaviour depend on our perception of a situation. Without perception, action would be unguided. We evaluate the information we receive and make a decision based on the outcomes and the risk we perceive necessary for our wellbeing and survival. Imagine you are driving down a busy road and next to you there are other vehicles driving in the same and opposite directions. You may have a wide range of thoughts that influence how you react. You can feel that the vehicles are a threat to you and drive slowly or you may not even be aware of them and only think about your destination and drive at a comfortable speed. You can even perceive that there is danger and drive fast to get away from it. Your action in this situation is subjective and depends on how you perceive the situation.

In the above scenario, while you drive, there are billboards and shops with signs and posters in their windows, and bus shelters with more advertisements next to the road. The radio in the car may have commercials or the passengers may tell you about a new product they bought. It is not possible for you to pay attention to all the stimuli you are exposed to. What you decide to notice or listen to depends on your perception of the stimuli and the situation.

Perception is closely bound with the nature of the stimuli, the environment and our ability and willingness to perceive the stimuli. Perception is limited and subjective in nature. This makes the tasks of marketers very difficult. Marketers need to ensure that their messages are not only perceived, but attended to and interpreted in the way they intended them to be.

To understand perception, a marketer needs to understand what people add to or take away from stimuli as they assign meaning to it. The subjective nature of perception is demonstrated by a controversial advertisement developed by Benetton (Monger, 2015). The advertisement features a black man and a white man handcuffed together. Both men are dressed the same but people's prior assumption distorted the advertisement's meaning. This advertisement was the target of many complaints about racism after it appeared in magazines and on billboards across the United States. Even though the

company had a reputation for promoting racial tolerance, people interpreted it to depict a black man who had been arrested by a white man (Monger, 2015).

Such interpretations or assumptions stem from the schemas, or organised collections of beliefs and feelings a person has. How people perceive something and how they react depend on how they group objects in their memory that they see as having similar characteristics (Monger, 2015). These reasons provide an understanding of the perceptual process, how people learn and how information is stored in memory and knowing it is important to the success and effectiveness of marketing campaigns.

4.2 CONSUMER PERCEPTION



Not only when we are driving in a car, but wherever we are, we are bombarded with stimuli such as colours, sounds and odours. We are never far away from advertisements, products and commercials that include stimuli aimed at changing and influencing our perceptions. Marketers want to influence consumers to listen to their messages, they want to know how consumers sense the information, how they select and attend to the various sources of information and how this information is interpreted and given meaning by consumers (Bage, ND). To understand all of these, they need to understand perception.

4.2.1 Definition and nature of perception

Every day of our lives we are exposed to all kinds of information and different stimuli. The action of how we act on a stimulus, for example if we decide to buy or not to buy a specific product, is influenced by our own perception. Our brain attempts to make sense of the stimulus and form perceptions. Perception is learned through the flow of information we receive through the five senses: sight, sound, smell, touch and taste (Parumasur & Roberts-Lombard, 2012).

Perception is defined as the process by which an individual observes, selects, organises and interprets stimuli into a meaningful and coherent picture of the world (Kotler & Armstrong, 2010).

Examples of people's reaction to sensory stimuli and some marketing strategies that use sensory stimuli include the following:

- **Sight:** Sight or visual attention accounts for about 80% of human perception. Colour has deep-rooted cultural meaning. Boys are, for example, associated with blue and girls with pink clothing. Red is generally understood to be the colour of passion, excitement and energy.
- **Sound:** Music creates emotion and music played in a store is designed to enhance or change people's mood to encourage purchase. North, Sheridan and Areni (2015) found that shoppers spend more time in a grocery store when slow music was played compared to fast music. According to North et al. (2015), several studies have

indicated that the upmarket stereotype of classical music is associated with customers being prepared to pay more for the same products than when other musical styles or no music are played.

- **Smell:** Consumers expect certain products to have particular fragrances. Cleaning products often have lavender or lemony smells. Of all the senses, smell is considred to be most closely linked to thought and memories. Retail stores may ensure that the smell of freshly baked bread or coffee is pumped through the store or they minimise and remove the smells from the fish counter.
- **Touch:** Consumers expect certain products to have a type of feel or even weight. Some consumers perceive products that feel too light as being broken. How the packaging feels can also influence perception in the sense that consumers may think that a product is good quality or not. The feeling of wood and velvet may be perceived as better quality than if plastic was used for packaging.
- **Taste:** Taste preferences are highly specific to individuals and cultures and change as we grow older. Texture, temperature and the way a product is presented are also factors involved in taste perception. Some companies create food products with tastes and textures that make them more appealling.

Perception is a **subjective process** because each person receives, organises and interprets the sensory information in an individual way (Mpinganjira et al., 2013). One person, for example, may buy a specific brand of butter, because when they smell it it reminds them of their mother's cooking; an experience they enjoyed. Another person does not buy the product because the smell may remind them of another product with a similar smell they did not enjoy.

People are continuously processing information on a **subconscious level** and although we process the information, very little of it is stored in our conscious and active memory (Cheney, 2010:192). We would for example, react to another person because we hear a tone in the person's voice or the person's body posture reminds us of another person we are fond of or do not like.

We do not only become aware of a stimulus but we also have a reaction to it. Often, too many conflicting stimuli are perceived simultaneously. We may ignore or distort the meaning of unwelcome stimuli and tend to defend ourselves. **Perceptual defence** is when individuals only attend to a relatively small percentage of all the exposure they receive for interpretation (Joubert, 2013). **Perceptual defence mechanisms** are used to protect us against undesirable stimuli. The defence mechanisms can be in the form of selective exposure, selective attention, selective interpretation and selective recall (Cant et al., 2010).

Defence mechanisms include selective exposure, selective attention, selective interpretation and selective recall (Cant et al., 2010).

The defence mechanisim include:

- **Selective exposure** occurs when people choose to expose themselves to certain stimuli. A person can for example choose to change the television channels during advertisements.
- **Selective attention** occurs when a person does not pay attention to a stimulus and it causes a consumer not to comprehend a marketing message. Marketers use full

page advertisements and bold colours to attract attention to overcome the problem that consumers will not see their advertisement in the clutter of all their competitors' advertisements.

- **Selective interpretation** occurs when a consumer distorts the meaning or misunderstands the message as it was intended to be. Consumers from different cultural backgrounds may interpret the symbolic meaning of colours and numbers differently. Marketers should thus determine cultural differences before they develop marketing messages.
- **Selective recall** happens when a consumer only remembers certain aspects of a marketing message and forgets some important information. Marketers can overcome this by using point-of-purchase material on the shelves where customers buy products.

What makes perception even more complicated is that we do not passively process information. Perception is selective, it is subjective, it is a personal experience and it is based on an individual's frame of reference. The following points give you examples and descriptions of each:

- **Perception is selective**: Comsumers are exposed to a large quantity of information but only notice a small number of stimuli. The perceptual defence mechanisms discussed above influence consumers when they decide to protect themselve against ideas or messages that are unpleasant to them.
- **Perception is subjective**: Consumers perceive stimuli according to their own needs. They see or hear only things that they are interested in or that fit into their values and believes.
- **Perception is based on an individual's frame of reference**: Consumers assign meaning to stimuli based on experiences and their knowledge base. For example, if a consumer had an unpleasant experience while using a product the person may decide not to use the product again.

The challenge for marketers is not only to gain the attention of consumers but to overcome their defence mechanisms so that their messages have an impact on the consumers' decision-making process to buy a product. To get a consumer's attention is not an easy task because perception is an approximation of reality. Consumers are faced with an abundance of information and many competitors are demanding their attention. Marketers have realised that to simply repeat a message or to provide more information is not enough to get attention. They need to understand the process of consumer perception.



Activity 4.1

Think about how you perceive stimuli through your senses and how you react to it. You can for example think about products you use, music you listen to or food you enjoy eating. For example, what arouses your visual perception and what do you perceive through hearing, taste and smell of the things you think about?

You may find it interesting to discuss the stimuli with your friends. It will help you to understand them better and to realise that other people do not perceive stimuli the same way you do.

Feedback

You may have thought about the following:

- *Perceiving through **vision** is influenced by the size and shape of a product, the lettering, or the colour on the packaging that can draw your attention and influence you to buy the product or not.*
- *Perceiving through **hearing** is influenced by loud voices or music. A low pitched voice or a faster than normal rate of an announcer speaking in an advertisement can draw your attention to listen to the message.*
- *Perceiving through **taste** is influence by your cultural background. You may have taste preferences and if you taste a product in an in-store promotion you may buy it.*
- *Perceiving through **smell** – some smells make you feel tense while others relax you. The smell in a store may influence your emotions positively and you may decide to linger in the store for a longer time and buy more products.*

Each of the above stimuli can arouse your defence mechanisms and you react selectively or subjectively to them based on your own individual frame of reference.

4.2.2 Perceptual process

The **perceptual process**, also called *information processing*, gives marketers a check list with which they evaluate how effectively their messages are communicated throughout the various stages of perception (Stokes, Matthen & Biggs, 2015). The process starts with the way in which a person senses the stimuli to which they are exposed.

The stages in the perceptual process are exposure to a stimulus, attention given to it, interpreting the stimulus and storing it in the memory. The perceptual process is shown in figure 4.1.

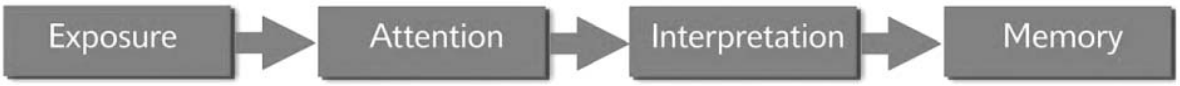


Figure 4.1: The perceptual process (information processing)

- **Stage 1: Exposure**

The sequence of steps in the perceptual process begins with exposure to stimuli. The stimulus can be a smell, colours on a package or voices we hear. At this stage stimuli are only analysed for their simple physical properties with little information conveyed.

Exposure is the degree to which people notice a range of stimuli within the range of their sensory receptors (Parumasur & Roberts-Lombard, 2012).

Consumers can limit their exposure to stimuli. This is a form of selective exposure which is the active seeking and avoidance of stimuli (Parumasur & Roberts-Lombard, 2012). Consumers decide what they want to hear and what they want to see. They deliberately ignore messages in which they have no interest. Smokers, for example, who do not intend quitting are more likely to avoid anti-smoking messages on cigarette packages. Consumers

can decide to change television channels if they want to ignore advertisements. They can also subscribe to agencies which ensure that they do not receive unsolicited mail, advertising or telemarketing.

To prevent messages being ignored, marketers can target a carefully selected audience. All consumers do not watch the same television programmes or read the same magazines; marketers need to place the product message where the targeted audience will be exposed to it (Tanner & Raymond, 2012). With consumers being exposed to many stimuli marketers have to find creative ways of communicating with them.

Media planning needs to be carefully done to ensure that the target audience is reached where there will be the least competition. Advertisements can, for example, be placed in unconventional places, such as on bathroom doors for females or above urinals for men. Even online shopping can be influenced by differences in sensory stimuli, such as colours, borders and sound that create a pleasurable experience for shoppers.

Unfortunately, being exposed to a message does not give a guarantee that the individual will pay attention. It only means that the message has been seen or heard.

- **Stage 2: Attention**

Attention refers to the extent to which the processing activity is devoted to a particular stimulus or the amount of time and level of concentration given in processing particular stimuli (Parumasur & Roberts-Lombard, 2012).

Attention relates to the processing activity devoted to a specific stimulus. Attention always occurs in the context of a situation and is determined by the individual, the stimuli and the situation (Hawkins et al., 2010:330–331; Joubert, 2013:58–60; Sharma & Singh, 2010:104–107):

- **The individual**. Interest or need seems to be the primary individual characteristic that influences attention. A customer who normally does not notice cellphone advertisements becomes highly interested when they are in the market for a new phone. A person's personal interest, if the messages are in line with their personality, experience and attitudes, and their image of themselves and their social and even cultural environment all play a role in whether they are going to pay attention.
- **The stimulus**. Characteristics of a stimulus play a role if a message is noticed or ignored. Stimuli that are different from others around them are more likely to be noticed. Marketers can use different techniques and be creative with size and intensity, colour and position and even isolating a stimulus to have an impact on the consumer. An example of this can be when one key word is placed in the centre of a white page.
- **The situation**. A stimulus happens in an environment. Attention is influenced if the stimulus is perceived in an environment other than the central, focal stimulus. Temporary characteristics of the individual that are induced by the environment, such as time pressure or a crowded store also influence attention. A consumer would for example notice and pay attention to a demonstration of a new product in a store or a mall.

Marketers need to understand what drives their target audience's attention "selectors" so that they can develop bolder and more creative ways, such as the bathroom example above, to activate consumers' attention to their messages.

- **Stage 3: Interpretation**

The third step in the perceptual process is interpretation and it involves associating meaning with the stimulus received. Once a consumer has been exposed to a stimulus and given it attention, the consumer needs to grasp and understand the message or consequence of the information.

Interpretation is the meaning people assign to sensory stimuli (Parumasur & Roberts-Lombard, 2012).

Consumers can see and hear the same thing but their interpretation is different. Their interpretation is influenced by their previous experience, their beliefs, attitudes and general disposition. Their **subjective frame of reference,** as discussed earlier, thus influences how they interpret the stimuli. Information is selective and the consumers filter information and ignore some of the aspects of a marketing message.

Selective interpretation occurs when the consumer perceives the stimulus, but the message itself is not interpreted as it was intended to be. Habitual smokers, for example, screen out the warning against the danger of smoking which by law has to be on cigarette packaging.

Marketers must understand that messages have different meanings to different people. This refers to semiotics. **Semiotics** examines the correspondence between signs and symbol and the perceived meaning that customers assign to them (Parumasur & Roberts-Lombard, 2012). A brand name or logo can communicate expectations about a product attribute and consumers can make associations with the signs and symbols of a brand to give it more meaning.

An example of this is Nike's symbol that signifies the wings of the goddess of victory. Nike represents the right brand to have; if you wear Nike you will be victorious. Signs and symbols also have underlying meanings and different cultures have different associations and interpretations of the same signs and symbols.

Marketers can pre-test messages and analytically research semiotics to establish their possible influence on consumers. This is important when products are marketed internationally or to consumers from different cultural backgrounds.

- **Stage 4: Memory**

The last step of the perceptual process is memory (or recall) that relates to information consumers choose to remember. People do not remember everything they see and hear and this process is again selective. You may, for example, have incorrectly assumed that you would receive a free gift if you bought something at a store, only to discover that you had to spend a certain amount before you got the free gift. This has happened to most of us. We select what we choose to remember from a message and store it accordingly.

This does not mean that we did not see the "fine print"; it just means that we chose to give greater emphasis to the "freebie" component of the message.

From the above example we see that consumers use **selective retention**. The challenge marketers face is to realise which information is retained so that they can influence consumers' buying behaviour. Advertisements have a short life span because people decide what is meaningful to them and what is not. Marketers want consumers not only to recognise a message but also to recall the message from their memory without an extra effort to make them aware of a product.

Selective retention is the process of remembering only the information that is relevant to the decision and or conforms to existing beliefs and attitudes (Du Plessis & Rousseau, 2009).

Marketers need to be sensitive to the **methods** they use to communicate their messages. Bold, large writing depicting a free gift may entice consumers and lure them into the store, but if the advertisement does not actively communicate that they will only qualify for the gift if they buy over a certain amount, consumers may become dissatisfied and feel that they were misled by "inaccurate" advertising.

4.2.3 Functions of perception

Decades ago, a person's *survival* depended on their perception of a situation. A person would have taken an action by evaluating a perceived risk that could have led to life or death. In the present day, people still rely on their perception to guide them and to stop them from taking actions that may harm them. In his early work, Gibson (in AbsoluteAstronomy.com, 2016) state that without perception, action would be unguided and, without action, perception would serve no purpose. For any action to manifest there needs to be both perception and motion.

The *action* we take can be in the form of the food we buy and eat. Consumers are for example more health conscious and aware of the ingredients in products they buy. In the past, people would not have thought about buying a bottle of water. Although we are assured that the tap water in South Africa is pure; the bottled water industry is still worth millions. There is even bottled water on the market with an anti-ageing agent in it. These products would not have been on the market if consumers did not perceive them as enhancing their health and quality of life. See the full article below.



"Bottled water market grows driven by consumers' belief":

http://www.bizcommunity.com/Article/196/168/98056.html

You can access research that was done on this topic in 2012 "Bottled water market grows driven by consumers' beliefs", by following the link above.

The concept of perception is just as important in marketing as it is in life. If a perception has been created, whether it is true or not, people react to the perception (Monger, 2015). If something is perceived as *true*, therefore, everyone believes it to be what they perceived it to be; they believe the thing to be true and build relationships around the

belief (Monger, 2015). Marketers of bottled water, for instance, build their brands around the belief that bottled water is better than tap water.

Marketers create ideas and perceptions around products, for example, that using certain products is good for your health, and that research has shown that people who use certain products live longer. Consumers react emotionally to those ideas and marketers then build connections with the consumers until the point where the consumers trust the marketer enough to buy what they are selling.

Another function of perception is to *guide* consumers in the decisions they make, about the actions they take to adapt to their environment. This means that marketers must consider the *context* of the environment in which consumers are making purchasing decisions. Product perceptions of people living in different environments are different. Consumers who live in rural areas perceive products differently than those living in cities. Apart from the context in which consumers make purchasing decisions, personal factors, such as preferences, values and needs are also important to understand perception and their functions.

Marketers need to realise that they are communicating to a *new kind* of consumer with a different perception of right and wrong than a few years ago. Today's consumer has the perception that mankind needs to be protected from harmful decisions through their awareness of socially responsibility, the environment, animal rights and social issues. The new consumers would thus support brands they believe react responsibly towards these issues.

People's perceptions of things that are important have *changed*. They think about the consequences of "actions" and new resources that drive a new economy (Mpinganjira et al., 2013). People in the mass-market era suffered from a scarcity of cash, little choice and limited availability of products. The new consumer perceives that they suffer from scarcity of time, attention and trust. They are described as individualistic, involved, independent and well informed. Marketers need to take all these factors into consideration and use different approaches to ensure that the "new" consumers identify with their messages, understand them quickly and believe what they communicate.

4.2.4 Theories of perception

Studies of perception are concerned with the nature of perceptual experience and the status of perceptual data, in particular to how they relate to beliefs about, or knowledge of, the world (AbsoluteAstronomy.com, 2016). Various theories of psychology may be helpful in understanding the application of consumer perception in marketing and in consumer behaviour. In this module we look at Gestalt psychology, neuropsychology, depth psychology and the involvement theory.

4.2.4.1 Gestalt psychology

Stimuli in our environment are not perceived discretely. Perception in practice is largely about putting meanings to the things we see around us. Therefore, we use our memory and experience to interpret the images we see. Gestalt psychology tries to understand

the laws of our ability to acquire and maintain meaningful perception in an apparently chaotic world (World Heritage Encyclopedia, ND).

The central principle of **Gestalt psychology** is that a person usually tries to organise stimuli in order to make them meaningful (Mpinganjira et al. 2013).

Gestalt psychologists argue that humans naturally look for completeness and want to make sense of their environment. Humans perceive objects as organised patterns that exist because the mind has an innate disposition to perceive patterns in the stimulus based on certain rules (Szmigin & Piacentini, 2015). These principles are organised into proximity, similarity and the principle of closure (Jones-Smith, 2012:254–255; Schröder, ND; Zheng & Xue, 2009:35–38):

- **The principle of proximity** implies that if products are displayed close to each other people perceive them as part of the same group. Clothing retailers put brands that are not well-known and inexpensive between well-known, expensive brands to give the perception that they are known brands. Consumers think they get a bargain and a brand that they are not familiar with. If products are close together even if their shapes and sizes are very different they appear as a group. Retailers display high-quality products such as an evening dress, shoes, handbags and perfume together to create this perception.
- **The principle of similarity**. People tend to see objects that look similar as being similar and things that physically resemble each other as part of the same object. Marketers use this principle in packaging for a new product so that consumers can easily categorise the product as one of an existing brand. For example, if a car company has a new model on the market, you know it is a Mercedes Benz or a Toyota because the new model will in some way look similar to the previous models or have similar features. In supermarkets you also notice that cleaning products for the same brand have the same packaging. Some competitors use packaging and colours similar to the leading brand to give the impression that they are associated with the leading brand.
- **The principle of closure** refers to the mind's tendency to form complete pictures if only half a picture is visible. Also, if part of a shape's border is missing consumers perceive the shape as completely enclosed by the border and ignore the gaps. An example of this is when a furniture store displays lounge suites people perceive them in a living room although there are no walls around them and the other suites are close by. Marketers also use this principle to get consumers involved in advertisements; they use a well-known lyric with some missing words or incomplete slogans to encourage consumers to complete them mentally.

4.2.4.2 Neuropsychology

Neuropsychology has only recently been applied to assist with the understanding of perception in marketing. Neuropsychology studies the structure and functions of the brain as they relate to specific psychological processes and behaviours (Miller, 2016). In neuropsychology, brain functions are monitored to understand how marketing messages trigger neurological reactions. This helps researchers understand what happens in the brain when a person is exposed to stimuli in a marketing message (Marketing-Schools.org, 2012).

Neuro-linguistic programming (NLP) is also relevant to perception in the sense that NLP builds on the notion that what people perceive through their senses is filtered by their unique expectations and preferences (Ready & Burton, ND). Some people are more visually oriented while other people rely more on their other senses. The sense preferences of consumers have an impact on their perception of a stimulus and thus on the way they perceive an advertisement and marketing message.

4.2.4.3 Depth psychology

Depth psychology explores the relationship between the **conscious** and the **unconscious** (Corey, 2012). Depth perception is the visual ability to perceive the world in three dimensions (height, length and width) and the distance of an object. Marketers use depth psychology to understand consumers' unconscious minds to try and get a better understanding of consumer behaviour (Eamaswamy & Namakumari, 2013:260). This may help them in understanding consumption that has to do with an unconscious need for fulfilment. An example can be if a person unconsciously identifies with a hero in an advertisement they are more likely to pay attention to the message in the advertisement.

4.2.4.4 Involvement theory

Involvement is defined as an intensity of interest and is a form of arousal related to a motivational stage (Ling et al., 2015).

Involvement is a reflection of strong motivation in the form of high perceived personal relevance of a product or service. Depending upon perception, we have **high involvement or low involvement**. Involvement becomes activated when intrinsic personal characteristics (needs, values and self-concept) are confronted by appropriate marketing stimuli. Involvement consists of differences in the intensity of interest with which consumers approach their dealings with the marketplace (Ling et al., 2015).

Involved consumers pay more attention to advertising, and tend to be heavy users of products and services. Involvement affects the type of message appeals that should be used by advertisers. When dealing with consumers who are highly involved marketers should present them with factual and authoritative information and focus on brand benefits and differences. Measures of involvement are situation involvement, enduring and response involvement (Lantos, 2011:80–82):

- **Situation involvement** occurs because an event or occasion is important to the consumer. An example of this is when parents help their children with schoolwork, having dinner with family or buying a present for a friend's birthday.
- **Enduring involvement** occurs when a product service or idea is important to a consumer. When consumers buy products they are more likely to do research on high involvement products, such as computers, than on low involvement product, like sugar and milk. Some consumers, for instance, are highly involved with ideas such as health and social issues or the environment.
- **Response involvement** is how these two types of involvement affect decision making and cognitive responses in the end.

Marketers face the challenge of getting consumers' attention and getting them involved in their communication messages.

4.2.5 Getting the attention of the consumer (changing the nature of perception)

Consumers' perception, expectation and actions are changing. Years ago consumers wanted low-priced, mass-produced products and no involvement with producers. The philosophy of marketing was to bombard the consumer, hoping that the message would eventually get through. With the disintegration of mass marketing, the philosophy has changed dramatically. Consumers are becoming increasingly sophisticated; they want to express their individuality through the products and services they use and they want to be part of the marketing efforts. Marketers need to have a totally new approach.

To gain consumers' attention in an environment that is cluttered with competitors and competing messages, is not an easy task. The way to reach the new consumers is through new messages and new media. How people buy, what they buy and why they buy have changed. Marketers have to think of novel, different and relevant ways to get noticed; they need to use new technologies and build relationships with the new consumer. Some of the relevant techniques and new media that can be used are discussed below (Easey, 2009:76; Troilo, 2015:91):

- **Novelty** is used as a technique to place something in an unusual or unlikely setting. Something can be novel, because the stimulus has not been seen before or it is in an unusual context. The example of advertisements on bathroom doors as discussed earlier can be seen as a novel place that draws attention.
- **Contrast** in colour, sound and images may be used to gain people's attention. An example of this can be a black and white advertisement on television where people normally expect the use of colour.
- Marketers can use **movement** such as a moving billboard or point-of-purchase posters in a retail store to get people's attention, particularly when they are not expecting it. New technologies also enable marketers to have video and moving images on monitors in shopping malls.
- **Electronic media** is immediate and at everyone's disposal. Consumers are now connected to each other and able to tell the whole world about their experiences, good and bad, as they happen. Social media such as Facebook and Twitter can be used to spread the marketing message and to get consumers involved.
- **Story telling**. Marketers develop stories and even myths that they use to get consumers involved in their brands. Consumers are interested and get involved in how the story plays out and some of them even identify with the hero in the story. The internet provides excellent opportunities for marketers to use this technique.
- **Buzz marketing**. Marketers can create a buzz by getting consumers to spread their messages to friends and families in their social environment.



Activity 4.2

The above examples and techniques are only a few of the many new ways that marketers can get consumers involved and spread their messages. Can you think of

examples of how you have been involved in spreading marketing communication messages?

Feedback

You may have thought about social or heath issues that a product supports and you may have become aware of the issue through a product's marketing message. You may have felt emotionally involved and supported the cause or bought the company's products to show your support.

You may also have sent a message via e-mail, SMS or Facebook to your friends about the company's involvement with the issue or communicated about a new exiting product you discovered.

You may have watched promotional videos on YouTube to follow an exciting story that was built around a brand and told your friends about it and the emotions you felt when watching the video. Visit the following website to look at advertisements that involve their audience on an emotional level: http://www.saydaily.com/2014/04/emotional-storytelling-7-ads-that-did-it-so-well-we-cried

Alternatively, you may even have visited Hellopeter.com, an online customer site, to report treatment you received from a supplier or to see what other people write about products, brands and services.

4.3 LEARNING AND MEMORY



Learning involves a change in the content or organisation of long-term memory and behaviour (Menzel & Benjamin, 2013:4). Learning is not always knowledge based, it can also be based on our experiences and what we notice and store in our memory (Slater & Finck, 2012:89). McDonald's, for example, wants parents to remember the excitement they had as a child when the family went to McDonald's and to share the experience – the knowledge – with their children.

The ideal situation for a brand is to get consumers to know about the brand and to store the information in their long-term memory so that they can support the brand for years to come. To be able to do this marketers need to understand how consumers learn and store information in their memory.

4.3.1 Nature of learning

Learning is the act of acquiring new or modifying and reinforcing existing knowledge behaviours, skill, values or preferences and may involve synthesising different types of information (Sims, 2014:52). **Memory**, on the other hand, is the process in which information is encoded, stored and retrieved (Lee, 2014).

A person's behaviour is influenced by what they have learned and remember about objects and previous situations they have been exposed to. The ability to learn is determined by all the aspects of individual characteristics, such as the personal individual factors and the external and group factors. These include aspects such as the individual's perception, needs, motives, attitudes and the environment they find themselves in such as their family and culture (King & Lord, 2016:37). Their learning experiences from these factors determine the products they prefer and buy.

From a marketing perspective, **learning** is the process by which individuals acquire the buying and consumption knowledge and experience they apply to future related behaviour (Parumasur & Roberts-Lombard, 2012).

The knowledge and experience people get, result in changes in their knowledge base and they then learn to respond better to their environment. Learning is thus a change in the content of long-term memory (Sims, 2014:52). A customer who had a problem with the service of a retailer will, most likely, not buy from the retailer again if the problem is not rectified to the customer's satisfaction. Similarly, if you have bought a cellphone that gave you many problems you may decide not to buy the specific brand again. Fortunately for marketers, customers are constantly faced with a multitude of products and services choices, and they learn to adapt and respond to them (Joubert, 2013:61). By understanding customers' learning processes marketers can influence consumers' buying behaviour.

Learning is influenced by what we learn and by the vehicle through which the information is communicated.

4.3.2 Elements of learning (stimulus, response and reinforcement)

All individuals learn, but not every individual learns the same things, nor do they learn at the same speed or in the same way. The basic elements of learning (stimulus, response and reinforcement) are found in all learning, but there are differences in their use and application (Du Toit, 2011:45–46).



Figure 4.2: Elements of learning

- **Stimulus**

The first requirement for learning is a stimulus which is something that stimulates the leaner's interest. Marketers can stimulate customers by using physical things such as products, brands and size or intangibles, such as service, quality and satisfaction. Once customers have perceived a stimulus, they must be motivated to seek the object before

learning occurs (Cant et al., 2010:56–57). Motivation thus acts as a spur to learning, with needs and motives serving as stimuli to learning. The stronger the motivation, the quicker customers learn. For instance, someone who is keen on taking professional photos will be motivated to learn all about the product and how they can be the best in professional photography. They will look for information about the prices and quality of various cameras, lenses and different accessories if they "learn" that a good camera is vital to taking excellent and professional photos.

- **Response**

A **response** is any action, reaction or state of mind resulting from a particular stimulus or cue (Cant et al., 2010:56).

While cues are the stimuli that give direction to motives, motives stimulate learning. For example, an advertisement is the cue or stimulus that suggests a specific way to satisfy a particular motive. A motive causes a customer to respond. A response can be any action, reaction or state of mind resulting from a particular stimulus or cue (Du Toit, 2011:45). The same response to stimuli may occur several times before we can say that it has been learned.

Marketers who provide consistent cues or advertising messages to customers may not always succeed in stimulating them to buy (Joubert, 2013:61). Instead, these marketers may succeed in creating a favourable image of their products in the customer's mind. Cues provide some direction, but there are many cues competing for the customer's attention and the response that customers have depends on reinforcement.

- **Reinforcement**

Reinforcement, or reward, is the satisfaction resulting from successful behaviour that triggers human memory of how the satisfaction was obtained (Joubert, 2013:62).

Two important aspects of reinforcement are repetition and participation (Joubert, 2013:62):

- **Repetition**

To increase reinforcement it is essential that the same action be performed a number of times. The concept of repetition in learning has many applications in retail merchandising. In the area of store layout, for example, shoppers learn where the goods are by developing an in-store travel pattern that they repeat each time they visit the store. Over time, these shoppers become extremely comfortable and more efficient with their in-store behaviour, and any changes in store layout will force them to relearn the store and the new locations of the items on their shopping list – a process not likely to be greeted with enthusiasm.

- **Participation**

Participation can help reinforcement. An active role in any activity generally results in the acquisition of more knowledge about it. Free samples, trial-size products and demonstrations are participation devices that marketers use in guiding the customer's learning processes towards products. If customers can see, feel, smell, taste or hear a

product, they are bound to learn more about it. The retailer must therefore encourage customers to get involved in the merchandise and the buying process.

Notice the marketing implications of these elements of learning. Marketers need to be alert to the need to provide accurate and accessible information to their audience in a manner that intrigues, maximises awareness and stimulates the motivation to take action. Once these dimensions have been tested and implemented, it is then up to the efficient marketer to ensure that the brand or product message is constantly reinforced.

This repetition increases the consumer's recall rates for a specific product and a greater probability that a consumer will choose or repeat a specific behaviour.



Activity 4.3

Try to relate the theoretical information in this learning unit to your own frame of reference and past experiences. Think about a physiological need, such as thirst or hunger you had in the past. Now break down the process into identifying the need and your motivation for endorsing your action in purchasing something to satisfy that need. If it was a thirst quencher; where did you buy it, was it a can or a bottle and how many times did you buy it from the specific store? As you think about it notice that you knew exactly where to go to obtain the product. Was it because of repetitive behaviour and your recall memory that came into effect? Categorise all your thoughts into the elements of learning – stimulus, response and reinforcement – and think about how marketers use these elements.



Feedback

You would have thought about the elements of learning and possible examples, which are:

- *Stimulus. A stimulus is something that stimulates the leaner's interest. Marketers can stimulate customers using physical things such as products, brands and size or even a consumer's senses to make them aware of a need. You could have seen a poster on a shop window for Coca-Cola and realised you were thirsty. You could also have thought about walking in a mall, smelling the food court and realising you were hungry.*
- *Response. A response is any action, reaction or state of mind resulting from a particular stimulus or cue. Your response could have been that you walked to the food court and looked at all the options you could choose from. You may have noticed an advertisement that created a favourable image of products or free trial-size samples of a new product a restaurant has on its menu. You decided to test the sample; your response.*
- *Reinforcement. Two important aspects of reinforcement are repetition and participation. Your participation in trying the sample and deciding to buy the new product on the menu is the reinforcement that could have led to you buying the item again and establishing your behaviour.*

4.3.3 Learning theories

Learning theory refers to the different processes where experience leads to changes in knowledge, attitudes and behaviour (Chaplowe & Cousins, 2016). The first part of the definition focuses on what we know (and can thus be put to use) while the second

focuses on concrete behaviour (Gupta, 2009:119). For example, we may experience the sales people in one store being nicer to us than those in another. We may thus develop a preference for the one store over the other; however, if pressed, we may not be able to give a conscious explanation as to the reason for our preference.

Behavioural learning theories focus on inputs and outputs: the stimuli that you have been exposed to and the resultant behaviour.

4.3.3.1 Classical conditioning

Classical conditioning is a behaviourist approach to learning. In the classical conditioning approach the focus of learning is on repetition or continuity. The classical theory suggests that when two stimuli are closely linked it produces a specific learned result. Thereafter, even in the absence of one of the stimuli the remaining one will produce the same behaviour (Lieberman, Kanarek & Prasad, 2005:27–28).



An example of classical condition is Pavlov's well-known experiment with his dogs. In Pavlov's experiment he fed his dogs meat powder, which made the dogs salivate. In his experiment, he rang a bell just before the dogs received their food. As a result the dogs started to associate the ringing of the bell with receiving food. Once the association was made, the dogs salivated even when they did not get food.

Salivating is a natural occurrence for dogs when they smell food. In this case, presenting the dogs with food is an unconditioned stimulus and the dogs' salivation as a response is an unconditioned response. In Pavlov's experiment the ringing of the bell is a conditioned stimulus which triggers a conditioned response of salivating.

Humans react to stimuli, such as sound and visual cues, in the same way as Pavlov's dogs did. The theory is used in marketing with the same effect. Through advertising and marketing campaigns consumers have learned that they need to recycle and care for the environment. Companies put a recycle sticker on their product packaging to indicate that their products are environmentally friendly and that the packaging can be recycled. When consumers see the sticker they buy the product. The sticker acts as the conditioned stimulus that leads to the conditioned reaction of buying the product.

4.3.3.2 Operant conditioning

Operant conditioning is also referred to as instrumental conditioning. Operant conditioning is driven by the consequence of behaviour rather than by external stimuli (Lieberman et al., 2005:27–28). It focuses on conditioning by reinforcement and punishment and uses consequences to modify behaviour. The consequences can be positive or negative.

Positive reinforcement encourages behaviour. Negative reinforcement will lead to an escape and active avoidance if the experience was not a pleasant one. An example of this conditioning is when a child learns to open a container to get the sweeties inside or learns to avoid touching a hot stove. Retail stores such as Clicks use operant conditioning with their rewards systems.



Operant conditioning: The Big Bang Theory:

https://www.youtube.com/watch?v=Mt4N9GSBoMI

The video clip from the well-known TV series, *The Big Bang Theory*, illustrates the concept of operant conditioning. In the video, Sheldon gives Penny a piece of chocolate to award positive behaviour – this illustrates positive reinforcement.

4.3.3.3 Cognitive learning

Cognitive learning emphasises the role of mental processes rather than the repetition and association of rewards with a stimulus. According to this theory, learning takes place as a result of consumer thinking. Information processing and how consumers store, retain and retrieve information are part of this theory (Marketing Mixx, ND).

Consumers' cognitive learning is usually evident in more complex decision-making processes as opposed to impulsive or quick decisions. For example, consumers take many factors into consideration when they buy a new house or a car. Consumers ask questions and collect information and contemplate factors such as price and location or performance before a decision to buy is made.

4.3.3.4 Learning in a social context

The social context refers to the totality of social stimulation that influences an individual. Social learning is achieved through observing other people, and the visual or verbal cues are stored and used at a later stage in an applicable situation (Mpinganjira et al. 2013). When marketers want consumers to learn about new product they use this technique.

There are four steps in the process of social learning, namely (Sincero, 2011; Steward, ND):

- **Attentional processing:** This refers to the amount of attention that is given to the person or action by the person observing the situation.
- **Retentional processing:** The information is processed and retained as a visual image or code that can be recalled when necessary. A person can practise the behaviour in their mind. This process is known as symbolic rehearsal.
- **Reproduction processing:** The person can reproduce or display the symbolic rehearsal if the environment requires it.
- **Motivational processing:** Feedback from the environment motivates the process. If the behaviour is rewarded, it will be reinforced, if not, it may not be used again.

The activity that follows will give you more insight into learning in a social context.



Activity 4.4

Think about a new product such as a kitchen utensil you saw demonstrated in a store or a mall. It can even be a demonstration of new technology such as a cellphone or computer. Think about the steps in learning in a social context and how each step applies to the situation you are thinking about.



Feedback

- *Attentional processing: The amount of attention that you gave to the person or action you were observing depended on your interest in the product that was demonstrated and your perception of the person doing the demonstration*
- *Retentional processing: Because you were interested in buying the product you practised the behaviour in your mind. The information was processed and retained as a visual image or code that can be recalled when necessary. This process is known as symbolic rehearsal.*
- *Reproduction processing: You could have decided to buy the product and when you got home you could have reproduced or displayed the symbolic rehearsal of the demonstration.*
- *Motivational processing: Feedback from the environment motivates the process. If the behaviour is rewarded, it will be reinforced, if not, it may not be used again. Maybe you bought a kitchen utensil and when you got home (the different environment) you could not remember how to use it.*

4.3.4 Stages or types of memory

Memory refers to the way we store and relate information and events to each other (Gee, 2013:24). Memory and information processing is the process in which information is encoded, stored and retrieved (Rathus, 2016:149–150):

- **Encoding** or registration allows information from the outside world to be sensed in the form of chemical and physical stimuli. The information received is processed, combined and changed in the encoding process.
- **Storage** entails that information is created in a record and maintained over short or long periods of time.
- **Retrieval** is the recall or recollection of information that has been stored in response to a cue. Such information must be located and returned to the consciousness.

Some retrieval attempts may be effortless due to the type of information, and other attempts to store information may be more demanding. Interference is an impediment to memory retrieval and occurs when something learned gets in the way of a new piece of information. An example of this is if your best friend's name is John Smith. When you are introduced to another person called John, you may have difficulty remembering the new John's surname. (Methods to enhance memory are explained in section 4.3.5.)

Our memory is believed to consist of five types, namely sensory, short-term, long-term as well as declarative and implicit memory (Ling et al. 2015):

- **Sensory memory**

Sensory memory is the temporary storage of information we receive from our senses (Solomon, Russell-Bennett & Previte, 2013:89). Sensory memory holds sensory information less than one second after an item is perceived. An example is the ability to look at an item for a split second of observation or memorisation and remember what it looked like.

Sensory memory is out of cognitive control and it is an automatic response (Kropotov, 2016:409; Solomon et al., 2013:89).

The three types of sensory memories are iconic memory, echoic memory and haptic memory that are only stored for a short duration:

- **Iconic memory** This kind of memory refers to memory that stores visual images for a short time. When we see something we forget about it very soon because the image is quickly replaced by other images.
- **Echoic memory** involves auditory information such as sounds we perceive.
- **Haptic memory** involves things we touch.

Sensory memory requires rehearsal to be retained in long-term memory.

- **Short-term memory**

Short-term memory is also known as working memory. Its capacity is very limited. The short-term memory allows recall for a period of several seconds to a minute; about 15 to 30 seconds (Bonde, 2010). The short-term memory needs to comprehend information and decide where to store it, while it receives new and other information at the same time. The storage in sensory memory and short-term memory generally has a limited capacity and duration, which means that information is not retained indefinitely (Shergill, 2012:235–237).

We for example smell smells and hear music or an announcement in a shopping mall but soon forget about the smell and the specific details about what we heard. If marketers want their messages to be remembered they need to understand the process of encoding. Through the process of encoding information is stored and moved to the long-term memory.

- **Long-term memory**

Long-term memory is a permanent storehouse of information (Bonde, 2010). In contrast with short-term memory, long-term memory can store much larger quantities of information for a potentially unlimited duration (Pasha & Pasha, 2011). We can for example remember family's and friends' birthdays for many years. Long-term memory can either be declarative or implicit.

- **Declarative memory**

Declarative memory is sometimes called explicit memory. Declarative memory requires conscious recall in that some conscious process must call back the information. It is explicit because it consists of information that is explicitly stored and retrieved (Shergill, 2012:240).

Declarative memory can further be subdivided into semantic memory and episodic memory. Semantic and episodic memories represent key events in our life that we can remember clearly (Goldstein, 2015:164).

- **Semantic memory**

Semantic memory concern principles and facts that are independent of context. Semantic memory allows the encoding of abstract knowledge about the world (Schoeke & Bittlin,

ND:70), for example that Table Mountain is in Cape Town. Semantic memory refers to the conscious recollection of factual information and general knowledge about the world we live in (Lampinen & Beike, 2015:32). A consumer for example knows that BMW is a car brand but if you ask them how they know it, they cannot recall.

- **Episodic memory**

Episodic memory concern information that is specific to a particular context, such as a time and place (Schoeke & Bittlin, ND:70). Episodic memory is used for more personal memories, such as the sensations, emotions and personal associations of a particular place or time. Episodic memories often reflect the "firsts" in life such as a first kiss, first day of school or first time winning a championship (Shergill, 2012:240). A marketing application of episodic memory is when a consumer can remember the different buying options that were explained by a financial person when they applied for finance to buy their first car.

- **Implicit memory**

Implicit memory refers to past experiences that influence behaviour, although it is not possible to recollect the specific experience (Schoeke & Bittlin, ND:70). Some of our parents for example listen to the weather report on a daily basis and buy the Sunday newspaper every weekend but they cannot necessarily remember where these rituals started.

4.3.5 Methods used to enhance learning and memory

Techniques that can be used to enhance the remembering of information, include repetition, visuals, self-referencing, chunking, humour, exaggerations and elaboration (Mastin, 2010; Perner, 2010; Luck, ND):

- **Repetition**

Repetition increases the chances that information will be processed and transmitted from the short-term memory to the long-term memory (Mastin, 2010). Frequency is used to the advantage of a marketer for example to repeat an advertisement extensively, especially the brand name, helps consumers to remember it (Mastin, 2010). "Recirculation" involves repeated exposure to the same information; the information is not learned deliberately, but is gradually absorbed through repetition (Perner, 2010). "Rehearsal" involves the consumer repeating the information over and over so that it can be remembered; this is often done so that a phone number or a model name can be remembered (Perner, 2010). Marketers need to be aware that if an advertisement is repeated too often it may cause the advertisement to wear out and the audience to stop paying attention.

- **Visuals**

Visuals is one of the ways in which information is encoded in memory. Marketers and advertisers use photographs, computer-generated images and illustrations to trigger memory and strengthen a brand. Visual memory is part of memory that preserves some characteristics of our sense pertaining to visual experience (Luck, ND). You are able to place in memory information that resembles objects, places, animals or people in sort

of a mental image (Luck, ND). An advertiser may show images of an animal such as a cheetah or elephant that has certain characteristics in consumers' minds and they learn to associate the animal with a brand. When consumers see an image of the animal it assists them in recalling the brand. This technique also contributes to brand awareness by linking a visual effect to all the other products in a brand.

- **Self-referencing rehearsal**

The self-reference effect is when consumers encode information differently depending on the level on which the self is implicated in the information (Luck, ND). Researchers have found that the likelihood of accurately remembering information once it has undergone self-referential processing is greater in comparison with information encoded using other processes, such as thinking about something in relation to another person or in regard to its semantic properties (Hamani, 2012).

In everyday life, you utilise the option of self-referencing upon encountering a novel item, such as an article of clothing, by thinking about your desires and needs to determine whether or not the clothing should be purchased. Research has shown that female consumers engage in self-referencing when viewing female models of different body shapes in advertising (Martin, Brett & Ekant, 2007). Marketers can use self-referencing by personalising e-mail messages because people remember direct mail marketing items if addressed to them personally.

- **Chunking**

Chunking involves rearranging information so that fewer parts need to be remembered. When items are organised together, it becomes easier to remember them (Perner, 2010). An example of this is when you want to remember a telephone number you break it down into smaller sections, (012) (455) (1234) is easier to remember than 0124551234. Numbers can also be repeated as words, for example 0800 CURVES instead of 0800 287 837.

- **Humour**

Humour entertains people and they remember advertisements that use it. A plumbing company could for example use a funny intimation such as "We repair what your husband fixed".

- **Exaggeration**

When people tell exaggerated stories you remember them better. When a fisherman tells a story about a big fish he caught, you listen even if it is because you doubt it (Perner, 2010). Advertisements use comedians for this reason and combine humour and exaggeration in advertisements.

- **Elaboration**

With elaboration we link new information with something that is already in our minds (Perner, 2010). Flora, for example, elaborates its margarine with the concept of the Heart Foundation that is an issue in consumers' minds. Many other brands use the knowledge

consumers have about healthy life styles, and vitamins and minerals to elaborate these concepts on their products.

Elaboration is also involved when a consumer thinks about a product in an advertisement and about related issues at the same time (Luck, ND; Perner, 2010). These links can have many forms such as colours and sound. For example, the colour red of Vodacom can be linked with the red of Coca-Cola. Customers' memory of a specific brand can be activated when any other stimuli that are similar or complementary are encountered.

4.4 SUMMARY

After studying this unit you should know why and how people perceive stimuli and how marketers can use perception, learning and memory theories to their advantage. This learning unit discussed the definitions and nature of these concepts and also provided you with elements, methods and theories that are necessary to understand these concepts. By understanding the information you as a marketer will be able to target an audience more effectively and efficiently. You will know how to change people's behaviour and enhance their learning and memory through repetition, visuals, self-referencing, rehearsal, chunking, humour and exaggeration.

The next learning unit discusses personality as an individual factor and the theories that are involved in the concept.

4.5 CASE STUDY WITH QUESTIONS

Read the following amazing case study that was part of a social experiment about perception, taste and people's priorities and answer the questions that follow.

You can find the original report by Gene Weingarten in *The Washington Post* on 6 April 2007 on the internet: "He emerged from the metro at the L'Enfant Plaza station and positioned himself against a wall beside a trash basket". https://www.washingtonpost.com/lifestyle/magazine/pearls-before-breakfast-can-one-of-the-nations-great-musicians-cut-through-the-fog-of-a-dc-rush-hour-lets-find-out/2014/09/23/8a6d46da-4331-11e4-b47c-f5889e061e5f_story.html

A video of the study is available on https://www.youtube.com/watch?v=hnOPu0_YWhw

Perception, something to think about: www.jeffbridges.com/perception.html

QUESTIONS

1. In a commonplace environment at an inappropriate hour, do we perceive beauty?
2. Do we stop to appreciate it?
3. Do we recognise talent in an unexpected context?

One possible conclusion reached from this experiment could be this:

If we do not have a moment to stop and listen to one of the best musicians in the world playing some of the finest music ever written with one of the most beautiful instruments ever made, how many other things are we missing?

4.6 REFLECTION



Before you continue to the next learning unit, reflect on the following questions:

1 Do you have a clearer understanding of the nature of perception? Do you know the elements of perception, and why marketers need to be sensitive to these dimensions when developing advertising campaigns?

2 Do you have a practical understanding of the steps of the perceptual process and can you provide practical examples of how marketers can influence the various steps?

3 Do you understand the various theories of learning and the types of memories?

4 Would you be able to formulate a brief marketing strategy that focuses on the reinforcement element of learning and explain how you could influence this dimension?

4.7 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

QUESTION 1

Which **ONE** of the following statements **BEST** describes "perceptual defence"?

1 It is when individuals try to deny or defend their reality.
2 It is when individuals only attend to a relatively small percentage of all the exposure they receive for interpretation.
3 It is when individuals see and hear what they are interested in because of what they are, although they may not be in a good emotional place.
4 It assists marketers' ability to reach customers in a crowded marketplace.

QUESTION 2

Which **ONE** of the following is the *first* stage in information processing?

1 memory
2 attention
3 interpretation
4 exposure

QUESTION 3

Attention, in the perceptual process, refers to the extent to which the processing activity is devoted to a particular ...

1 individual.
2 stimulus.
3 exposure.
4 memory.

QUESTION 4

What is the correct sequence of stages in the perceptual process?

1 attention, exposure, interpretation and memory
2 memory, attention, interpretation and exposure
3 exposure, attention, interpretation and memory
4 interpretation, attention, memory and exposure

QUESTION 5

The elements of learning are …

1 stimulus, response and recall.
2 cognition, repetition and response.
3 instruction, reinforcement and conditioning.
4 stimulus, response and reinforcement.

Before checking the answers to the MCQs above, try to answer the questions yourself to test your knowledge and understanding of the theory you have just learnt.

MEMORANDUM

QUESTION 1

Option 2 is the correct answer.

Option 2 is correct as the definition states that perceptual defence mechanisms are used to protect us against undesirable stimuli. Consumers therefore attend to a relatively small percentage of all the exposure they receive and interpret. Option 1, 3 and 4 are incorrect as the descriptions do not fit the definition of perceptual defence.

The correct answer can be found in section 4.2.1.

QUESTION 2

Option 4 is the correct answer.

Option 4 is correct as exposure is the first stage in information processing. Option 1 is incorrect as memory is the fourth stage in the process. Option 2 is incorrect because attention is the second stage. Option 3 is incorrect as interpretation is the third stage in information processing.

The correct answer can be found in section 4.2.2.

QUESTION 3

Option 2 is the correct answer.

Option 2 is correct as the characteristics of the stimulus itself play an important role in determining what gets noticed and what gets ignored. Marketers

need to understand these factors so that they can apply them to their messages and packaging to boost their chances of cutting through the clutter of a multitude of stimuli and commanding the customer's attention. Options 1, 3 and 4 are therefore all incorrect.

The correct answer can be found in section 4.2.2.

QUESTION 4

Option 3 is the correct answer.

Option 3 is correct as exposure, attention, interpretation and memory is the correct sequence in the perceptual process. Options 1, 2 and 4 are all incorrect as they are not the correct sequence.

The correct answer can be found in section 4.2.2.

QUESTION 5

Option 4 is the correct answer.

Option 4 is correct as the elements of learning are stimulus, response and reinforcement. Options 1, 2 and 3 are all incorrect as recall, condition and conditioning are not part of the elements of learning.

The correct answer can be found in section 4.3.3

Learning unit 5

Personality, lifestyle and the self-concept

Contents

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- 5.2.1 *Definition and nature of personality*
- 5.2.2 *Characteristics of personality*
- 5.2.3 *Personality theories*

5.3 Lifestyle
- 5.3.1 *The influence of personality on lifestyle*
- 5.3.2 *The value of personality to marketers*
- 5.3.3 *Psychographics and lifestyle*

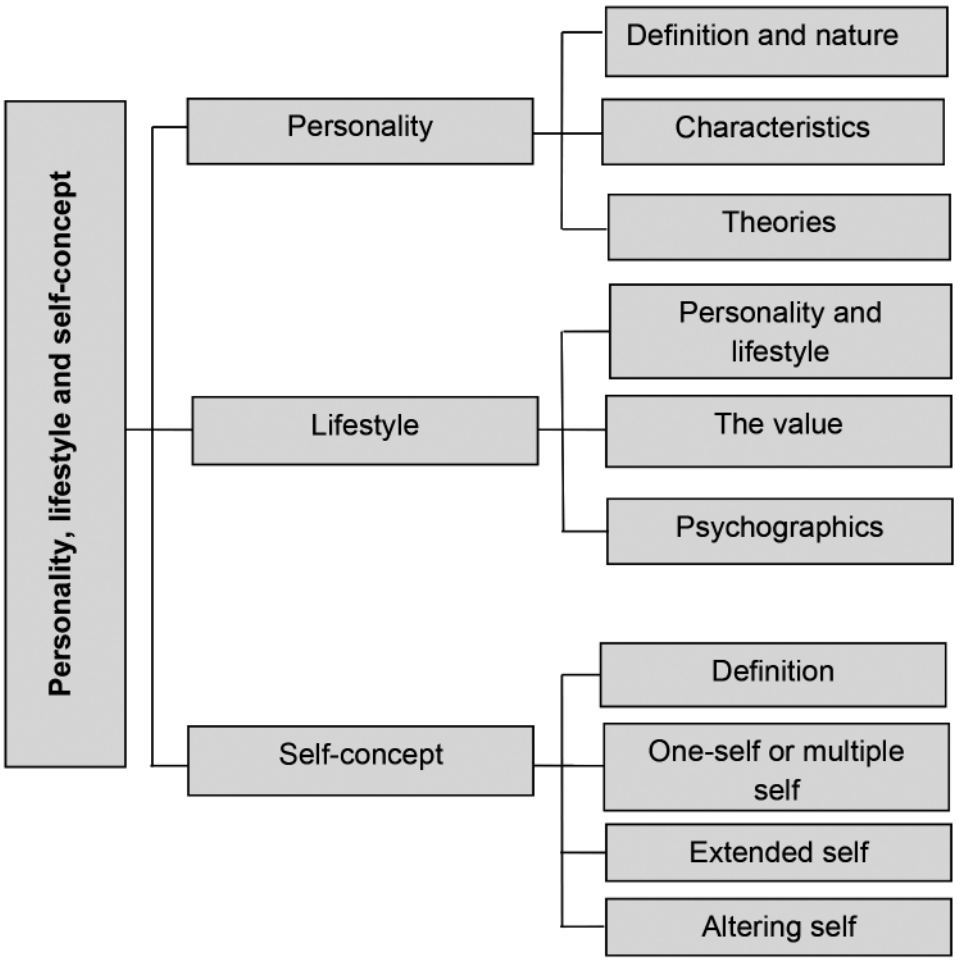
5.4 Self and self-concept
- 5.4.1 *Definition and nature of self and the self-concept*
- 5.4.2 *One-self or multiple self*
- 5.4.3 *The makeup of the self-concept*
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5.5 Summary
5.6 Case study with questions
5.7 Reflection
5.8 Self-assessment questions

OVERVIEW OF THIS LEARNING UNIT

This learning unit discusses personality as a force in consumer buying behaviour that marketers need to look at when they decide on marketing strategies. The unit starts with a definition and a discussion of the nature of personality. You will see that personality is enduring but that it can change. The unit provides you with theories that were developed to provide a better understanding of the concepts of personality and how a brand exhibits a personality consumers identify with. The next section is about lifestyle and the relationship between lifestyle and personality. The unit ends with the self-concept and the different parts of the self that marketers need to understand.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- discuss the definition and the nature of personality
- explain the characteristics of personality
- discuss the theories of personality and give examples that relate to each personality theory
- explain the influence of a consumer's lifestyle on their personality and how marketers use lifestyle in their strategies
- discuss the value of personality to marketers
- discuss psychographics as a tool for marketing segmentation
- explain a consumer's self and self-concept and why marketers need to have knowledge of the concepts one-self or multiple self, the makeup of the self-concept, the extended self and altering the self

KEY CONCEPTS



- Personality
- Freud's psychoanalytic theory
- Id, ego and superego
- Neo-Freudian theory
- Trait theory

- Gestalt theory
- Lifestyle
- AIO classification
- Psychographics
- Self and self-concept
- One-self or multiple self
- Extended self
- Altering self

5.1 INTRODUCTION

Motivation may be the initial force that pushes a customer towards a purchasing decision, but personality is what directs them towards accomplishing their goals. Personality determines how consumers react to marketing and communication campaigns such as advertising and merchandise displays. Coffee marketers for example have discovered that heavy coffee drinkers tend to be very sociable. Starbucks and other coffeehouses used this personality trait to attract consumers by creating environments in which people can relax and socialise over a cup of steaming coffee (Kotler & Armstrong, 2010).

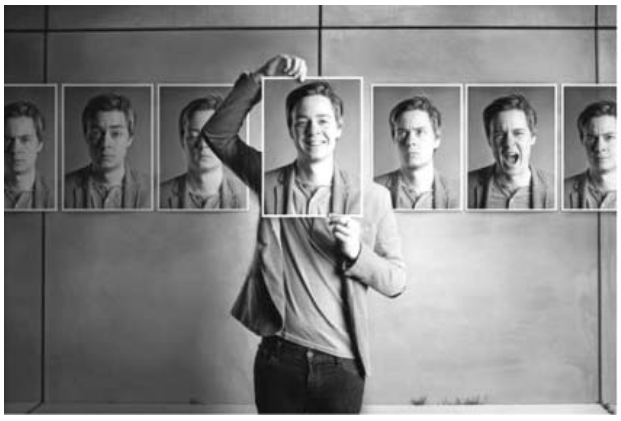
Although people have individual personalities, they share personality traits or have similar natures of personality. Examples of personality traits are characteristics such as dominance, self-confidence, sociability and autonomy. The similarities in people lead to marketers believing that their brands will attract customers who measure high on the same personality trait and they develop personalities for their brands that are strongly associated with a particular personality trait.

Brands that are associated with specific personality traits are:

- Jeep – "*Love of adventure"*
- YDE – "*Hip and trendy"*
- BMW – *"Passionate about life"*

Consumers' identification with brands is often based on how they see themselves now and in their past and how they imagine and aspire to be in the future.

5.2 PERSONALITY



Personality consists of the distinctive patterns of behaviour, tendencies, qualities or personal dispositions that make one individual different from another and lead to a consistent response to environmental stimuli. Marketers expect consumers to buy a product that best suit their personality. Mercedes-Benz drivers are, for example, perceived to be more conservative than BMW drivers, who are perceived to be far more aggressive and assertive.

Marketing concepts that have been linked with personality include consumers' purchasing behaviour, product choice, media choice, social influence, attitude change and risk taking.

5.2.1 Definition and nature of personality

Psychologists do not agree on any general definition of the term personality, and the wide variety of research on the topic makes it difficult to decide on a single definition for personality. Definitions are different because some theorists focus on specific traits and others view personalities as a unified whole. The generally used definition for personality in consumer buying behaviour is:

> **Personality** refers to those inner psychological characteristics that both determine and reflect how a person responds to their environment (Hawkins & Mothersbaugh, 2010:373; Schiffman & Kanuk, 2004:120).

The definition emphasises the characteristics that distinguish one person from another and includes aspects such as the specific qualities, attributes, traits and mannerisms of individuals. Personality can also be defined as an individual's consistency in coping with their environment. Personality therefore drives a person to act in a certain manner in a specific situation (Van Niekerk, 2014:62).

The characteristics of personality are discussed next.

5.2.2 Characteristics of personality

The inner characteristics that make up an individual's personality are a unique combination of different factors. Personality reflects individual difference, it is consistent and enduring but, it can also change. Personality should be seen as a whole that is influenced by the environment the consumer finds themselves in. The characteristics of personality are therefore as follows:

- **Personality reflects individual differences**

People are different because they have different childhood experiences, cultural backgrounds, and personal motivations. But, people are not totally different in all respects and they can be categorised into different groups based on one or a few of their personality traits. These traits are also discussed in section 5.2.3.3 under the trait theory.

The value of personality for marketers lies in the fact that some people can be described according to a trait that forms the basis for their marketing message. Examples of the use of the traits are evident in CNN that is seen as "competent" and MTV that is seen as "exciting".

- **Personality is consistent and enduring**

Consistency refers to enduring, but not changing, qualities or personality. Consistency gives direction to a person's behaviour and sustains them in the face of experiences that change all the time. A person who was seen as warm-hearted as a child tends to exhibit the same characteristic as an adult.

The stable nature of personality suggests that marketers cannot change customers' personalities to conform to certain products. Marketers can learn which personality characteristics influence particular customers' responses and attempt to appeal to relevant personality traits inherent in their target market.

- **Personality must be understood as a whole**

Some of the important characteristics of the whole individual are derived from the environment. Differences in an individual's behaviour can only be understood in the socio-cultural environment they operate in. Just as an individual's separate acts cannot be understood apart from the whole person, so the whole person cannot be fully understood outside the environment.

- **Personality can change**

Although personality is consistent and enduring it can change when people go through traumatic experiences such as the loss of a child or if the person has been exposed to a crime incident. These can be life-altering experiences and change someone's personality from conservative to vivaciously liberal or change extroverted people into introverts. It is important to identify that despite such changes, personalities remain sturdy enough to be measured and marketers can use it to base their market segmentation on.



Activity 5.1

Think of a family member, friend or colleague with whom you are well acquainted. List six to eight characteristics of that person, for example caring, energetic, thoughtful, loving, mature and friendly. These traits reveal the characteristics of that person. Now think of how your own personality traits are either different from, or similar to those of your acquaintance and discuss the characteristics of personality.



Feedback

The characteristics of personality are as follows:

- *Personality reflects individual differences as people have different childhood experiences, cultural backgrounds and personal motivations. For example, a colleague with a loving and caring personality has a different cultural background and childhood experience that made them the way they are.*
- *Personality is consistent and enduring. Consistency and endurance in personality give direction to a person's behaviour and sustain them in the face of experiences that change all the time. For example, a young person who shows a love for animals*

and is warm-hearted and cares for children in need will exert the same persona when they are older.

- *Personality must be understood as a whole. Personality must be understood as a whole as the socio-cultural environment of that person influences their personality. A person may be caring and warm-hearted, but the environment in which this person grew up and their cultural background and current situation have an effect on the personality of that person.*
- *Personality can change. Although personality is generally consistent and enduring, traumatic experiences can affect those personality characteristics. For example, an energised person who used to love the outdoors, adventure sports and was an adrenaline junkie, may have been in a terrible car accident which caused them to loose mobility of their legs. This causes a change in the personality of this person as they will no longer be able to do all the adventurous sports and activities they used to before the accident.*

5.2.3 Personality theories

There are many theories on personality. Theories such as Freud's psychoanalytic theory, the neo-Freudian theory, the trait theory and the Gestalt theory are just some of the theories that are applied to give marketers an understanding of the relationship between consumer behaviour and personality. Understanding these theories may assist marketers in developing more effective marketing strategies and segmenting their target audiences.

5.2.3.1 Freud's psychoanalytic theory

Freud's psychoanalytical theory of personality argues that human behaviour is the result of the interactions among three component parts of the mind: the id, superego and ego (Boundless, 2016).

Freud's psychoanalytical theory focuses on the role of internal processes such as motivation and perception that shape personality and behaviour. Freud's theory provides the foundation for the study of motivational research, which operates on the premise that human drives are largely unconscious in nature and serve to motivate people's actions. According to Freud (in Mpinganjira et al., 2014:99), a consumer's personality is made up of three distinct structural components (the id, the ego and the superego), which operate within three regions of the mind (the conscious, the pre-conscious and the unconscious or non-conscious mind).

The three distinct structural components of which personality is made up, are (Bernstein, 2014:425; Hergenhahn, 2009:531) shown in figure 5.1 below.

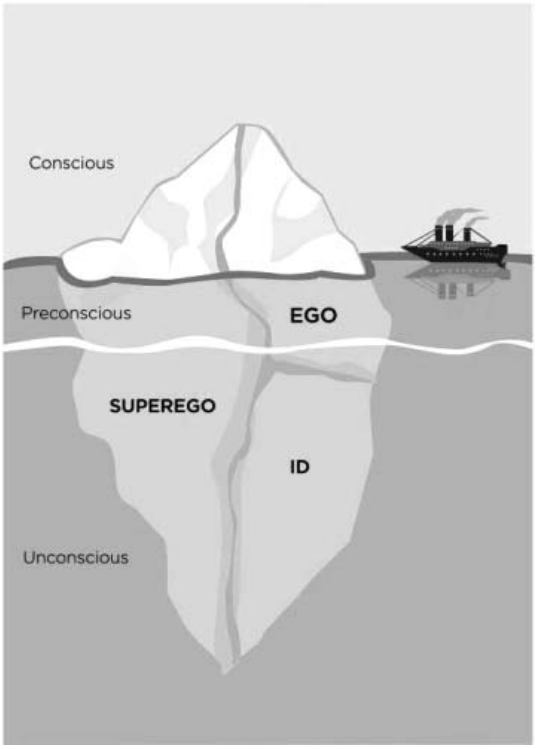


Figure 5.1: Freud's psychoanalytical theory of personality

- **Id:** The id (meaning "the it") is the driving force of personality and contains all instincts such as hunger and thirst. The id is entirely unconscious and is directed by the pleasure principle – the idea that all of your needs should be met immediately. For example, the person that pushes to the front of the line at KFC would be satisfying an id-driven impulse.
- **Superego:** The process of adopting parental and cultural values of society – the experiences we learn as children – creates the second component of personality. The superego operates in our conscious mind and tells us what we should and should not do. The superego therefore becomes our moral compass. The superego would make the person at KFC feel guilty for even thinking about violating culturally approved rules about waiting in line.
- **Ego** (or "self"): The ego is responsible for organising ways to get what a person wants in the real world, as opposed to the fantasy world of the id. The ego operates in our pre-conscious mind and is based on the reality principle (the idea that the desires of the id must be satisfied in a method that is both socially appropriate and realistic). For example, the person would influence the id persona in KFC to wait in line and think about what to order.

The purpose of the ego is to balance the aggressive/pleasure-seeking drives of the id with the moral control of the superego. The figure below clearly explains the three structural components identified by Sigmund Freud:

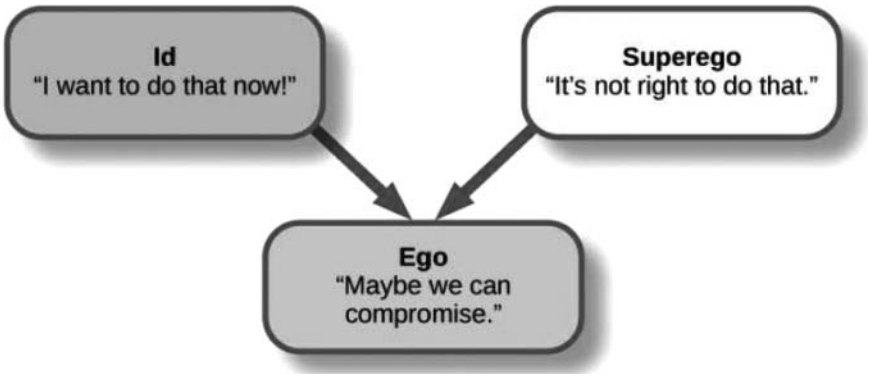


Figure 5.2: Three distinct structural components of personality

Source: Boundless (2016)

A consumer's mind, for example, gives rational reasons why they buy certain products. But, there is often an underlying reason the consumer is not consciously aware of. Marketers need to understand how the unconscious mind of consumers works. This theory proposes that consumers associate certain products with their individual self-image and therefore believe that these products extend their personalities. The clothes we wear and the images we display often reflect our personality. This view of product personality suggests that using a particular product, such as expensive jewellery, enhances our self-confidence (Parumasur & Roberts-Lombard, 2012).

Freud's psychoanalytical theory of personality:

https://www.youtube.com/watch?v=7vFf5CS27-Y

Watch the following video that explains Freud's notion that personality operates within three distinct structural components and regions in the mind as discussed in section 5.2.3.1.

According to Mpinganjira et al. (2014:99), marketers need to take four premises in Freud's psychoanalytic theory into consideration when they develop strategies:

- An individual's behaviour is **governed by some purpose.** Marketers need to realise that a purchase can be a reflection and extension of the customer's personality. Some people buy a certain brand of car to reflect their self-concept.
- A consumer's **non-conscious mind** plays a significant role in influencing their behaviour since it contains the ideas, desires and impulses that the person is unaware of. Marketers need to do research to find out what the real reason is for people buying products. A consumer may justify the purchase of expensive clothing by saying it is needed for work when it is really acquired for a self-esteem boost.
- **Personality is dynamic** and the elements of the personality work together to achieve balance and stability. Consumers can change their focus from one thing to another and adjust to the buying situation to achieve balance and minimise their energy. While people are shopping they can think about the product they are looking for, see the promotional material and talk to a friend at the same time.

- **Personality is a closed system**. Marketers need to develop their brands so that consumers know exactly what the brand represents and focus all their energy on that brand even when there are other brands competing for their attention. If a customer identifies with a product or brand a competitor's promotional material does not deter the customer's attention.

It is important to note that this theory proposes that consumers associate certain products with their individual self-images and therefore believe that these products extend their personalities.

5.2.3.2 Neo-Freudian theory

The neo-Freudian theory is an extension of Freud's psychoanalytic theory of personality. This theory emphasises the role of social relationships in the formation and development of personality. An example of this theory is the need of some people to engage in anti-conformist behaviour to overcome social inferiority. A person strives for superiority to conquer feelings of anxiety and inferiority.

The **neo-Freudian theory** of personality emphasises the role of social relationships in the formation and development of personality (Joubert, 2013).

Neo-Freudian theories can be extrapolated to anti-conformity as a generator of self-confidence that provides individuals with the necessary self-belief to act upon their individuality. An example can be the different genres of music such as heavy rock, which some people see as an outraged expression of freedom. Pop music, as the name suggests (popular music), is precisely the opposite. Individuals collectively share similar characteristics that they believe make them socially acceptable. The main difference between conformists and anti-conformists is that the former attempts to be unique in a socially acceptable way while the latter attempts to be socially unacceptable to prove their uniqueness.

According to Parumasur and Roberts-Lombard (2012), neo-Freudian theories of personality have not received wide attention but it is likely that marketers have employed some of these theories intuitively. They provide the example that marketers who position their product as being unique or for non-conformists seem to be guided by the neo-Freudian theory's characterisation of the "detached individual" – a person seeking independence and individuality.

5.2.3.3 Trait theory

The trait theory focuses on the measurement of personality in terms of specific individual psychological characteristics. Traits reflect the particular way we think, feel and behave. **Personality traits** are therefore the characteristics of a person's personality that endure over time and across different situations. They are patterns of behaviour, thought and emotion that characterise an individual's personality. The personality is an expression of each trait that is determined by the amount or quantity of that trait that exists within the individual. An individual who is seen as being relaxed has a different personality from a person who is perceived as tense.

The **trait theory** of personality suggests that the consumer's behaviour is influenced by their unique patterns of traits that are determined by the individual's DNA and life experiences (Mpinganjira et al., 2014).

The following gives you examples of personality traits and their opposites (Cant, 2010:111):

1. *Reserved*: critical, stiff vs *Outgoing*: warm-hearted, participating
2. *Humble*: stable, mild vs *Assertive*: aggressive, competitive
3. *Self-assured*: secure vs *Apprehensive*: insecure, troubled, worrying
4. *Relaxed*: tranquil, composed vs *Tense*: frustrated
5. *Expedient*: disregard rules vs *Conscientious*: persistent, morality
6. *Dependent*: follower vs *Self-sufficient*: resourceful, independent
7. *Undisciplined*: flax, careless vs *Controlled*: willpower, precise

The expression of the different intensities of a specific trait by consumers means that not all consumers behave in the same way in a given situation. If a group of friends for example are shopping in a mall, the friends who are dependent tend to do things to fit in with the group, while those who are self-sufficient do not necessarily conform to the norms of the group.



Trait theory explained:

https://www.youtube.com/watch?v=GfdyU9yYFEU

This video explains the trait theory. In the video, you are asked to think of one of your friends or family members and write down eight words that describe their personality – these words represent the traits or characteristics of that person. The trait theory is explained in the video as a theory which focuses on identifying, measuring and describing individual differences in personality. Personality traits include the characteristics of someone's personality that endure over time and across different situations. Personality traits can include adventurous, careful, cheerful, confident, friendly, loyal, reliable, realistic, quiet, sincere and polite as identified in the video.

5.2.3.4 Gestalt theory

The Gestalt theory is used to evaluate a customer's personality and to increase self-awareness. According to the Gestalt theory, personality is formed as a person interacts with the environment. People are more than the sum of their parts and personality is not a mathematical equation that equals all of a person's individual characteristics. Stimuli from the environment interact with a person's mind and the resulting product is the personality. To understand personality as a whole, different elements such as attitude, self-concept, motivation and perception need to be carefully analysed.

The **Gestalt theory** suggests that the whole is more than the sum of its parts – it views personality as the result of the interaction between the personal and the total environment. The two should be viewed together as a patterned event (Joubert, 2013:90; Wright, 2006:132).

According to Joubert (2013), there are eight core elements that affect personality on consumer behaviour. These traits include being open to new experiences, orderliness, extraversions, the need to be agreeable and kind to others, the tendency of an individual to be temperamental, the need to own material things, the desire for excitement and the need to look after your body.

Gestalt theory has valuable applications to marketers. Marketers who use ordinary people in advertisements and advertising for social acceptance use this theory. The interaction between people and their environments are also used to depict imagery that consumers can identify with. Washing powder advertisements often depict people at home in familiar surroundings that consumers can identify with. Coca-Cola also uses this principle when it emphasises social acceptance and people having fun when they drink Coke.



Activity 5.2

Take some time to reflect on your personality. Try and identify how you respond to things. Think back to the last time you bought an item that you felt communicated who you are. It may have been an advanced computer, a sports car, a designer outfit, a donation to an environment-friendly organisation – whatever it was, try and relate your purchasing decision to the idea of expressing your identity.

After studying the different personality theories try to relate to one of them. Try and identify the extent to which you conform to certain groups – if any – and the extent to which you reject others. Try and understand what environmental influences have affected and shaped your personality and, lastly, critique your personality traits and categorise them. Once you have done so, compare these traits to those of your friends. Are they similar?



Feedback

You should have deduced from the above that personality theories should be seen as dynamic and integrated areas of understanding and not simply a conglomerate of different ideas. We are all unique, and so are our personalities. We can all relate in one way or another to all the personality theories discussed above.

5.3 LIFESTYLE

People may have the same occupation, social class and culture but their lifestyles are different. **Lifestyle** refers to the way of living of individuals and is influenced by their personality, motives and attitudes. A person who enjoys being social and cooking for example, spends more time with family and friends and buys different products than a person who enjoys long walks alone in nature. How consumers thus spend their time and money depends on their lifestyle and the emphasis and importance they give to certain aspects of life.

Lifestyles are a person's patterns of living as expressed in activities, interests and opinions (Kotler & Keller, 2009:90).

A consumer's lifestyle can be described according to the AIO classification that refers to consumers' **A**ctivities, **I**nterests and **O**pinions. The following table give examples of dimensions that marketers can use to identify consumers' different lifestyles.

Table 5.1: AIO lifestyle dimensions

Activities	Interests	Opinions
Work	Family	About the self
Hobbies	Home	Social problems
Holidays	Work	Politics
Entertainment	Sport	Economy
Purchasing	Food	Education
Sport	Media	Products
Club membership	Own performance	The future

Source: Cant, Strydom & Du Plessis (2007:84)

A research study on the influence of attitude and lifestyle on the type of vehicle a consumer buys confirm that these issues significantly affect an individual's vehicle choice. Variables taken into consideration in the research were travel attitudes, personality, lifestyle, mobility and demographical variables. The findings of the research provided useful background for vehicle manufacturers, decision makers and planners of transport policy that relate to vehicle ownership, traffic congestion and energy consumption (Du Plessis & Rousseau, 2009).

5.3.1 The influence of personality on lifestyle

Traditionally it was difficult for marketers to identify the link between personality and consumer behaviour. However, with the new trend of independent, expressionistic living, consumers now evaluate and base the products they buy on how well the product or service communicate their intended image to other people. Consumers' personalities, to a certain extent, determine their lifestyle as expressed in their activities, interests and opinions (AIO).

According to Parumasur and Roberts-Lombard (2012), there are a variety of models for categorising consumers according to the influence of personality on lifestyle. Parumasur and Roberts-Lombard (2012) explain the Taylor-Nelson model that divides people into three main groups, namely substance driven, outer directed and inner directed (which are subdivided again):

- **Substance driven**. Substance-driven people are motivated by material security and can be subdivided into *the aimless*, which include young unemployed and elderly drifters; *survivors* who are traditionally minded working-class people; and *belongers*, who are conservative family-oriented people.
- **Outer-directed**. Outer-directed people are mainly motivated by the desire for status. They are subdivided into *belongers* and *conspicuous consumers*. These people tend to look at other people to give direction to their actions and prefer advertisements that are set in a social environment.

- **Inner-directed**. Inner-directed people are subdivided into *social resisters* who are caring and often doctrinaire, *experimentalists* who are hedonistic and individualistic and *self-explorers*, who are less doctrinaire than social resisters and less materialistic than experimentalists. These people use their own values to evaluate products and they prefer advertisements that stress product features and personal benefits.

According to Kotler and Armstrong (2010), companies no longer just sell products; they sell product ideas that encapsulate the whole product to fit consumers' personalities and lifestyles. A brand's communication communicates the product features and a picture of the ideal customer for the brand. Kotler and Armstrong (2001) identify the following example from Nike's webpage:

> "Nike has always known the truth – it's not so much the shoes but where they take you. Beyond shoes apparel and equipment, Nike markets a way of life, a sports culture, a "just do it" attitude. Phil Knight, Nike's founder and chief executive, says "Basically, our culture and our style are to be a rebel". The Nike Company was built on a genuine passion for sports, a maverick, disregard for convention, hard work, and serous sports performance."

Nike and many other successful brands share an absolute dedication to understand customers and their lifestyles to communicate to well-defined target markets. You can read Laura Reilly's (2014) article; *11 Things hardly anyone knows about Nike* to get more insight into this amazing company: http://www.businessinsider.com/history-of-nike-facts-about-its-50th-anniversary-2014-11



Buried in debt – High cost live on:

http://mg.co.za/article/2013-03-28-00-buried-in-debt-high-costs-live-on and http://funeral-cover-quotes.co.za/3503/information/stokvels-are-important-to-people

Read the two articles about the importance of funerals to the black community in South Africa and how stokvels are important to their burial plans. According to Ballim (2013), on an average Saturday there are approximately 90 funerals at the Avalon Cemetery in Soweto. This offers an opportunity for numerous burial and funeral plan companies to offer the best package to these individuals. After reading more about burials and funeral plans in South Africa, consider how funeral companies can target these customers to meet their unique needs.

5.3.2 The value of personality to marketers

According to Joubert (2013), the identification of the personality variable that appears to be logically linked to product usage is likely to improve marketers' ability to segment markets, and enables them to design specific products that appeal to certain personality types. Marketers can also design promotional strategies that appeal to personality characteristics of existing target markets.

Personality characteristics provide guidelines for consumer behaviour and are also valuable to markets for the following reasons. They can:

- serve as a basis for market segmentation
- direct product positioning
- guide copy writing in advertising
- act as media guidelines

When customers tend to buy products that reflect and enhance their personality they attach a certain symbolic meaning to some products that results in a product image. Marketers develop these product images and brand personalities that represent some human traits. Kotler and Armstrong (2010) identify the following brand personality traits:

- Sincerity relates to down to earth, honest, wholesome and cheerful.
- Excitement relates to daring spirited, imaginative and up to date.
- Competence relates to reliable, intelligent and successful.
- Sophistication relates to upper class and charming.
- Ruggedness relates to outdoorsy and tough.

Brands that have those characteristics draw consumers who have the same personality traits. For example, adventurous individuals who like the outdoors, travelling and have a tough persona appeal to brands that represent "ruggedness".



Activity 5.3

Can you think about products or brands that have the above personality traits? Give same examples of these products or brands.



Feedback

You could have thought about the following:

- *Sincerity: Toyota, Kellogg's, Woolworths and Clover*
- *Excitement: DStv, Aca Joe and BMW*
- *Competence: Audi, Apple and Samsung*
- *Sophistication: Mercedes-Benz, Diesel and Bentley*
- *Ruggedness: Jeep, Land Rover and DueSouth*



Brand personality traits – advertisements:

The following advertisements may be perceived to convey the following brand personality traits:

- Sincerity: Woolworths – https://www.youtube.com/watch?v=42GyAuQl_LY
- Excitement: Coca-Cola – https://www.youtube.com/watch?v=yGjBV9roQhA
- Competence: Nissan – https://www.youtube.com/watch?v=2MSxnlTRXBY
- Sophistication: Rolex – https://www.youtube.com/watch?v=DdVooIhwYIY
- Ruggedness: Range Rover – https://www.youtube.com/watch?v=nMLAA5ysr3U

5.3.3 Psychographics and lifestyle

The term psychographics is often used interchangeably with lifestyle to denote the separation of customers into categories based on the different choices they make and how they use products.

Psychographics are characteristics of individuals that describe consumers in terms of their psychological and behavioural makeup, for example how people behave and the psychological factors that underlie that activity (Cant et al., 2002).

Psychographics help marketers to understand why customers buy the products they buy. They use psychographics as one of the variables to divide the total market into segments to decide on a target market for their products and services. The other variables that were traditionally used for segmentation are geography, demographics and behaviour.

Traditional segmentation strategies fall short when psychographics is brought into the picture and marketers need to consider the following obstacles in their segmentation strategies (Joubert, 2013):

- The links between motivation, behaviour and demographics may not be clearly visible.
- Attitudes and behaviours are not necessarily homogenous within segments and consumers may have different views of a brand or product even though they are segmented into the same category.
- Consumers are individuals and there is no average message that effectively speaks to an average consumer.

Psychographic segmentation provides answers to these problems and divides consumers into different groups based on social class, personality and lifestyle and establishes the different lifestyle categories concerning consumers' attitudes, interests and opinions.

Psychographics helps marketer to develop communication messages that reach customers with specific characteristics. Typical lifestyle activities that are used include the type of entertainment and music people enjoy, hobbies, the sports they participate in and the kind of vacations they take. Cape Union Mart for example uses these in its Christmas advertisement to convince people to buy presents for a "man who has everything". See its website on https://www.capeunionmart.co.za/. It communicates its brand as South Africa's favourite outdoor adventure store and that it stocks everything you need for outdoor pursuits, such as hiking, camping and mountain biking. A key word in the advertisement is "explore", an idea some personalities identify with.

5.4 SELF AND SELF-CONCEPT

The picture a person has about themselves is formed through various environmental and social conditions and is known as the self and self-concept. There is not only one self-image that forms within an individual, but a multitude of self-images that individuals may choose to express or interact with, depending on the social engagement and environment. An example is when we buy or wear clothing, we often make a statement about ourselves and, depending on the situation, we can see ourselves as a professional, a student or a sports fan.

5.4.1 Definition and nature of self and the self-concept

People are aware of things around them and themselves. They form images and attitudes about everything. In observing and seeing everything and all the people around them, they realise that they are different from other people and form a "sense of self". The image they have of themselves is known as their "self-concept" and it refers to the attitude they hold about themselves.

People are also sensitive to situations and change according to the situation. Although some people tend to be more consistent than others, people do make adjustments to their behaviour in different scenarios. For example, the behaviour of a student attending class may differ from the behaviour they display at home. A young person may also behave differently when they are with their parents than with friends.

Self-concept can be regarded as the totality of the thoughts and feeling of an individual about themselves (Parumasur & Roberts-Lombard, 2012).

The self-concept is a complex structure compared to other attitudes and it is composed of a multitude of attributes. According to Joubert (2013), attributes of self-concept can be described in terms of their content, such as attractive appearance versus mental aptitude, a positive or negative attitude to self (that is, self-esteem), intensity, stability over time and accuracy (that is, the degree to which self-assessment corresponds with reality).

Self-assessments may be subjective to a level where it has an impact on buying behaviour. We find for example that clothing sizes are closely tied to self-esteem; people may wear ill-fitting clothes to hide parts of their body that they feel self-conscious about.

Parumasur and Roberts-Lombard (2012) identify the following self-concepts with an explanation of each:

- **The actual self.** This is how a person really perceives themselves.
- **The ideal self.** This is how a person would like to be and how they want to be perceived by other people.
- **The social self.** This is what a person thinks other people think of them.
- **The expected self.** This is an image between the actual and ideal self.
- **The extended self.** This is a person's self-concept that includes the impact of personal possessions on self-image
- **The possible self.** This is what a person would like to become, could become or is afraid of becoming



Activity 5.4

What would the difference between a marketing strategy that targets the actual self and one that targets the possible self be? Support your discussion with practical examples.



Feedback

The actual self is how a person really perceives themselves. For example, a person may perceive themselves as caring and polite. The possible self is what a person would like to become, could become or is afraid to become. For example, a person can envision themselves as having a family with children and a steady income within the next three years. Marketing to the possible self means that marketers need to establish where their target audience sees themselves in a certain number of years and market in such a way that the person feels that they need to purchase the product/services to reach their possible selves.

Marketers need to understand these different dimensions of identities and images so that they can tailor their marketing messages to match the intended self-image of the consumer.

5.4.2 One-self or multiple self

As discussed previously, people tend to change their behaviour depending on their circumstances. We could therefore say people do not consist of a "single self" but rather of a "multiple self", which changes due to the environment the person is in.

A person may wear name brand or designer clothes when going out with friends, whereas at home with their families they may not do so.

5.4.3 The makeup of the self-concept

All individuals have a self-image, which is a mental picture of themselves as a certain type of person with certain traits, possessions and relationships. Self-image describes the characteristics of the self and is a product of learning. Individual experiences from parents, family, friends and social groups shape their self-image. Individuals see the products they purchase as a reflection of their self-image.

Products and brands have symbolic value for people and they evaluate the products on the basis of the similarity of the value with their self-image. People are more likely to purchase a product that enhances their self-image, for example a shade of lip colour that compliments their skin tone, or a dress that makes them looks slimmer.

According to Parumasur and Roberts-Lombard (2012), customers may select a different self-image to guide their attitude or behaviour in different situations. They would for example be guided by their actual self-image with regard to household products but with regard to socially conspicuous products they may be guided by their social self-image.

5.4.4 The extended self

The extended self refers to the relationship between an individual's possessions and their self-image. Possessions are seen as an extension of how they see themselves. Those who see themselves as popular and outgoing with a high social standing, may purchase a BMW, for example, to enhance their self-image. According to Cant et al. (2002), individuals may also see themselves as being trendier, more attractive and more successful because they have added the vehicle to their inventory of self-enhancing possessions.

5.4.5 Altering the self

Consumers are constantly trying to change themselves. People use products such as clothing, accessories and makeup to modify their appearance. These alter the way they look and feel, and thus change their self-image. A new hairstyle, cosmetic surgery or switching from glasses to contact lenses are examples of altering the self.

5.5 SUMMARY

This learning unit discussed personality, lifestyle and the self-concept, which are useful to marketers when they segment markets and develop marketing strategies. The unit began by defining personality and discussing the nature thereof. We saw that personality reflects individual differences and although it is consistent and enduring, it can change. Four theories that looked at personalities from different perspectives were explained. The learning unit then looked at the influences of a person's personality on their lifestyle and psychographics. The last section discussed the self and self-concept and explained that customers often try to enhance or alter their self-image by buying products they believe to be consistent with their self-image or avoid products that do not support their concept of themselves.

5.6 CASE STUDY WITH QUESTIONS

Follow the URL link to the newspaper article about PnP that saw an opportunity to partner with a stokvel group and answer the questions that follow: http://www.iol.co.za/business/companies/pnp-partners-with-stokvel-group-1978633

Below is a short summary of what is discussed in the newspaper article:

Summary: *Pick n Pay partners with stokvel group*

Pick n Pay, the second-largest supermarket chain in South Africa, announced its partnership with the National Stokvel Association of South Africa (Nasasa) in 2015, to develop grocery offerings to its members.

A stokvel is an informal savings pool or syndicate, usually among black communities in South Africa, into which funds are contributed in rotation, allowing participants lump sums for family needs, especially funerals (Dictionary.com, 2016). The stokvel market in South Africa, according to Nasasa, is estimated to hold R49 billion in about 800 000 stokvel groups, and approximately 1.4 million people belong to a stokvel in South Africa.

Pick n Pay has developed a special relationship with stokvels, and offers a wide range of value-for-money goods. For example, the newspaper article discusses Pick n Pay's use of its Smart Shopper Programme that offers stokvel customers vouchers and special discounts, and enables them to earn instant savings on certain products. The new stokvel loyalty programme helps Pick n Pay deliver a better offering informed by members' shopping behaviour.

To read more, visit the following URL link: http://www.iol.co.za/business/companies/pnp-partners-with-stokvel-group-1978633

QUESTIONS

Explain how Pick n Pay embraces the opportunity of the stokvel market and the lifestyle of these customers. Explain how the lifestyles of various cultural groups can be used successfully in marketing.

Consider your own personality and lifestyle, or that of various other ethnical groups, and think how your own lifestyle can influence your buying habits. Think of how opportunities can be formed based on your own lifestyle.

5.7 REFLECTION



Before you continue to the next learning unit, reflect on the following questions:

1 Do you have a clearer understanding of the concept personality? Can you define personality and discuss the characteristics and theories thereof?

2 Do you have a practical understanding of lifestyle and how it is influenced by consumers' personalities?

3 Do you understand the theory behind self-concept and the different kinds of "self"?

4 Are you able to provide practical examples of how marketers use personality, lifestyle and the self-concept in their marketing strategies?

5 What did you find interesting in this learning unit? Why?

5.8 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

QUESTION 1

"Those inner psychological characteristics that both determine and reflect how a person responds to the environment" refers to …

1 personality.
2 attitude.
3 motivation.
4 perception.

QUESTION 2

Which **ONE** of the following statements about Freud's psychoanalytic theory of personality is **TRUE**?

1 It is about the discovery of the underlying motivations for specific customer behaviour.
2 It is the importance of social relationships in the formation and development of personality.
3 It focuses on the measurement of personality in terms of specific individual psychological characteristics.
4 It is used to evaluate customer personality.

QUESTION 3

Personality has four basic characteristics. Which **ONE** of the following statements is **NOT** regarded as a characteristic of personality?

1 Personality reflects individual differences.
2 Personality is conceived of as a whole actualising itself in an environment.
3 Personality predetermines the individual's changing behaviour.
4 Personality is consistent and enduring.

QUESTION 4

Which **ONE** of the following is an example of "altering the self" in terms of the study of consumer personality and self-concept?

1 Customers constantly try to change themselves.
2 The individual sees themselves as being trendier than others.
3 Products and brands have symbolic value for us.
4 Customers select a different self-image to guide their attitudes.

QUESTION 5

Which **ONE** of the following personality theories proposes that consumers associate certain products with their individual self-image and therefore believe that these products extend their personalities?

1 the neo-Freudian theory
2 the trait theory
3 Freud's psychoanalytic theory
4 the Gestalt theory

Before checking the answers to the MCQs above, try to answer the questions yourself to test your knowledge and understanding of the theory you have just learnt.

QUESTION 1

Option 4 is the correct answer.

Option 4 is correct as perception can be described as those inner psychological characteristics that both determine and reflect how a person responds to the environment. Options 1, 2 and 3 are all incorrect as these terms are not defined in the question.

The correct answer can be found in section 5.2.1.

QUESTION 2

Option 1 is the correct answer.

Option 1 is correct as Freud's psychoanalytic theory of personality is about the discovery of the underlying motivations for specific customer behaviour. Option 2 is incorrect as the statement describes the neo-Freudian theory. Option 3 is incorrect as this statement describes the trait theory. Option 4 is incorrect as this statement describes the Gestalt theory.

The answer can be found in the textbook in section 5.2.3.

QUESTION 3

Option 3 is the correct answer.

Option 3 is correct as this does not refer to one of the four characteristics of personality. Options 1, 2 and 4 are all incorrect as these are indeed the characteristics of personality. The characteristics are: personality reflects individual differences; personality must be understood as a whole (conceived of as a whole actualising itself in the environment); personality is consistent and enduring; and personality can change.

The correct answer can be found in section 5.2.2.

QUESTION 4

Option 1 is the correct answer.

Option 1 is correct as customers constantly try to change themselves by modifying their appearance and so altering their self-image is altering the self. Option 2 is incorrect as this statement refers to the extended self. Options 3 and 4 are incorrect as the statement refers to the makeup of the self-concept.

The correct answer can be found in section 5.4.5.

QUESTION 5

Option 3 is the correct answer.

Option 3 is correct as Freud's psychoanalytic theory proposes that consumers associate certain products with their individual self-image and therefore believe that these products extend their personalities. Option 1 is incorrect as the neo-Freudian theory of personality emphasises the role of social relationships in the formation and development of personality. Option 2 is incorrect as the trait theory of personality suggests that the consumer's behaviour is influenced by their unique patterns of traits that are determined by the individual's DNA and life experiences. Option 4 is incorrect as the Gestalt theory suggests that the whole is more than the sum of its parts – it views personality as the result of the interaction between the personal and the total environment. The two should be viewed together as a patterned event.

The correct answer can be found in section 5.2.3.

Learning unit 6

Consumer motivation, emotions and values

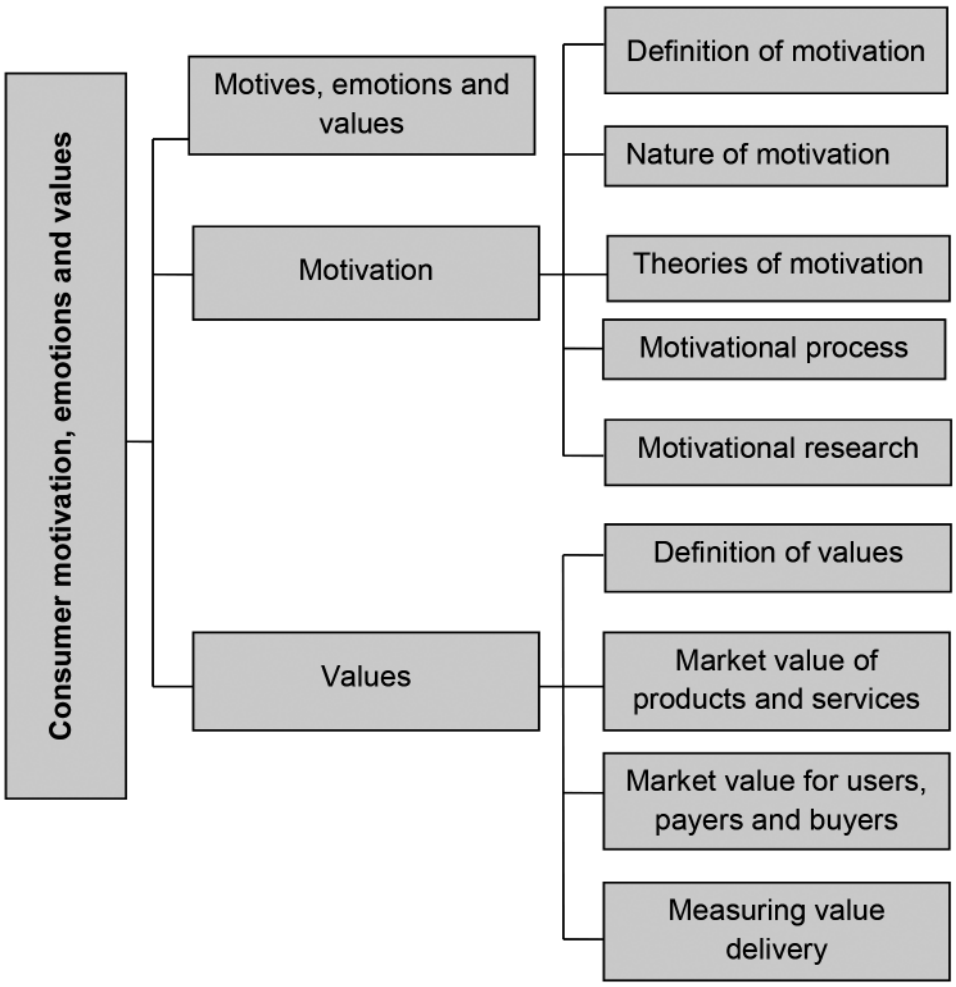
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OVERVIEW OF THIS LEARNING UNIT

This learning unit covers motivation, emotions and values. The terms are first defined and the different value orientations, namely intrinsic and extrinsic, conscious and unconscious motives are discussed. The rest of the unit is divided into two sections, motivation and values. The definitions and nature of each are explained. In the section on motivation you learn about the theories of motivation such as Maslow's hierarchy of needs, McClelland's need theory, McGuire's psychological motives, Vroom's expectancy theory and the goal-setting theory. In this section you also learn about the motivation process and research that have been done on consumer motivation. In the section on values the universal and personal values are discussed after the definition has been explained. Market value sought by users, payers and buyers are discussed next, followed by value bundling for non-durable and durable goods. The learning unit ends with a discussion on value delivery and a case study with questions.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- distinguish between motives, emotions and values
- provide and discuss the definition and nature of motivation
- discuss the different motivational theories, namely Maslow's hierarchy of needs, McClelland's need theory, McGuire's psychological motives, Vroom's expectancy theory and the goal-setting theory
- discuss the steps in the motivational process and provide practical examples of each step
- provide a discussion on research that is done in the field of consumer motivation
- explain the different classifications of motives and provide examples of how marketers can use these motives
- discuss the definition and nature of values that include the market value of products and services
- explain the value bundling of products and services for non-durable and durable goods as well as for services
- explain how value delivery is measured

KEY CONCEPTS



- Motivation
- Emotion
- Values
- Drive
- Value orientation
- Intrinsic and extrinsic motivations
- Conscious and unconscious motives
- Utilitarian and hedonic needs
- Arousal
- Stimuli
- Maslow's hierarchy of needs
- McClelland's motivational theory of needs
- McGuire's psychological motives
- Vroom's expectancy theory
- Goal-setting theory
- Depth interviews
- Projective techniques
- Market value
- Durable and non-durable goods

6.1 INTRODUCTION

Have you sat in front of the TV and watched reality shows for hours? Have programmes such as *Master Chef*, *Big Brother*, *Idols* or *The Voice* grabbed your imagination as they have grabbed the imaginations of thousands of people all over the world? Have you asked yourself why you watch the programmes and what motivates you?

Motivation is a complex phenomenon and forms a central part of the puzzle of understanding human behaviour. Human behaviour is not random; it stems from conscious and unconscious factors that drive humans to perform the acts that they do. Marketers try to predict people's behaviour to know what will sell and where they can communicate with consumers to motivate them to buy their products.

Marketers need to know how long consumers will still be fascinated with certain concepts, products and media. "One day" all consumers may have a need for a specific cellphone such as a BlackBerry and the "next day" people may have forgotten that a specific cellphone was even an option on the market. One day an idea such as Twitter is big and the next day it is old news. These phenomena can be found in all industries. Reality TV programmes such as *Big Brother* took peoples life's over a few years ago. Now, nobody is watching and producers are looking for new ways to lure people into communication mediums. The questions are asked: What will the next big thing be and what motivates people to be involved and ultimately commit to something?

Marketers need to know what motivates people and always be a step ahead of the trend so that they can be ready when consumers' needs, wants and demands change. Motivational research is done on a continuous basis to try and understand the human motives behind their behaviour. People's desires are different. For example, a person with a strong social desire knows about all the programmes on DStv to share this information and not to be perceived as a person who does not know. Other socially driven people know about all the parties on Saturday evenings, while another person sits at home and does not even think about what other people are doing on a weekend or about the latest drama on TV. Knowing why they react in these different ways is part of the motivation that marketers need to understand.

In this learning unit you will see how marketers analyse motivation, emotions and values in an attempt to understand the complex mechanism behind consumer behaviour so that they can attempt to predict the next trend and how consumers will react to their marketing efforts.

6.2 DEFINING MOTIVES, EMOTIONS AND VALUES

Motivations are defined in many ways. In Latin the word "motivation" literally means "to move". We are exposed to stimuli that create feelings in us. We call the feelings emotions. Emotions and motives often go together. Motive or **motivation** is "an internal state that activates goal-oriented behaviour" (Chan, 2013). A **drive** is defined as a purposeful activity initiated by the internal state of the organism and external stimulation. It is thus a force that energises, activates and directs people's behaviour. The link between motivation and emotion stems from the arousal of emotions and motives that both activate or energise behaviour. Happiness for example motivates a person to achieve better performance (Sahney, 2014).

Motivations are the positive or negative needs, goals, desires and forces that impel an individual towards or away from certain actions, activities, objects or conditions (AMA, 2016).

There is always a motive behind a consumer's reason for purchasing a product. Motives are strong feelings or emotions that make consumers involved with products. Personal factors such as self-concept, needs and values influence the extent of consumer involvement in a product or service. Celebrities for example share a certain self-image, values and needs. They tend to use products and services that reflect their lifestyle and they get highly involved in purchasing prestigious products like designer wear, imported cars, healthcare and products (Chan, 2013). If the image of a product, the value it symbolises and the needs it serves correspond with the consumer's self-image, values and needs, the more likely the consumer is to feel involved with the product.

Values are not the same as needs or drives but may be a source of needs and desires. Values refer to the beliefs that guide what people regard as important and good. The primary difference between values and motives is that motives and the related set of concepts like needs, desires, and wishes all refer to an individual being in a state of some kind of deficiency or tension and focuses on the reduction of the deficiency or tension. Values provide a framework for the behaviour that reduces the tension.

Values are beliefs widely shared by members of a culture about what is desirable or good (such as nutritious food, free speech or honesty) or undesirable or bad (such as arson, meat, deceit) (AMA, 2016).

6.3 MOTIVATION

In nature we find that systems tend to strive towards a state of equilibrium. This phenomenon is all around us and also within us. In nature, weather systems have an

atmospheric high pressure area with an adjacent low pressure area that corrects itself in the form of wind blowing from the high pressure area to the low pressure area. Human motives function in a similar manner. One motive leads to another motive and humans are in a constant process of equilibrium and disequilibrium that forms the basis for their motivations to behave in particular ways.

Motivation is the driving force for all human behaviour. When people are hungry they are in a state of disequilibrium and they attempt to rectify this state by eating. At times the system overcorrects itself and a new state of disequilibrium exists. When we are hungry we often eat too much and feel uncomfortable afterwards. This new state of disequilibrium attempts to correct itself by the person refraining from eating for a while. A new need was identified that resulted in a new motive for a different kind of behaviour. This can be a dilemma for marketers who want to understand why consumers do what they do. To understand motivation is to understand consumers' behaviour.

Motivation describes the process that causes people to behave in a particular way (Szmigin, 2015).

- **Intrinsic motivations**

We often behave in a certain way because of the internal reward we get from performing the activity. Reading fictions for the enjoyment you get out of reading is an example of an intrinsic motivation. Nobody is checking whether you have completed the book and you do not have to read the book to pass an examination; you are reading the book for the pleasure that you derive from the activity.

Intrinsic motivation is strongly linked to the concept of personal mastery, the drive that we have to become the best at something we do. Knowing that you have become a master in something specific provides a deep sense of satisfaction and offers a way in which people make sense of the world. A negative example of intrinsic behaviour is tobacco smokers who continue to purchase and smoke cigarettes even though they know that smoking carries severe health risks.

- **Extrinsic motivations**

Extrinsic motivation comes from outside the person. Young people who buy certain brand names to impress other people are an example of extrinsic motivation. But, it can be argued that intrinsic factors are stronger motivators than extrinsic factors. A person can either attempt to evade negative consequences, for example, getting fired for not doing their job, or a person can pursue positive consequences by working overtime in the hope of getting a promotion.

A student who is primarily motivated intrinsically to study and is on a quest for personal enrichment is, for example, likely to perform better than a student who has enrolled for studies primarily due to parental pressure.

Intrinsic motivations come from inside an individual and generally include actions and behaviours associated with enjoyment.

Extrinsic motivations occur when we are motivated to perform behaviour or engage in an activity to earn a reward or avoid punishment.

Source: Cherry (2016)

- **Conscious motives**

When a person deliberately performs an action, it is usually primarily linked to conscious motives. As we grow older and gain life experience we typically become more aware of ourselves and we tend to become more deliberate. We are able to explain our actions better because these actions were premeditated.

From a consumer perspective this is linked to purchase decisions made in the cognitive domain. A consumer who evaluates the price of a product and decides to buy it after a deliberate thought process has taken place, has made a conscious decision.

- **Unconscious motives**

Unconscious motives are liked with Sigmund Freud's psychoanalysis (as discussed in learning unit 5). Freud was particularly interested in the motives that sprung from the subconscious mind. The theory holds that people repress memories and feelings, yet these remain in the subconscious mind and act as drivers for behaviour. These are typically associated with impulsive actions where people are not sure why they have committed certain acts.

From a marketing perspective, an example of unconscious motives coming into play is when a consumer purchases a gym membership. The consumer consciously motivates the choice by indicating that the reason for the purchase is to live a healthier lifestyle but the primary motivation may be subconscious, that is, the need to be accepted by friends.

Conscious motives refer to having the desire to engage in an activity and being aware of the desire – for example, knowing exactly what your reason is for wanting to run the Two Oceans Marathon.

Unconscious motives refer to having a desire to engage in an activity but being consciously unaware of the desire – for example buying a burger even though you are not hungry.

Source: Psychlopedia (2016)



Activity 6.1

After you have studied the above, can you think about the application of intrinsic, extrinsic, conscious and unconscious motives consumer may have when they buy a specific brand of car?

Feedback

The following are possible answers you could have provided:

- *Intrinsic motivations. The consumer may associate the brand with being successful and reach a stage in their life where they think it is time to reward themselves for their own perceived successes and buy the brand of car.*
- *Extrinsic motivations. An insurance salesperson may buy the brand of car to show current and potential customers that they are successful in investing money.*
- *Conscious motives. A person can get a very special deal on an exclusive brand they would not normally be able to afford, and after calculating the financial benefits they decide to buy the car.*
- *Unconscious motives. The person's family may have owned the brand of car and the brand unconsciously reminds the person of enjoyable vacations when they were young.*

6.3.1 Nature of motivation

When a person is in a state of disequilibrium we say that the person has needs. These needs can be innate, meaning that they are biological needs, also called basic or primary needs. Examples of primary needs are thirst, the need for air, food, clothing and shelter. Alternatively a need can be acquired in response to what we learn from our environment. Acquired needs include the need for acceptance from our friends or the need for recognition from our peers and the need for power. These are secondary motives that are learned and acquired as part of the socialisation process.

There are many different kinds of needs. From a consumer perspective needs that are associated with products are utilitarian and hedonic needs.

- **Utilitarian needs** are needs that are associated with product attributes such as the durability or the performance of a product. They have to do with the functionality and practicability of a product, for example long-lasting batteries for a cellphone.
- **Hedonic needs** are subjective and experimental. They have pleasant and emotional responses. A consumer who has this kind of need looks at a product that they perceive as exciting or fulfilling a fantasy.

A motivation occurs when a need is aroused that a person wishes to satisfy. The figure below shows that a need leads to an inspiration (motivation) that leads to behaviour (action) to satisfy the need.



Figure 6.1: How motivation links needs and objectives (behaviour)

The most basic example of the process is that when people are hungry they are motivated to eat something. How motivated they are depends on the conditions of the need and the need arousal. Basic needs are needs everybody has; only the way the need is satisfied differs. One person prefers coffee and another tee or a cold drink. Motivation is the driving force for all human behaviour and leads them into action.

6.3.1.1 Conditions of needs and need arousal

For a need to manifest a stimulus must be present, for example, a person may have an empty stomach and thereby determines that there is a need to consume food. When a need is aroused a person wants to satisfy the need. **Stimuli** can be internal or external. Both internal and external stimuli trigger arousals that can be divided into physiological, emotional and cognitive arousals that result in needs.

Arousal is a fundamental human need. It often happens through stimuli that appear through our senses. Arousals can for example happen through touch such as a kiss, through our vision when we see something desirable, when we hear music or when we smell an odour that triggers a memory.

States of arousal can be positive or negative. The table below provides you with some examples of the different arousals that happen through internal and external stimuli.

Table 6.1: Arousal influenced by internal and external stimuli

Arousal	Internal stimuli	External stimuli
Physiological	The need to eat because you are hungry.	A person puts on a jacket because it is cold outside.
Emotional	A person feels sad and buys chocolates in an attempt to feel happy.	Watching a comedy triggers feelings of happiness.
Cognitive	A person buys a book to learn about a hobby that they would like to pursue.	A hobby book in a bookstore makes somebody interested to take up that hobby.

- **Physiological arousal**

Physiological arousal happens within a person's body and brain. Our biology consists of complex chemical processes from which physiological arousal impulses originate. Physiological arousal spreads through our nervous system and we experience it in the form of an increase in our heart rate and breathing, and perspiration that cools our bodies.

According to Joubert (2013), physiological cues are involuntary and the needs that are aroused cause uncomfortable tension until they are satisfied. Physiological arousal includes physical reactions or changes in the body, biological reactions, internal changes that you cannot control and innate physical reactions, such as increased heart rate, sweating, blushing, tense muscles and rapid breathing. An example of physical arousal would be when you are hungry or thirsty and need to satisfy the biological need of the human body.

- **Emotional arousal**

Stimuli that trigger feelings result in emotional arousal. Thinking or daydreaming that stimulates unconscious needs fall into this category. Events, people and products are often associated with specific feelings and seeing, experiencing or even just remembering these could result in the associated feelings manifesting.

Emotions can be classified in terms of how arousing or not they are. Arousing emotions include joy, happiness, anger, frustration and excitement. Calming emotions include contentment, confusion, sadness, guilt and satisfaction. Marketers are well aware of this and use, for example, a specific song in an advertisement soundtrack to trigger specific feelings in the target audience.

- **Cognitive arousal**

Cognition refers to thinking, mental stimulation and the mind's ability to process information. When a stimulus triggers a thought process we are in cognitive arousal and we explore, learn and discover interesting things. Sometimes random thoughts can lead to a cognitive awareness of needs. An advertisement that provides reminders of home may trigger instant yearning to speak to your parents or a family member (Scribd, ND).

An example of this is when an advertisement displays a product such as a solar geyser stating that it typically saves around 30% on a household electrical bill. A consumer may see this advertisement and calculate how it translates into rand value and how soon the geyser would pay itself off by saving on utility bills.

- **Environmental arousal**

Stimuli from outside the body are referred to as environmental arousal. This means that anything external from the environment that has an influence on the individual falls into this category. An example of this is KFC's aroma of grilled chicken that can be smelled a distance from the outlet. When passers-by are exposed to the smell it triggers a hunger need in them and people, who wouldn't otherwise have entered the shop, do so.



Activity 6.2

Discuss the various influences arousal can have on the behaviour of consumers. Give an example of each to illustrate your understanding.



Feedback

- *Physiological arousal includes physical reactions or changes in the body, biological reactions, internal changes that you cannot control and innate physical reactions. For example, a drop in blood pressure may lead to someone purchasing sugary items or someone who is thirsty buying a cold drink or water to satisfy their biological need for fluids.*
- *Emotional arousal is when individuals daydream. This daydreaming stimulates unconscious needs that people desire. For example, an individual thinks about buying a new bed because their current bed is old and hurts their back. This leads to the person actively searching for a new bed.*
- *Cognitive arousal refers to random thoughts which can lead to a cognitive awareness of needs. For example, an advertisement that provides reminders of home may trigger instant yearning to speak with your parents or a family member.*

- *Environmental arousal occurs due to stimuli in the environment that stir up a need in an individual. For example, the smell of food may raise the need for food in someone, or an advertisement of shampoo may remind a consumer that they need new shampoo.*

6.3.2 Theories of motivation

It is important for marketers to know what motivates their target audience to design marketing campaigns with specific outcomes in mind. Without this formation it is virtually impossible to include the correct triggers in marketing material to elicit desired responses.

Several theorists have attempted to explain how motivation works by constructing models of human behaviour. Theories that relate to consumers behaviour are Maslow's hierarchy of needs, McClelland's need theory, McGuire's psychological motives, Vroom's expectancy theory and the goal-setting theory.

6.3.2.1 Maslow's hierarchy of needs

According to Cant et al. (2002), Maslow was one of the first psychologists who theorised about motivation and attempted to classify needs. His theory is called a hierarchy of needs that represents a pyramid. He identifies that needs at the bottom of the pyramid are more basic than needs higher up in the hierarchy and that humans will attempt to first satisfy the lower-order needs before the higher-order needs are satisfied.

Maslow suggests that our motives are formed through a combination of our biological makeup and our interaction with the environment. The most basic human needs are physiological needs that are part of our biological makeup to stay alive. Basic needs are at the bottom and more sophisticated needs that are less important for survival are at the top of the hierarchy.

The following provides you with a description of the needs, in the order of most important to the least important, as well as a discussion and example of each:

- **Physiological needs.** These needs involve the need for food, water, oxygen, sleep and to be warm. People buy food, things to drink and clothes to satisfy these needs.
- **Safety and security needs**. This involves the need for safety and security. People buy security services, health and disability insurance, and alarm systems to satisfy this need.
- **Social needs**. This is also seen as the need to belong, to love and be loved and the need for acceptance. Facebook, Twitter and social media satisfy this need.
- **Esteem needs**. Esteem needs are also called ego needs and involve the need for self-respect, achievement, prestige, status, accomplishment, social esteem, independence and freedom. We buy certain brand names such as Nike or a BMW motor car to satisfy this need.
- **Self-actualisation**. People who strive for self-fulfilment and who want to achieve their full potential such as being a better athlete, artist, inventor or happy reach this level of the hierarchy. To be better educated such as getting a diploma in marketing is a service that satisfies this need.

The figure below gives you a representation of the hierarchy and more variables that are part of the above needs.



Figure 6.2: Maslow's hierarchy of needs

It is to be noted that people can simultaneously be on multiple levels of the hierarchy and that they can move up and down through the levels as their needs change in accordance with environmental changes. The satisfaction from higher-order needs last longer than satisfying the lower-order, basic needs. For example, a person would be hungry every day no matter how much they ate the previous day. But, the satisfaction of getting a qualification lasts for a long time.

Marketers may use marketing communication to address all the different levels of Maslow's hierarch to communicate their products. Coco-Cola for example provides soft drinks that satisfy the physiological need of thirst. Some people perceive Coca-Cola as satisfying a social need because they drink it with friends. On a higher-order level the company creates the perception that Coca-Cola is synonymous with "Happiness" that satisfies self-actualisation needs.



Activity 6.3

Watch the video of the animated movie 'Up' (https://www.youtube.com/watch?v=lucf76E-R2s) and explain how the various stages in Maslow's hierarchy of needs are illustrated in the video.



Feedback

- *Physiological needs involve the need for food, water, sleep, oxygen, shelter and sleep. In "Up" physiological needs are illustrated by the need for a house, but when the house is destroyed in a storm, they need to rebuild it.*
- *The need for safety and security involves providing comfort and protection. In the video, Carl wears a helmet and goggles that portray his sense of security and he overcomes obstacles in the road to avoid getting hurt.*

- *The need to belong or be loved. Carl is given a token indicating that he is part of the group. This gives him a sense of belonging. He also finds love at the beginning of the video when he meets and marries Elle.*
- *The need for self-esteem refers to achieving status and prestige. The little boy feels that he has achieved something when he receives another badge for doing a good deed.*
- *Self-actualisation is when someone reaches their highest potential without expecting any reward to come out of it. When Carl reaches the destination that he longed for, he demonstrates self-actualisation.*

6.3.2.2 McClelland's motivational theory of needs

McClelland identifies three categories of motivators in individuals, namely the need for achievement, need for affiliation and the need for power. McClelland states that motivational needs are learnt throughout a person's life and that different individuals rate different needs as more important than other needs (Mpinganjira et al., 2014). One of these categories is dominant in an individual. A characteristic of an entrepreneur for example is the need for achievement.

Examples of each need and an associated marketing communication message are given below. Keep in mind that marketers often create scenes that use all the situations and needs in their messages.

- **The need for achievement:** Achievers excel at their work. These are individuals who prefer to work alone and are very task oriented. They value feedback and like to take calculated risks. Audi uses this need in its car advertisements when a successful businessman drives away from a meeting and its slogan *Vorsprung durch Technik* is shown.
- **The need for affiliation:** Affiliates look for harmonious relationships. These are group-oriented individuals who prefer to work collaboratively and strive for harmonious relationships between group members. An alcoholic beverage uses this need when it shows an advertisement of sportsmen socialising in a bar after a tough game.
- **The need for power:** Power-driven people desire authority**.** These are dominant individuals who want to influence others. Strong emphasis is placed on winning. An energy drink uses a boardroom in its advertisements to create an association between the drink and being powerful.



McClelland motivational theory:

https://www.youtube.com/watch?v=an5MW6F03wk:

In this video, the McClelland motivational theory is explained. McClelland identifies three motivational needs, namely a need for achievement, affiliation and power. Most people pose a combination of all three motivational needs as explained in the video. Each of the motivational needs is explained in the video by providing examples.

6.3.2.3 McGuire's psychological motives

Cant et al. (2002) state that McGuire's need theory classifies motivation more specifically than Maslow's into internal and external motives that are useful for marketers.

- **McGuire's internal motives**

Internal motivation originates from the satisfaction that occurs when tasks that are performed provide an internal reward. Hunger that is an internal motivation is rewarded with feeling satisfied after a person has eaten. The following are examples of McGuire's different internal motivators:

- **The need for consistency:** Striving towards internal balance or equilibrium.
- **The need to attribute causation:** Determining the causes or reasons why things happen to us, for example a vehicle accident was caused by a fatigued driver.
- **The need to categorise:** To classify things and events, finding meaning and structure. All the theories discussed in this section are attempts to classify motivation to understand and predict it. As humans we have theories about everything we are exposed to.
- **The need for cues:** Identifying meanings associated with symbols and other visual cues. We look for cues so that we can understand and comprehend things better. A fashion brand like Diesel may signify that the person wearing it is successful.
- **The need for independence:** Expressing our identity and individuality to others for example placing personalised number plates on a car.
- **The need for novelty:** Looking for variety, excitement or something new. An adventurous person would book a parachute jump, while another person would go shopping.

- **McGuire's external motives**

External motivation usually involves action taken by a third party. In this case a person anticipates that they will receive an external reward of some kind for a specific behaviour. The following are examples of McGuire's external motives:

- **Self-expression:** People have the need to express their uniqueness to others. For example, when people wear gothic clothing brands or have a hobby they feel different from other people.
- **Ego defence:** People have the need to protect their self-esteem. Some young people wear an "in" brand to be part of the "in" crowd.
- **Assertion:** People have the need to exchange in activities that increase their self-esteem.
- **Reinforcement:** Behaving in ways to illicit rewards from others. A person gets a new hairstyle to get compliments from other people.
- **Modelling:** Identifying desired behaviour in others and imitating it. If a person perceives that a specific brand of clothing is fashionable the person buys the brand to show that they are also fashionable.
- **Affiliation:** The need to form rewarding relationships with others. People have club membership to build relationships with other people who have the same interests.

According to Parumasur and Roberts-Lombard (2012), all the above motives seem to be similar but all refer to achievement, gaining esteem, receiving admiration and expressing our identity. Marketers use these motives by showing well-known individual such as successful athletes in their marketing communication messages.

6.3.2.4 Vroom's expectancy theory

Vroom identifies that people make conscious choices to maximise pleasurable outcomes and to minimise painful outcomes. According to Vroom, motivation depends on two

aspects, namely how much people want something and how likely it is in their opinion that they will get it.

The key concept of this theory is that motivation is a combination of expectancy, instrumentality and valence (Mpinganjira et al., 2014):

- **Valence:** The attractiveness, anticipated satisfaction or dissatisfaction of a reward influences the level of motivation. People attach different levels of value to different rewards and where one person may be strongly motivated to work for a reward; another may be primarily motivated by a sense of accomplishment from performing the action itself.
- **Expectancy:** This refers to a person's belief that a certain level of effort will lead to a particular level or performance. People need to have confidence that they have the skills, abilities, tools and support to achieve the desired outcomes. Factors such as a person's self-esteem and previous success also play a role. This is also linked to the notion that people try harder if they believe that more effort will result in a reward.
- **Instrumentality:** This refers to the strength of a person's belief that an action leads to an expected outcome. A young man may for example buy roses for a lady with the expectation that she will go out with him. If he doubts that she will, he will not make the effort. To be motivated there needs to be transparency in what the expectation is, what the desired outcome will be and how the person will be rewarded if these expectations are met.

Table 6.2: Expectancy theory

MOTIVATION =	
Valence	External and internal values attached to rewards, for example remuneration, career advancement or sense of accomplishment.
+	
Expectancy	The subjective level of confidence that people have in their abilities. The belief that they will be able to produce the desired results.
+	
Instrumentality	The level of confidence that people have that the organisation will deliver on the promised rewards.

6.3.2.5 Goal-setting theory

According to Mpinganjira et al. (2014), the goal-setting theory was developed by Locke and Latham and it is one of the most critically acclaimed motivation theories in modern existence. This theory states that people are motivated by clear goals and appropriate feedback. Goal setting has motivational value because goals not only direct attention, but also regulate efforts, increase persistence and foster action plans.

The theory comprises the following key principles for goal setting:

- **Clarity:** Goals need to be clear and measurable, for example growing an investment portfolio annually by 15% over the next three years.

- **Challenge:** The goal needs to move people out of their comfort zones.
- **Commitment:** The goal must have value for a person that they want to achieve.
- **Feedback:** Feedback must be transparent and recognition should be given for achieving milestones.
- **Complexity:** The task must be complex enough to provide a challenge but not so complex that people are overwhelmed.

6.3.2.6 Economic and emotional classification

When customers buy a product or service aspects such as the economy, quality, performance and reliability also have an influence on their motivation to buy the product or not.

Economic motives are rational and the criteria for customer decision making includes the cost of the product and the performance.

- The cost criteria are: price, repairs, installation, operating cost and cost of extras.
- Performance criteria are: the durability, efficiency, economy, material and dependability.

Emotional motives include all the social and ego motives of Maslow and McGuire. According to Parumasur and Roberts-Lombard (2012), it is almost impossible for us to make any decision on a purely rational basis as emotional motives invariable influence customers' decision. People rationalise their decision by saying that the reason they bought a luxury car is because of durability but the underlying motive may be to be recognised.

6.3.3 The motivation process

Consumer motivation goes through a process that starts with an unsatisfied need and ends in a reduction of the tension created by the stimulated need. Marketers' goals are to address consumers' needs with products that end in satisfaction. The motivation process follows certain steps in the following sequence:

1. **Unsatisfied needs:** The consumer becomes aware of an imbalance or need such as a hunger stimulus.
2. **Tension:** The stimulus causes tension and a person strives towards inner equilibrium. For example the hunger stimulus causes physical discomfort.
3. **Drives:** To reduce the tension and achieve a state of equilibrium the consumer is moved to start taking some form of action. A person may walk to the kitchen and open the fridge to see what is available to eat.
4. **Search behaviour:** The consumer starts looking for information on products that can potentially restore equilibrium. If the person cannot find something in the fridge they may search through the online menu for Mr. Delivery to find something to satisfy the hunger.
5. **Need fulfilment:** A product is acquired and consumed or utilised to satisfy the need. The consumer places an order for a burger to be delivered and eats the burger.
6. **Reduced tension:** Having consumed the item, the consumer evaluates whether equilibrium has been achieved. If the tension (hunger) has disappeared, no further action is taken. If tension (hunger) remains, the person repeats the process.

6.3.4 Motivational research

Marketers do a lot of research to get information to help them understand what motivates consumers. The information obtained is used to develop the most effective and efficient strategies to satisfy consumers' needs. According to Jooste (2013), motivational research seeks to identify the psychological reasons why consumer behave the way they do, why they purchase specific brands and products and why they respond to specific types of advertising.

The two methods that are most commonly used to conduct consumer motivational research are interviews and projective techniques:

6.3.4.1 Depth interviews

Depth interviews are unstructured conversations with consumers to uncover subconscious motives that drive buying behaviour. The consumer is prompted to freely express ideas and feelings and these are interpreted to determine attitudes, feeling and motives that cannot be established with structured questionnaires.

Focus group interviews are also often used. This research involves a sample of eight to ten people who discuss the issue being researched. A moderator leads the discussion and people are encouraged to freely express themselves. The advantage of a focus group is that the participants interact with each other and information may be uncovered that would not have surfaced during a one-on-one interview.

6.3.4.2 Projective techniques

Projective techniques are used when consumers cannot express the reasons for the choices they make. According to Parumasur and Roberts-Lombard (2012), researchers cannot always ask customers direct questions and get direct answers because customers may not always be aware of their motives for buying a product or service. To overcome this problem the researchers give customers a situation, a cartoon or a set of words and ask them to respond to it. Customers then project their feelings and concerns about products onto this less-threatening situation.

Dr Sharon Livingstone provides the following example of projective techniques on her website:

> *"In the cereal category, four brands out of a much large grouping were nicknamed: The Family Pet, The Irresponsible Uncle, The Domineering Mother, and The Teeny Bopper Teenager. The actual brands discussed for the four were: Lucky Charms, Shredded Wheat, Fruit Loops and Crispy Critters. For fun, guess which refers to which. As a hint (which you probably don't need), The Domineering Mother title was granted by a group on non-users of that brand. Users in another session named the same product "Aunt Sarah."* http://www.tlgonline.com/sharon/articles/020731.asp

In this example you can see that the researcher created a humorous situation to establish feelings and perceptions about brands respondents use or do not use. A negative association (the domineering mother) was made with the brand respondents did not

use. Marketers could use this information for brand communication and create a positive image for the brand.

You can read more about projective techniques on the website at http://www.tlgonline.com/sharon/articles/020731.asp

6.4 VALUES

Value is a term that has many different meanings which change depending on the context in which the word is used. Whether we are speaking about personal values, market value or societal value the common thread is that we are talking about subjective, abstract concepts which are important to people and are a driving force behind motivation and behaviour.

6.4.1 Definition of values

Values are closely tied to culture and relates to the beliefs that people in a community share about how they should think, act and feel (Parumasur & Roberts-Lombard, 2012).

Values are beliefs widely shared by members of a culture about what is desirable or good (such as nutritious food, free speech or honesty) or undesirable or bad (such as arson, meat, deceit) (AMA, 2016).

Rokeach according to Chan (2013), summarises the importance and meaning of values the best in the following statement: "*Values are determinants of virtually all kinds of behaviour that could be called social behaviour – of social action, attitudes and ideology, evaluations, moral judgments and justifications of self and others, comparisons of self with others, presentations of self to others, and attempts to influence others*".

Value can be defined from a quantitative, attributive and an axiological perspective. Chan (2013) provides the following definitions from these perspectives:

- **Quantitative value:** Value as a noun is defined as, for example, the amount of money, goods or services considered being equivalent to a thing or for which it can be exchanged. The amount or quantity denoted by for example a figure; the duration of a musical sound indicated by a note; the relative importance of each playing card or chess piece in a game; (in painting) the relative lightness and darkness of tones.
- **Attributive value:** Desirability, usefulness and importance of a product. The ability of a thing to serve a purpose or cause an effect.
- **Axiological value:** Your principles or standards; your judgment of what is valuable or important in life.

From a marketing perspective value refers to how well a product or service can solve a consumer's problem (Joubert, 2013).

6.4.2 Value orientations

According to Joubert (2010), values represent the most abstract cognitions, or all-inclusive beliefs, that serve as standards or models for evaluating attitudes, beliefs and behaviour.

He states that values are particularly important for marketing decisions as they serve as predictors of behaviour over extended periods of time. Consumers are more motivated to attend to and process information when they find it relevant to their values (Hoyer & McInnis, 2010).

Value orientation refers to the principles of right and wrong that are accepted by an individual or a social group. They are mental images that affect a wide range of specific attitudes and have external and internal focuses (Mpinganjira et al., 2014):

- **Externally** an individual's value orientation focuses on the relationship between members of a society and the environmentally oriented values that direct the relationship. Factors that influence the environmental values of a society are its economic, technical and physical environment. Examples include how we perceive cleanliness, status, traditions, risk-taking, problem solving and the preservation of nature.
- **Internally** an individual has self-oriented values that refer to the manner in which an individual approaches life and the goals the individual sets for themselves. This value orientation includes aspects such as the value placed on being active or passive, being material or nonmaterial, working hard or pursuing leisure, and being religious or secular.

Value orientations influence the way a person is likely to behave in a specific situation. For example when a person buys clothing: evaluating the options, choosing between the alternatives and finally how the person is paying all depend on a person's value orientation (Vincent, 2014).

6.4.3 Market values of product or service

Market value forms a sub-category of values and encapsulates how well a specific product or service satisfies the needs of consumers. When products and services are evaluated for their value, the perception of the value is formed by universal and personal values and a combination of both (Joubert, 2013).

- **Universal value**

Some values are categorised as being universal, that means that all consumers expect certain attributes or features from a product or service. Universal values satisfy the basic needs of consumers. The product or service should at least meet the expectations of consumers to avoid discontent with the products.

Universally a product should perform on a certain level, meet the expectation of a certain price and have a level of service value attached to it.

- **Personal value**

Personal values satisfy needs that are on a personal level and differ from customer to customer. These values can be group specific or individual specific.

- **Group specific**: Personal value in a group is when the members of the group share the same beliefs. Groups are used by marketers for segmentation purposes to select target markets with specific values and beliefs.
- **Individual specific**: At individual level it is when a product or service suits the expected needs and wants of individual customers. Individual specific values are used by marketers to build relationships with customers and customise products and services for individuals.

6.4.4 Market value sought by customer role

The market value of a product is perceived differently according to the role a consumer performs at a specific moment. These roles can be that of a user, a payer or a buyer. An example of these roles is a mother who buys cereal for her children to eat in the morning, the father may be the payer and the children are the users who eat the cereal. Each of these role performers looks at the value of the cereal from a different perspective.

Table 6.4: The matrix of values and customer roles

Market value	User	Payer	Buyer
Universal values	Performance value	Price value	Service value
Personal values: Group specific	Social value	Credit value	Convenience value
Personal value: Individual specific	Emotional value	Financing value	Personalisation

Source: Adapted from Parumasur & Roberts-Lombard (2014:37).

6.4.4.1 Value sought by user

The users are the people who have a need or want for a product and who will be using or consuming the product.

- **Performance value:** The product must be able to fulfil the function that it is advertised to fulfil. If a consumer purchases a vehicle the expectation is that the vehicle must be able to transport its occupants from one point to another.
- **Social value**: Social values are influenced by a group the user belongs to. A consumer would for example buy a product that fits into the norms and standards of the group. An extreme case of this value is when gang members in certain cities wear specific brand-name shoes such as Nike or Adidas. Wearing the wrong brand shoe can have serious consequences for the members.
- **Emotional value**: A product that has emotional value is individual specific. A person may buy a certain detergent because it reminds them of their mother or drive the same vehicle their father had. The experiences people have during a vacation can also have emotional value; the person often shares stories about the place of the vacation in the hope that other people will experience the same emotions.

6.4.4.2 Value sought by payers

The payer finances the purchase and looks for the following value:

- **Price value:** Price value refers to the expenditure that a consumer faces when purchasing a product. Concepts like reasonability and affordability are of importance here. If a product is priced much higher than its competitors the general consensus would be that it is not good value for money. If a vehicle costs much more than other vehicles in its class with similar features, consumers are likely to buy from competitors.
- **Credit value**: Credit value is created when a person pays for goods with a credit card. Credit enables people to delay full payments for a product while they are using the product.
- **Financing value**: With financing value, there are certain terms of payment that facilitate the purchase of a product. Expensive products such as cars are usually financed and a consumer can pay it over a period of time.

6.4.4.3 Value sought by buyers

The buyer performs the physical act of shopping and looks for the following value:

- **Service value:** This refers to the advice and assistance that a consumer receives before the purchase is made; the advice and assistance offered after the purchase when the product is being utilised; and finally the avoidance of the risk of purchasing the incorrect product. If a consumer buys a vehicle for the purpose of transporting goods, the expectation is that the salesperson will advise them correctly on the load that the vehicle can carry. Should the vehicle break down during normal use, the expectation is that the dealership will repair the vehicle under warranty.
- **Convenience value**: Convenience value refers to the savings a customer enjoys in terms of investing time and effort to purchase a product. The internet offers people convenience value in the sense that they save the time to drive to a store and search for products in long aisles. Internet shopping enables consumers to sit in the comfort of their own home, order the products they need and have the products delivered to their doorstep.
- **Personalisation value**: Personalisation value is created by means of customisation. The idea behind customisation is that products and services are tailored according to each customer's preferences with regard to form, time, place and price. Personalisation also refers to companies' ability to communicate to a customer on a more personal level and call the customer by name.

6.4.5 Value bundling of products and service

Different products such as durable and non-durable products and services generate various value bundles. Each one of the consumer roles, namely the user, payer and buyer perceives the value from a different perspective.

- **Non-durable goods**

Non-durable goods are consumed over a short period of time, or after one or a few uses. They include products such as groceries, food, detergents, petrol and clothing (Cant et al., 2011).

Table 6.5: Matrix of values and customers for non-durable goods

NON-DURABLE GOODS			
	User	**Payer**	**Buyer**
Universal values	**Performance:** Nutritional value	**Price:** Sensitivity towards costs, for example chicken becoming more popular than beef due to inflation.	**Service:** Assistance at the counter or service in a restaurant.
Group personal values	**Social:** Cultural eating habits, for example, eating pork is not allowed in the Muslim community.	**Credit:** The option to pay for goods with a credit card, which has become a preferred method of payment.	**Convenience:** Ease of access such as food delivered to the home.
Individual personal values	**Emotional:** Past associations, for example a child getting rewarded with ice cream for good behaviour.	**Financing:** Mostly not applicable to fast-moving consumer goods.	**Personalisation:** A waitress making the eating-out experience memorable by providing a personalised service.

Source: Adapted from Parumasur & Roberts-Lombard (2014:42–42).

- **Durable goods**

Durable goods are tangible and used over a long period of time. Examples include cars, major home appliances, furniture and building material (Cant et al., 2011).

Table 6.6: Matrix of values and customers for durable goods

DURABLE GOODS			
	User	**Payer**	**Buyer**
Universal values	**Performance:** Match between advertised and actual performance, for example the ability of a vehicle to tow a caravan.	**Price:** Affordability and value for money in comparison with competitors, for example a Kia offering the same features as a Toyota at a lower price point.	**Service:** Before and after-sales service, for example Mercedes offering a superior maintenance plan.
Group personal values	**Social:** Making a statement, for example using a Nikon camera to indicate professionalism.	**Credit:** Is it possible to buy the item on credit?	**Convenience:** Ease of purchase, for example being able to order a TV online and having it delivered at home.
Individual personal values	**Emotional:** Expressing individualism by customising the product, for example covering a car with stickers.	**Financing:** Favourable lease terms.	**Personalisation:** Making the buying experience individualised, for example a sales person calling to determine customer satisfaction.

Source: Adapted from Parumasur & Roberts-Lombard (2014:43).

- **Services**

Services are intangible benefits that are purchased by consumers but do not involve ownership of a tangible product (Cant et al., 2011). Examples of companies that offer services are banks, retailers, doctors, airlines and cleaning services.

Table 6.7: Matrix of values and customers for services

SERVICES			
	User	**Payer**	**Buyer**
Universal values	**Performance:** Track record of service provider.	**Price:** Price as advertised.	**Service:** Ease of booking a service, for example making online movie reservations
Group personal values	**Social:** Making use of better service providers indicate social status, for example making use of a posh dog-grooming service.	**Credit:** Availability of obtaining credit, for example a contractor bringing a credit card swiping facility onsite.	**Convenience:** Making online bookings represents convenience as opposed to having to use the telephone.
Individual personal values	**Emotional:** Excitement or fear associated with making use of the service, for example hoping a hairdresser does a good job.	**Financing:** Dependent on the cost of the service.	**Personalisation:** Personalised service options available, for example specifying a time when a building contractor should arrive.

Source: Adapted from Parumasur & Roberts-Lombard (2014:43–44).

6.4.6 Measuring value delivery

Being able to determine how satisfied consumers are with a product or service is critical to a company. It is much easier to repeat sales to existing customers than it is to win new customers over. One way to measure levels of satisfaction is to create a questionnaire and request customers to complete it to produce quantifiable results.

These results can then be used to identify what the key buying factors in the market are, how important each factor is in relation to the other factors and how well the organisation is faring against its competition. Once these elements have been analysed, the organisation can formulate a strategy to enhance its products or services.

6.5 SUMMARY

This learning unit discussed aspects of consumer motivation to determine why consumers do what they do. The unit gave you definitions of motive and value and discussed the nature of these concepts. We looked at the theories of motivation such as Maslow's

hierarchy of needs and McClelland's, McGuire's and Vroom's theories as well as the goal-setting theory. In the section on values, we discussed market values, value bundling and measuring value delivery.

In the next learning unit we deal with consumers' attitudes towards a product and how manufacturers can manipulate these attitudes so that the product is perceived as being more attractive.

6.6 CASE STUDY WITH QUESTIONS

Many people ask the questions: Is money a motivator? Do we really need stuff? Do you need the extra pair of shoes you have bought? Have you bought something you have never used? What motivates you to buy the things you buy?

Visit the following websites and critically ask yourself the questions above. Can you identify some of the theories that was discussed in this learning unit as reasons for your answers to these questions? Can you also identify aspects that were discussed in the theory above that are discussed in the articles?

- Fontyn, Y. 2016. *Stuff: do we really need it? Does it last?* http://www.bizcommunity.com/Article/196/467/141791.html
- Knoesen, M. 2016. *Online shopping to grow 70% in 2016.* http://www.fanews.co.za/article/views-letters-interviews-comments/18/all/1102/online-shopping-to-grow-70-in-2016/19854

What motivates people to buy stuff they do not need, and are money or cheaper prices really the motivation why people buy certain products.

The following is a short summary of Knoesen's article:

You will see that online shopping is growing very fast. This article discusses research done by Ipsos in association with PayPal in South Africa. Respondents in the research study say that their key driver to shop online is the lower cost and faster delivery. The research shows that consumers are discovering the value they get from online shopping. A total of 67% of respondents say that online security is the reason why they do not shop online.

Dahan, quoted by Knoesen, states that research numbers strongly demonstrate that South African consumers are becoming more avid shoppers, motivated by price, variety and access to goods. Cost is both a motivation and a deterrent for online shoppers.

The most popular categories of goods for South African online shoppers are downloadable entertainment and education items, including e-books, applications, digital music, films and videos, software and other media content. These are closely followed by fashion items, including clothing, footwear and accessories.

In Fontyn's article (2016), she asks questions and makes statements. For those who do not have access to the web, we provide the following excerpt from the article:

"If you have been eyeing a new luxury car, even though yours is barely a year old or yet another pair of imported shoes, give yourself a break. You may be displaying the worst of consumerist excess, but according to psychologists, it's what humans are programmed to do: to consume as much as we

can, and to display our most attractive traits and acquisitions to gain prestige and impress a mate. Humans' continuous need to create and grow has led to tremendous advancement, but evolutionary theorists interviewed for the documentary fear there has been a simultaneous detachment from the environment. There is a backlash against this, though; many people are questioning where the products they buy come from, and whether they really need something before they buy it. In SA, with its dual economy, the trend manifests a little differently. While an emerging middle class still wants to own a car, home and other high-value possessions, there is a growing preference for durable goods made in a sustainable way. Downscaling is another growing trend – a lock-up-and-go home enables a more mobile, less complicated and economical life while leaving a smaller ecological footprint. Inside these homes, you are more likely to find technology that enables the occupants to download or stream their music, rather than racks of CDs, and Kindles instead of shelves of books. The joy of buying a new blingy thing can be short-lived and buyer's remorse can set in quickly. With more awareness that a selfish purchase can lead to social consequences, the focus is shifting from the short to the long term, say commentators in Consumed. For ideas on durable products, go to Buymeonce.com, whose mission is to "find and promote products that don't break the bank, don't break the planet … that don't break at all!" Some of their featured products are available in SA and include Le Creuset pots, Zippo lighters and Dr Marten's footwear with the "For Life" label."

6.7 REFLECTION



Before you continue to the next learning unit, reflect on the following questions:

1 Do you have a clearer understanding of the nature of motivation and the process that is involved in it? Can you discuss the different value orientations and explain why marketers need to be sensitive to the orientations when they develop campaigns?

2 Do you have a practical understanding of the theories of motivation and can you provide practical examples of research that is done in the field of motivational research?

3 Can you explain the concept of value and discuss the market value for products and services and explain how value delivery is measured?

6.8 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

QUESTION 1

Which **ONE** of the following can describe utilitarian needs?

1 hunger and thirst
2 pleasant emotional responses
3 safety and security
4 functionality and practicability

QUESTION 2

Which of the following statements about self-actualisation are **TRUE**?

a Relevant products can be hobbies, travel and education.
b It occurs when foregoing needs are met and satisfied.
c People keep looking for opportunities to explore their full potential.
d These needs involve prestige, status and self-fulfilment.

1 a b d
2 b c d
3 b c
4 a b c

QUESTION 3

Which of the following is one of McGuire's internal non-social motives?

1 motivation
2 safety
3 cognition
4 consistency

QUESTION 4

The need for internal equilibrium or balance describes the need ...

1 to attribute causation.
2 for consistency.
3 to categorise.
4 for cues.

QUESTION 5

… is defined as a purposeful activity initiated by the internal state of the organism and external stimulation.

1 Drive
2 Stimulation
3 Motive
4 Satisfaction

Before checking the answers to the MCQs above, try to answer the questions yourself to test your knowledge and understanding of the theory you have just learnt.

QUESTION 1

Option 4 is the correct answer.

Option 4 is the correct answer as utilitarian need are needs that are associated with product attributes such as the durability or the performance of a product. They have to do with the functionality and practicability of a product for example long-lasting batteries for a cellphone. Option 1 is incorrect as hunger and thirst are basic needs. Option 2 is incorrect as pleasant emotional responses are hedonistic needs. Option 3 is incorrect as safety and security forms part of Maslow's hierarchy.

The correct answer can be found in section 6.3.1.

QUESTION 2

Option 4 is the correct answer.

Option 4 is correct as statements a, b and c are true for self-actualisation. Self-actualisation occurs when foregoing needs are met and satisfied (statement b); people keep looking for opportunities to explore their full potential (statement c); and it includes hobbies, travelling and education (statement a). Options 1, 2 and 3 are all incorrect as statement d is not correct regarding self-actualisation. Prestige and status are characteristics of ego needs.

The correct answer can be found in section 6.3.2.1.

QUESTION 3

Option 4 is the correct answer.

Option 4 is correct as McGuire's internal non-social motives table gives a clear indication of what is referred to as consistency. Options 1, 2 and 3 are incorrect as these are not internal non-social motives according to McGuire.

The correct answer can be found in section 6.3.2.3.

QUESTION 4

Option 2 is the correct answer.

Option 2 is correct as the need for consistency refers to striving towards internal balance and equilibrium. Option 1 is incorrect as the need to attribute causation refers to determining the causes or reasons why things happen to us. Option 3 is incorrect as the need to categorise refers to the need to classify things and events to find meaning and structure. Option 4 is incorrect as

the need for cues refers to identifying meaning associated with symbols and other visual cues.

The correct answer can be found in section 6.3.2.3.

QUESTION 5

Option 1 is the correct answer.

Option 1 is correct as drive is defined as a purposeful activity initiated by the internal state of the organism and external stimulation. Options 2, 3 and 4 are all incorrect as these terms are not described in the question.

The correct answer can be found in section 6.2.

Learning unit 7

Consumer attitudes and attitude change

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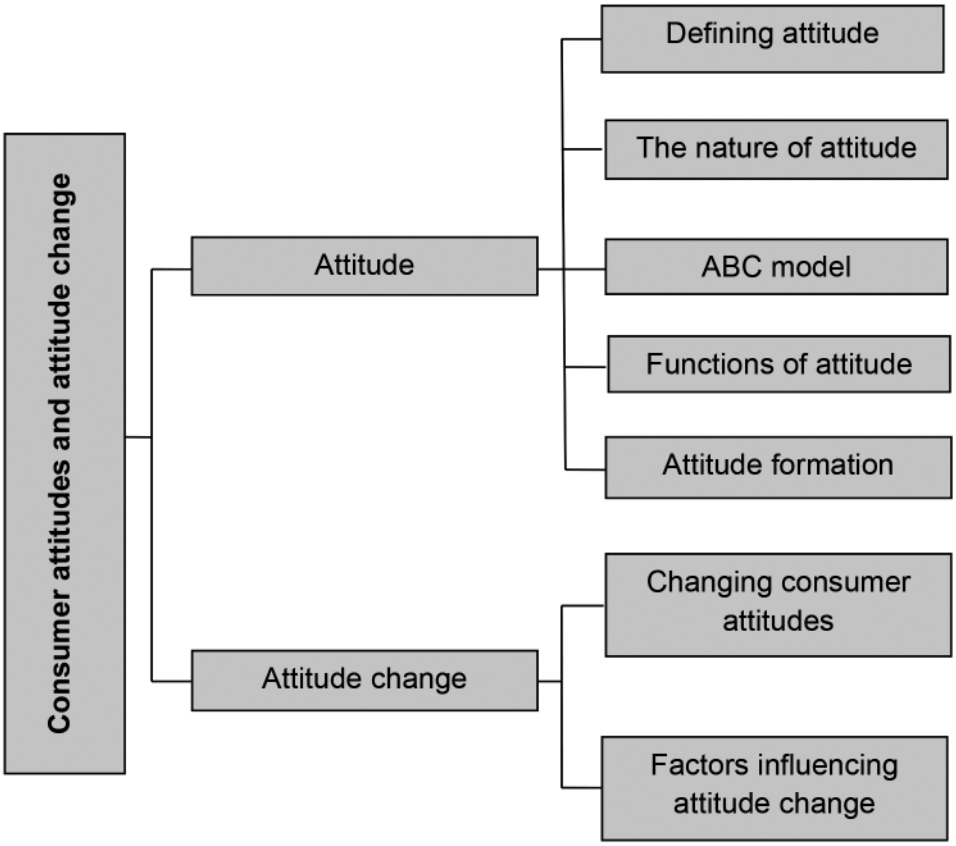
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OVERVIEW OF THIS LEARNING UNIT

In this learning unit, theories on consumer attitudes and aspects relating to consumers' changing attitudes towards products and services are discussed. You will first learn how attitudes are defined and the nature thereof. The theories, functions and how attitudes are formed constitute the bulk of the learning unit. The second part of the unit discusses

how customers' attitudes can be changed and the factors that constitute and influence the changes.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- discuss the definition and nature of consumers' attitudes
- discuss the ABC model of attitudes
- explain the functions of attitudes, namely utilitarian, value-expressive, ego-defensive and the organisation-of-knowledge attitudes
- discuss the attitude formation that includes classical conditioning, instrumental conditioning, cognitive learning theory and experience
- explain how attitudes can be changed by referring to the ABC components of attitudes
- explain how marketing communication is used to change attitudes

KEY CONCEPTS



- Attitudes
- Consumer attitudes
- Opinions
- Beliefs
- ABC model
- Tri-component (CAC) model
- Cognitive component
- Affective component
- Behavioural (conative) component
- Information beliefs
- Utilitarian function
- Evaluative beliefs
- Value-expressive function
- Ego-defensive function
- Knowledge function
- Classical conditioning
- Instrumental (operant) conditioning
- Cognitive learning theory
- Attitude change
- Marketing communication

7.1 INTRODUCTION

People have attitudes that manifest in fields such as religion, politics, clothes, music, food and almost everything else. People's attitudes towards something, differ from one person to another. Attitudes put people in a frame of mind of liking or disliking something and move them towards or away from something.

Our attitudes influence everything in our life. Attitude can be aimed at objects, people, ideas and events. If you are asked whether you like or dislike a person or a product your answer reveals your attitude towards that person or product. Attitude influences consumers' purchases and their consumption of and intentions about products. Armed with an understanding of the structure of a particular attitude, a marketer can approach consumers more intelligently.



Nivea for men – changing consumers' attitudes:

https://www.youtube.com/watch?v=d706iDPDvl8

A company that has used information about consumers' attitudes to its advantage is the Nivea Company. The company realised many years ago that it can expand the size of its market by differentiating and satisfy the needs of men. The problem it faced was that a large majority of men saw facial products as feminine. Using creams and moisturisers did not fit into the masculine picture men had of themselves. The company had to overcome this attitude if it wanted men to start buying and using facial and body products. The company achieved this when it entered the market with "Nivea for Men" by changing men's perception through advertisements and the packaging of the products. The advertisements use typical male symbols and mannerisms that show men that the products fit into a male frame of reference. You can read more about the company on http://www.beiersdorf.com/brands/brand-history/nivea.

Nivea does a lot of research and understands consumers and their attitudes. Its personal hygiene products such as Nivea's deodorant, Invisible for Black and White, are for example discussed in terms of ego-defensive attitudes. This product addresses a deodorant problem

many consumers have. The product has a formula which does not stain black or dark clothes and prevents white clothes from yellowing thus protecting the consumer from having unsightly stains on their clothes. This gives consumers a feeling of self-confidence and security with its added 48-hour protection (Szmigin & Piacentini, 2015).

From the above example you can see that marketers not only have to understand attitudes, but also have to do continuous research on the topic. According to Joubert (2013), attitude research enables marketers to establish if consumers will accept a product or not, to measure and establish consumers' reaction to a new promotional theme and to learn how customers are likely to react to a proposed change in elements of a product such as packaging.

7.2 DEFINING ATTITUDES



There are many different definitions for attitude and it can be defined from a psychologist, social psychologist and marketer's point of view. The American Marketing Association (AMA) offers the following definition of attitude: "Attitude is a person's overall evaluation of a concept: an effective response involving general feelings of liking of favourability" (AMA, 2016). For the purpose of this learning unit and module, we use the following definition:

Attitudes describe a person's relatively consistent evaluations, feeling and tendencies towards an object, a person an idea or event (Parumasur & Roberts-Lombard, 2012).

An attitude is the way we think, feel and act towards some aspect of the commercial environment, such as a retail store or a product. If you like or dislike something your mind evaluates the two opposites before you give an answer to a question related to an object.

7.3 NATURE OF CONSUMER ATTITUDES

Attitudes are overall evaluative judgments. According to Joubert (2013), attitudes in a marketing context can be defined as an internal evaluation that is expressed through a manner, disposition, feeling or response towards a certain idea, object, person or situation.

Attitudes are not the same as opinions. **Opinions** are the verbal expression of an attitude, but attitudes are also expressed in nonverbal behaviour. We, for example, have opinions about retailers (such as Checkers, Spar, Woolworths and Pick n Pay) and we communicate our opinions. Some people say that the one store is overpriced, the other is of good quality and another is overcrowded. Other people have exactly the opposite opinion about the same store. What is important to marketers is not the opinion, but the behaviour, such as where consumers ultimately do their shopping. A person can say a specific retailer is highly priced but still shop at the store. This apparent contradiction is due to attitude and the elements that form it.

Attitudes have a cognitive element that look at the characteristics of one object in relation to other objects. People think that attitudes and beliefs about things are the same, but

they are not. All attitudes include beliefs, but not all beliefs are attitudes (Ling et al., 2015). Attitudes are beliefs about how good or bad something is and the evaluations are based on other beliefs.

A question that can be asked is: why do people's attitudes differ so much about the same things? The answers can be found in the characteristics of attitudes. The characteristics of attitudes are: they have a direction; are learned; are consistent; and are a combination of interrelated beliefs and values. Let's discuss these characteristics of attitudes in more detail:

- **Attitudes have a direction**

Attitudes have a direction and intensity. Attitudes towards an object are either favourable or unfavourable. A consumer either likes or dislikes something. The intensity of their liking or disliking can differ and some people may like an object more than others. The attitude can be seen on a scale between a positive and a negative attitude. Companies who understand their consumers' attitudes can use the information to their advantage.

Some companies use the positive attitudes of their customers to expand their brands to introduce new product lines. Johnson & Johnson is such a company that used mothers' positive attitudes towards, and experience with its baby skincare products, to launch a new range of baby toy products (Szmigin & Piacentini, 2015).

Positive attitudes towards a brand cannot always be used to introduce new products, and companies need to look at the whole spectrum of attitudes when they introduce new products. This can be seen in the following BMW example: According to Ling et al. (2015), a consumer may have a favourable attitude towards BMW motorcycles and see them as a work of art that provide freedom and power. But, when the same consumer thinks about buying a motorcycle, the consumer also thinks about the consequences of the purchase. Factors such as risk and personal injury then become factors that influence the consumer's attitude and they think twice before purchasing the motorcycle.

Marketers need to understand that a person who has a negative attitude towards a product will not even read advertisements or information on the product or consider buying it. Negative attitudes include for example, members of certain religious groups' disapproval of the use of cosmetics or eating beef or pork. Some conservative parents who exhibit a negative attitude towards unconventional fashion may forbid their children to purchase such items.

- **Attitudes are learned**

When a baby is born it has no concept of values, beliefs, prejudice or any of these abstract concepts (Hooper & Umansky, 2004). An attitude is formed through doing and learning. As children grow up they perceive the behaviour of parents, family members, friends and other people they come into contact with and start forming attitudes towards concepts and issues they become aware of. A father may make a remark to his son that his Mercedes-Benz is by far superior to the neighbour's BMW and the son would, in his adult years, never consider buying a BMW.

People acquire attitudes and beliefs as a result of direct previous experience with a product, or indirect experience by reading about the product or interaction with social groups, information acquired from others and exposure to mass media, such as advertising. We evaluate the obtained information and, according to our own perception of it, form a specific predisposition (attitude) towards the product.

- **Attitudes are consistent**

Attitudes are relatively stable and consistent with the behaviour they reflect. Once an attitude is formed it is held. The longer it is held the more resistant to change it becomes. Consumers' attitudes correspond with behaviour – if a marketing segment consistently declares its liking for a product, a company can reasonable expect that segment will keep on buying that product. But marketers need to be aware that attitudes can change over time (Du Plessis, 2007). This is discussed in section 7.7.

- **Attitudes are a combination of interrelated beliefs and values**

Attitudes are different from personal values and beliefs. Attitudes are a more enduring combination of interrelated beliefs that describe, evaluate and direct our action in respect to a particular object or situation. We have a large number of beliefs, a smaller number of attitudes and even fewer values.

A **belief** is a descriptive thought that a person holds about something. Beliefs represent the cognitive component of an attitude. In other words our beliefs are what we think or believe about the things that make up the world we live in.

Values are the belief system that underlies attitudes and behaviour. A value is an idea that is based on a belief about something that is good or bad. Values serve as guidelines for culturally appropriate behaviour and are shared among members of a group. They are enduring, difficult to change and are not tied to a specific object or situation.

7.4 THE ABC MODEL OF ATTITUDES

Behavioural scientists have, over the years, endeavoured to build conceptual models of attitudes in an attempt to better understand and describe the concept. In this learning unit we look at the ABC model of attitudes. According to Joubert (2013:81), the ABC model has three components, namely affective (feeling), behavioural (action) and cognitive (beliefs).

ABC model of attitudes:
Affective
Behavioural
Cognitive

The ABC model relates to the **tri-component model**, also known as the **CAC model**. CAC stands for **c**ognitive, **a**ffective and **c**onative. The idea behind the model is that our thoughts influence our feelings and the related emotions have an influence on our actions. This process can be seen in figure 7.1 below.

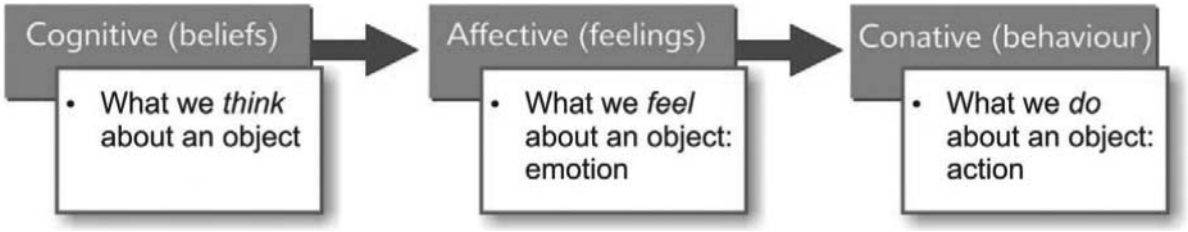


Figure 7.1: The tri-component model of attitudes

7.4.1 Cognitive (beliefs) component

The **cognitive component** refers to a person's knowledge and perceptions that are acquired by direct experience with a product and other sources of information. The cognitive component consists of a customer's belief about an object. Beliefs represent reality to consumers and because frames of reference differ between individuals, beliefs differ as well.

A belief is a descriptive thought that a person holds about something. A person may hold the belief that running every day is good for fitness and being fit is preferable to being unfit. These beliefs may influence a consumer's decision when buying running shoes (Szmigin & Piacentini, 2015). Beliefs are divided into two types of beliefs, namely informational beliefs and evaluative beliefs.

Informational beliefs are associated with product attributes, for example, information about the lens, the filter and technology of a camera in a consumer's mind. A consumer for whom specific attributes in a camera are important, who believes that one camera has more features than another will buy the product that fits into their belief system.

Evaluative beliefs are associated with product benefits and whether the benefits truly represent benefits to the consumer. Examples of product benefits that fall into this category are consumers' beliefs that some camera products have better photo clarity, reduce false colour and have low noise images (Joubert, 2013). These benefits are often used as slogans for beverages in advertising strategies and to position a product in the mind of consumers.

According to Cant (2010), marketers have developed a vocabulary of product attributes and customer benefits for beverages through market research. The *product attributes* identified for beverages include the calorie and vitamin content, natural ingredients, sweetness, bitterness, aftertaste and carbonation. The *product benefits* include concepts like "good at mealtimes", "refreshing", "good for the entire family", "gives a boost", "restores energy", "thirst-quenching" and "nutritional".

These beliefs need not be correct or true, they only need to exist to have an influence on attitudes. Although many consumers are highly critical about the features of a product and spend many hours comparing competitor offerings, the attributes of the product only form part of the motivation to purchase. You could argue that the attributes of the product form a baseline for the marketing message but are by far more powerful to explain to consumers how specific features translate into benefits for them.

7.4.2 Affective (feelings) component

The **affective component** entails the emotional response and feelings towards an object. According to Perner (2010), these feelings are sometimes based on the belief a person has about a product, but can also be relatively independent of beliefs. An example of a belief that influences a feeling is when a person feels nauseated when they think about food they believe contains too much fat. An example of a feeling that is relatively independent of a belief is an environmentalist who believes that it is wrong to cut down trees, but the same person has a positive affect towards Christmas trees that are cut down because it reminds them of childhood experiences.

The affective component is influenced by many aspects and captures the overall assessment of a product by a customer. A person's feelings are influenced by a situation and their emotions fluctuate over time. In some situations the affective component is more important, especially when a product says something about the consumer. This can be seen in teenagers who feel emotional about certain products they identify with.

The affective component of attitudes has come to the forefront with the rise of social media. Websites such as Hellopeter.com, provide a platform where consumers can air their grievances as well as compliment companies on good service.

Companies need to realise that customers with negative attitudes and feelings can do a lot of harm to the company. An example of this is the case of Jaco van der Merwe, who made headlines when he publicly displayed his dismay with the 4x4 vehicle he bought. The vehicle did not stand up to Van der Merwe's expectations – the chassis bent after what he believed to be a normal off-road driving experience. After he unsuccessfully tried to communicate his dissatisfaction with the dealership he made stickers stating that the vehicle was the "Worst 4x4xfar" – wordplay on a competing brand's slogan "Best 4x4xfar". The dealership lost the court case with costs when it asked for an interdict to prevent Van der Merwe from displaying the stickers on his vehicle (Otto, 2005).

An even larger public relations disaster that relates to attitude is singer Dave Carroll's case. He created a YouTube video that went viral after a major American airline damaged his expensive guitar and refused to compensate him for his loss. The video generated such a reaction from the public that the $1 200 in repair costs the airline tried to save resulted in an estimated stock loss of $180 million within a month after the video was published.



United breaks guitar:

https://www.youtube.com/watch?v=5YGc4zOqozo&list=PLRVwCfAMMT99EQ4ezjWPFMZ6MV_OXzJXq

The video by singer Dave Carroll as discussed above can be accessed here. The full article on the topic is available from Wilson (2011).

These two cases illustrate how consumers are affected by their feelings about a product. It is not rational to believe that every vehicle of the particular brand will break down or that the airline in question will break every guitar that it transports. The key is that the public

experienced strong feelings of empathy with the wronged customers and expressed these emotions by choosing to vote with their wallets.

7.4.3 Behavioural (conative) component

The **behavioural component** refers to the outcome of the cognitive and affective components. It influences consumers' decisions in the way that they act and manifest in both intensions to buy and actual buying (Cant, 2010). The consumer may have positive information about a product and may like it, but may not actually buy it.

Reasons for this include that a consumer may revert to an old habit and buy a product they are used to buying and forget about new information when they are in a store. They can also have a positive attitude towards a product, but there may be other products they like more or the product they prefer may be unaffordable (Joubert, 2013).

In another example, a consumer who needs to purchase an airline ticket can visit the various airlines' booking websites and compare all their prices for a desired time period. The consumer may notice that Kulula.com is by far the cheapest airline, and from a cognitive perspective it would be reasonable to assume that the consumer flying economy class would purchase the cheapest seat available. The various airlines' economy class flights differ very little and the consumer is literally purchasing a seat for transportation purposes. It can happen that the same consumer, while searching for information, is influenced by a YouTube video, portraying the airline in a bad light. This may influence the buying decision in the affective domain and thereby lead to the purchase of a ticket from a more expensive airline.

It must be taken into consideration that not all buying decisions require the same level of involvement. The level of involvement influences attitude and behaviour. Purchasing a car may be something that a specific consumer does once in five years and the consumer will be highly involved. They may spend a great deal of time and energy to compare different features and benefits and at the same time be strongly guided by personal feelings towards each brand. The same consumer may not be so involved in another purchasing decision and buy the same brand of cereal for years. This purchase example is based on habit and not so much on cognitive or affective elements of attitude.

7.4.4 Consistency between components

The cognitive, affective and behavioural components of attitude tend to be consistent. This means that a change in one attitude component tends to produce related changes in the others. If a consumer's knowledge and beliefs change it may result in an affective change that will result in a behavioural change.

Marketers are ultimately concerned with influencing behaviour. Consumers may be influenced by listening to salespeople, attending to advertisements or examining packaging. Marketers can therefore indirectly influence behaviour by providing information that influences a belief about a product. This relates to the example of Nivea discussed in the introduction. Nivea has changed the beliefs of men that skin products are only for women and they have started buying the products.

7.5 THE FUNCTIONS OF ATTITUDES

The functional theory of attitudes shows that it is possible for customers to have the same favourable attitude towards a product, yet behave differently. The reason for this is that attitudes serve multiple functions and different functions can lead to different outcomes (Mpinganjira et al., 2013).

The functional approach to attitudes is called the **motivational theory of attitudes**. If marketers want to change consumers' attitudes and the resultant behaviour, an understanding of the motives behind an attitude is necessary. The four major functions that attitudes perform based on motivation are the utilitarian, value-expressive, ego-defensive and knowledge function.

The four major functions of attitudes include: (1) utilitarian function; (2) value-expressive function; (3) ego-defensive function; and (4) knowledge function.

7.5.1 The utilitarian function

The **utilitarian function** of attitude enables people to gain rewards and avoid punishment. This function refers to the idea that people express feelings to maximise rewards and minimise the punishment they receive from others. According to Ling et al. (2015), gaining favourable recognition and approval is almost universally desirable, so we try to do those things that give us approval from the people who are important to us.

From a marketing perspective, we develop positive attitudes towards products that satisfy us and negative attitudes towards those that do not. An example of this is a consumer who is looking for medication that provides immediate relief from a headache. The consumer is attracted to medicines that are known to fulfil this need. The consumer's attitude directs them away from medications that take a long time to provide relief and they do not buy the product (Mpinganjira et al., 2013).

7.5.2 The value-expressive function

The **value-expressive function** enables us to express who we are and what we believe in (Ling et al., 2015). The function relates to the role of attitudes directing consumers towards products that help them express their values in life. A person who values good health expresses this by eating healthy food and belonging to a gym or jogging.

Value-expressive attitudes give consumers opportunities to share with the world how they feel about things. For example, a consumer who is environmentally conscious has a negative attitude towards products that are damaging to the environment and buys products that claim environmental friendliness.

7.5.3 The ego-defensive function

The **ego-defensive function** is also called the *self-esteem maintenance function*. According to Szmigin and Piacentini (2015), we hide aspects of ourselves that we do not want others to experience – the ego-defensive function of attitudes is concerned with protection of our sense of self, and ensuring that we control our ego in some way.

Cosmetic products use this function to reassure consumers about their self-concept. Mouthwash, deodorant and toothpaste brands, for example, use this function in marketing communication to imply that users will not be socially ostracised if they use their brands. These products counterbalance people's fear of the social disapproval they may suffer if their breath is not fresh, underarms are not dry or teeth are not cavity free. A classic South African advertisement that used this function was the Shield bus ride with the slogan "Sometimes being smelly helps – for all the other times use Shield deodorant".

7.5.4 The knowledge function

The **knowledge function** relates to the human need to have a meaningful, stable and organised view of the world (Szmigin & Piacentini, 2015). Knowledge-based attitudes involve judgments about objects or issues and provide consumers with a structure and frame of reference to help them understand, make sense of and evaluate new information. For example, if a consumer wants to buy a new car to replace an old one, they use their knowledge about the old car to guide them in their decision for the replacement.

According to Parumasur and Roberts-Lombard (2012), knowledge serves as standards that help people understand their environment and give order and meaning to it. A person who buys a new car uses their previous positive or negative experience with all the different motorcar brands to guide them in their decision making. Their attitudes simplify the encounter and allow them to focus on matters they think are more important (Cant, 2010).

This function is important for marketers to be able to understand and predict consumer attitudes towards brand extensions and diversifications since it helps consumers to organise and simplify new experiences. Toyota, for example, uses consumers' positive attitude towards regular vehicle services and their knowledge about the brand's service to sell its products. Other brands use knowledge attitudes about technology, safety, fuel efficiency and space to market their products.

7.6 ATTITUDE FORMATION

In the section on the nature of attitudes (section 7.3), we saw that attitudes are formed through doing and learning. This happens by means of classical conditioning, instrumental conditioning, cognitive learning, experience, external authorities and marketing communication. You have already been introduced to some of these concepts in learning unit 4 on perception. It will help you to revise it and get a better understanding of the theory.

7.6.1 Classical conditioning

Classical conditioning occurs through an association between an environmental stimulus and a naturally occurring stimulus. Many studies have shown that when an initial neutral stimulus is paired repeatedly with positive or negative stimuli the subject of the study develops a positive or negative attitude towards the previously neutral stimulus.

"**Classical conditioning** is a traditional learning approach often credited to the work of Ivan Pavlov. It is the belief that when a stimulus that elicits a response is paired with another stimulus, the second stimulus will elicit behaviour similar to the original response" (AMA, 2016).

The four basic principles of the classical conditioning process are unconditioned stimulus, unconditioned response, conditioned stimulus and conditioned response. These are explained with an easy-to-understand practical example below:

- **The unconditioned stimulus (US)** is a stimulus that unconditionally, naturally and automatically triggers a response. For example, when you smell your favourite food you immediately feel that you are hungry and would like to eat the food. In this example the smell is the unconditioned stimulus.
- **The unconditioned response (UR)** is the unlearned response that occurs naturally in response to the unconditioned stimulus. When you feel hungry in response to the smell of food the hunger is your unconditioned response.
- **The conditioned stimulus (CS***)* is a previously natural stimulus that has become associated with the unconditioned stimulus and eventually triggers a conditioned response. For example, if you listen to a specific song every time you smell your favourite food the song would eventually trigger a conditioned response. Although the song is unrelated to the smell of the food, but has been paired with it multiple times, it becomes the conditioned stimulus and has the same effect as an unconditioned stimulus.
- **The conditioned response (CR)** is the learned response to the previously neutral stimulus. The conditioned response is the feeling of hunger when you hear the song, the conditioned stimulus.

In marketing, the same effect can be achieved by conditioning the target audience to associate a neutral stimulus with a stimulus towards which they have a positive attitude. An example of this is the series of short films that BMW produced, using well-known celebrities such as Gary Oldman, Clive Owen, Danny Trejo, Madonna and James Brown. The aim is that the audience forms a positive bond between the neutral product (BMW) and the celebrities they already have a positive attitude towards.



BMW Mini and Serena Williams:

http://www.superbowlcommercials2016.org/best-commercials/best-2016-super-bowl-commercials/

Follow the link above to see the 2016 Super Bowl advertisement for BMW Mini that used the celebrity, Serena Williams. The webpage also shows you the eleven best Super Bowl commercials of 2016. These advertisements use celebrities such as Steven Tyler, the cast of Kung Fu Panda 3 and Alec Baldwin, and are worth watching.

7.6.2 Instrumental or operant conditioning

Instrumental conditioning is also called **operant conditioning.** This conditioning involves learning when behaviour is positively or negatively rewarded. The result of the reward is

the formation of a positive or negative attitude towards an object that was instrumental in the behaviour or the outcome of the behaviour. For example, a person who wants to lose weight may notice that eating vegetables helps but that eating candy does not. The person forms an attitude towards these products because of the role they play in the outcome of the reward; in this case to gain or lose weight.

"**Instrumental or operant conditioning** is the process of altering the probability of a behaviour being emitted by changing the consequences of the behaviour" (AMA, 2016).

A person may have a positive attitude towards cosmetics because of the expectation that the use of the products will be instrumental in them getting compliments from other people. Purchasing an insurance policy can also be seen as an example of instrumental conditioning because people buy insurance to avoid mishaps in the future.

According to Joubert (2013), attitudes are sometimes only formed after a person has bought or consumed a product. The person may originally not have an attitude, but a positive or negative experience with the product forms an attitude towards it and the person will either purchase it again or not.

7.6.3 Cognitive learning theory

The **cognitive learning theory** is based on mental activities and involve thinking and processing of information. How consumers process the information depends on their cognitive ability and the complexity of the information. According to Parumasur and Roberts-Lombard (2012), the more information customers have about a product or service, the more likely they are to form attitudes about it. The attitude that is formed is influenced by the information search, the consumer's own cognition and their knowledge and belief systems.

"The **cognitive learning theory** is a broad theory that explains thinking and differing mental processes and how they are influenced by internal and external factors in order to produce learning in individuals" (AlleyDog.com, 2016).

A consumer who wants to buy a new car has to search for information on different brands and then make choices between the brands and product's attributes, benefits and combinations of these. In the search the consumer evaluates the information and forms attitudes that are positive or negative towards the brands as well as towards the attributes and benefits they offer. In the process the consumer eliminates information that is perceived as negative and makes a decision on information that leads to a positive attitude formation.

7.6.4 Experience

According to Parumasur and Roberts-Lombard (2012), the primary means by which attitudes towards goods and services are formed is through the consumers' direct experience in trailing and evaluating them. If a consumer has a favourable experience using a product it will most likely lead to a positive attitude.

Marketers use this formation technique when they offer free samples to encourage customers to use a product. It is also used when new products are demonstrated in stores or when a car dealer offers a free test drive to a prospective buyer. Attitudes formed in this way tend to be more resistant to change than those formed without direct experience (Mpinganjira et al., 2013).

7.6.5 External authorities

According to Cant (2010), as we come into contact with others, especially friends or individuals such as teachers, parent and ministers, whom we admire and see as authorities, we acquire attitudes that influence our lives. If these people are in some way similar to us the effect is even bigger. The reason for this is that people tend to identify with other people who are similar to themselves and trust their opinion because they feel that someone similar can better appreciate their problems. A teenage girl would rather listen to a friend's opinion about fashion than to her mother's opinion.

Not only do external authorities influence attitudes but other social contacts also play a role in attitude formation. Children learn from their parents and the cultural group they belong to. Their family instils basic values and beliefs that guide their attitude and responses to products and services. As children grow up friends and peers start playing a greater role in influencing their attitude. This can be seen in the need for social conformity that may result in changes in values and beliefs that influence attitudes towards products (Mpinganjira et al., 2013). The teenager in the above example listens to music, wears clothes and uses products that friends use to not be ridiculed by a peer group.

7.6.6 Marketing communication

Marketing communication involves all the techniques marketers use to communicate their messages to consumers. These techniques include advertising, sales promotions, direct marketing, public relations and the salespeople who work in retail to provide information to consumers. According to Mpinganjira et al. (2013), the information that is provided about product attributes and related benefits plays an important role in influencing consumers' attitudes. This information is provided to influence the cognitive component of attitudes. When a brand has something unique to offer, and its unique benefits are the focus of the communication, it has an even stronger influence on consumers' attitudes (Cant et al., 2002).

According to Cant et al. (2002), the influence is even stronger when the source's credibility appears to be composed of two basic dimensions: trustworthiness and expertise. The South African Bureau of Standards' (SABS) approval of a product is for example seen as trustworthy as the bureau does not make money from testing and approving a product. Articles in newspapers and magazines are also often seen as trustworthy because consumers perceive them as from an independent source. It can be damaging to companies when the publicity is negative as customers often believe such information more readily than information coming from the company itself (Mpinganjira et al., 2013).

Marketing communication not only uses product attributes and benefits to change attitudes but also individuals such as celebrities or a person who has the typical profile

of the target market. Washing powder companies typically use these people to provide testimonials about their successful use of the product.



Activity 7.1

The following case study discusses one of South Africa, and the world's, most difficult attitudes to change, namely about smoking. Read the case study below and, while reading, think about the theory in this learning unit. Afterwards, answer the questions below.

> Sibongile has been newly appointed as a copywriter for a well-established advertising agency. She has just completed her first project, writing the ad copy for a well-known cigarette brand. She has included all the details she could find about nicotine, tar and chemical additive content in the copy, and referred to a World Health Organisation report about the effects of smoking. Sibongile thinks she has used the right approach, but her manager is not pleased and asks. "Don't you realise that we are aiming to stop the wave of negativity surrounding smoking, and here you are reinforcing the negative attitudes?"
>
> Sibongile has no answer. As the conversation continues her manager asks her whether it is appropriate to aim the copy at the cognitive domain when clearly an emotional approach is required. She weakly replies that these concepts are completely foreign to her. Her manager responds that she urgently needs to make a study of consumer attitudes, how they are formed and how they can be persuaded to change. Her manager indicates that the ABC model would greatly assist her in understanding these concepts and that she should focus on the factors that influence attitude change as well, as this is the aim of the particular advertisement. The conversation ends with the manager giving her some reading material and an instruction to redo the copy once she has internalised all the relevant information about consumer attitudes.

Imagine that you are Sibongile's colleague and have a couple of years' working experience. She approaches you for assistance with her project as she is afraid that she may make a mistake again. You decide to first do your own research on tobacco product advertisements, analyse the research and ask yourself the following questions before you provide her with advice:

1 Which approaches of the ABC model of attitudes were used for tobacco products in the past?
2 Which attitude formation techniques were used in the majority of the advertisements to get people to smoke?
3 Which techniques are used in the modern day to change people's attitudes about smoking?
4 Do you think the techniques are successful and, if not; how would you change people's attitudes?



Feedback

This activity was intentionally selected as there is very little current advertisement of tobacco products in South Africa. Almost all forms of tobacco-related advertising and sponsorships have been prohibited. When you analyse advertising messages from the past you will find that the majority of these ads had an effective approach. One advertisement, for example, stated that the majority of doctors smoke Camel cigarettes, another used attractive female models posing with cigarettes and even Father Christmas smoking a Marlboro. Visit http://gizmodo.com/14-absurd-ads-from-before-we-knew-cigarettes-could-kill-1499396560 to view some of the advertisements of the past.

The advertisements seem to have a common thread; classical conditioning techniques are used by positioning role models in the ads to get the target audience to form positive attitudes towards tobacco-related products. There are very few facts in the advertisements and the approach is primarily aimed at the feelings of the consumers and not their mental ability. Some of the advertisements appear to be articles written to inform the consumer; however, when the texts are analysed you find that there are no facts, only emotional appeals. You can also visit Stanford School of Medicine's website to see more advertisements and read about research that has been done on the impact of tobacco advertising on http://tobacco.stanford.edu/tobacco_main/index.php.

Currently, a cognitive approach is used to change people and specifically smokers' attitudes towards cigarettes. Each packet of cigarettes carries a message such as Tobacco is addictive; Smoking damages your lungs; and Danger: Smoking causes cancer. The idea behind the messages is to provide information to educate smokers on the danger of smoking. Some people argue that the messages use affective appeals that create fear by identifying the negative consequences of the behaviour. This shows that the cognitive, affective and behavioural elements cannot be separated from each other.

Do you think these messages are effective in changing smokers' attitudes? Discuss this with your friends and find out what they think. Can you think about better techniques to get people to stop smoking?

7.7 ATTITUDE CHANGE

The basic objective of all marketing communication is to get consumers to buy a brand, or buy more of a brand, or to get them to switch from competitors' brands. Changing consumers' attitudes in a marketer's favour is generally very difficult. To do this a company needs to change or reinforce the process that is behind the behaviour that leads to the purchase of products.

7.7.1 Changing consumer attitudes

We saw in previous sections that behaviour depends on an attitude towards an object, people or ideas. This was discussed in the **tri-component model (ABC model)** that explained the cognitive, the affective and behavioural elements of attitude. The model explains that what we think influences what we feel, and that this feeling (emotion) leads to behaviour. One or both of these elements needs to be imbedded or changed to establish or change attitudes that result in behaviour.

According to Cant et al. (2002), companies can identify attitudes and either design products that are consistent with them or try to change the attitudes, which is harder to do. The following provides you with some information on how the elements of the ABC model can be changed.

7.7.1.1 Changing the cognitive component

To change the cognitive element the knowledge and beliefs people have about an object need to be changed. According to Mpinganjira et al. (2013), there are three common strategies marketers use to change consumers' attitudes towards the cognitive component:

- **Changing beliefs**

This strategy involves shifting beliefs about the performance of a brand on one or more attributes (Parumasur & Roberts-Lombard, 2012). According to Hoyer and MacInnis (2010), marketers need to consider the strength and importance of consumers' beliefs and the likelihood that consumers will form favourable beliefs when they process the marketing communication messages. The three important factors of communication that need to be considered are: the source of the message, the message itself and the context in which the message is delivered.

The source needs to be seen as credible and trustworthy. For example, in advertisements a washing-powder company would not use someone who portrays the image of a businesswoman, but rather a mother who is comfortable in the home environment. The message needs to be simple and straightforward, and the audience should be able to identify with the message. Aspects such as symbols and colours from a consumer perspective should be taken in consideration. Washing-powder companies, for example, use white and blue colours that represent cleanliness and freshness.

- **Changing the importance attached to the attributes of the product**

According to Mpinganjira et al. (2013), consumers sometimes have positive perceptions about a product attribute that does not exert much influence on their current buying decision. By changing the level of importance attached to an attribute, marketers can positively influence buyers' intentions through advertisements. One retailer for example emphasises its quality above price for a market that is not price sensitive, whereas another retailer emphasises the price it offers for those customers who are price sensitive.

- **Adding new beliefs and attributes**

According to Cant et al. (2002), marketers can change attitudes by changing the perceptions of the ideal brand or situation. Marketers for example use environmental issues such as recycling and non-polluting manufacturing to create an impression of caring that is associated with their products in an ideal world. Companies also use words such as "new" and "improved" to change customers' belief structures by showing that a product has new attributes that are important to customers (Mpinganjira et al., 2013).

7.7.1.2 Changing the affective component

To change the affective component of attitudes people's feelings and emotions need to be changed. This can be done by emotions created by advertisements and emotional association with products and brands.

- **Influencing affects towards advertisements**

According to Hoyer and MacInnis (2010), consumers sometimes like an advertisement so much that they transfer their positive feelings from the advertisement to the brand. Researchers found that consumers' beliefs or knowledge about brands did not fully account for brand attitudes and an additional explanation is that brands with well-liked advertisements were evaluated more favourably.

Marketers use celebrities, humour and emotional appeals to achieve this. Fear and guilt are used to arouse negative emotions and enhance attitude change towards certain products (Cant et al., 2002). Insurance agencies and companies that sell security products use an accident or a crime situation in their advertisements. This suggests to consumers that they can be in a similar situation and that they need to buy certain products to prevent mishaps in the future.

- **Associating the product or brand with special uses or events**

According to Mpinganjira et al. (2013), marketers often highlight special causes or events that are sponsored by their companies with the aim of positively influencing the public's attitude towards their products and brands. A good example is the FIFA Soccer World Cup that was sponsored by Visa, Telkom, Coca-Cola and many others. Sponsored events and causes provide brand exposure and build association value that is aimed at positively influencing the probability of individuals liking a product or brand.

7.7.1.3 Changing the behavioural component

Behaviour and attitude depend on what a person thinks and feels. To change consumers' behaviour (actions) marketers need to change their thoughts and emotions (feelings) that lead to a specific behaviour. According to Perner (2010), behaviour is not always a logical consequence of beliefs or an affect and is sometimes influenced by a consumer's circumstances. A person may, for example, not like a specific restaurant but because friends hang out at the restaurant they go there as well.

People like to believe that their behaviour is rational – once they get used to a product they continue using it unless their circumstances change or they can be persuaded to switch to another brand. Marketing communication such as advertising, sales promotions and public relations play a major role in this persuasion. For example, consumers do not always have beliefs about a product – they use the product because it is available and become familiar with it through advertisements (Perner, 2010).

According to Parumasur and Roberts-Lombard (2012), behaviour can lead directly to affect, to cognition, or to both simultaneously. This can happen through instrumental conditioning when a customer tries a new product or through a trial-and-error process

that results in a more favourable outcome than buying another product. Marketers can facilitate this through strategies such as price reductions, coupons and free samples to encourage trial behaviour.

To get customers to buy more of their products companies use strategies such as relationship marketing. According to Brink and Berndt (2008), relationship marketing refers to attracting, maintaining and enhancing customer relationships. Customer loyalty is one of the objectives of relationship marketing. The benefits of having loyal customers are that they have positive feelings about a company, make repeat purchases, are committed to a specific company and resist the activities of competitors attempting to attract their patronage (Brink & Berndt, 2008). According to Parumasur and Roberts-Lombard (2012), only when a customer's attitude towards a brand is more favourable than to a competitor's brand can a customer be considered brand loyal. This kind of loyalty is called attitudinal brand loyalty.

7.7.2 Factors influencing attitude change

Some attitudes are stronger or more prevailing than others. Various factors influence how attitudes are formed and how persistent these attitudes may be. As attitudes form and evolve over time, it is reasonable to argue that older people in the age demographic bracket have more persistent attitudes than younger people. An example of this is the types of movies people watch. When you are at university and go on a date, you are likely to watch any type of movie that holds appeal to you or your date. If you have been married for forty years, you are likely to watch movies from only specific genres with your spouse. Over the years both of you may have realised that you do not enjoy action movies and therefore you simply ignore any advertising of movies in this genre.

Of course, attitudes are not simply black or white, positive or negative. Instead they fall into a spectrum as depicted below. Even though both of you may hold a fairly negative attitude towards movies in the action genre, you may have an extremely positive attitude towards movies made by director Martin Scorsese. You therefore watch his movies, even though they may contain elements belonging to the action genre.

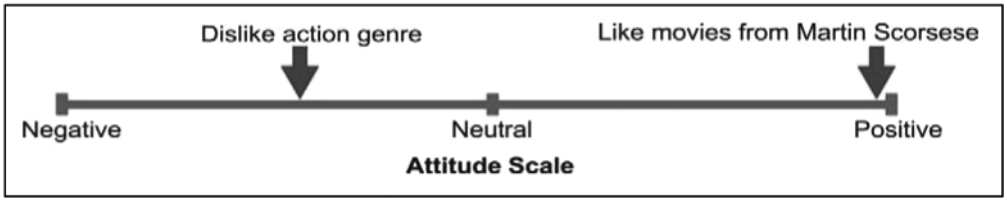


Figure 7.2: Attitude scale

Consumer attitudes are also seen on a scale, such as the attitude scale in figure 7.2 above. According to Joubert (2013), marketers aim to change attitudes if they need to by market offerings and communication. The way marketing communication is structured and conveyed has a significant impact on its level of persuasiveness and thus its ability to change consumers' attitudes (Mpinganjira et al., 2013).

Marketers can persuade their audience to form or change attitudes by using different appeals. Parumasur and Roberts-Lombard (2012) and Mpinganjira et al, (2013) identify fear, humorous, emotional and rational appeals that are used in advertisements:

- **Emotional appeals** aim to trigger some form of positive emotional response which the consumer then associates with the product. This form of persuasion targets the affective domain and therefore does not focus on product attributes. The Pfizer advertisement uses the love of a boy for his sick sister to evoke a strong emotional response in the audience (view the video here: https://www.youtube.com/watch?v=OAlyHUWjNjE). The audience empathises with the situation and is therefore likely to associate this feeling with Pfizer. No details about any Pfizer products are given.
- **Humorous appeals** focus on the product and use humour to anchor the product in the audience's minds. The well-known Klipdrift "Met Eish" advertisement was so successful that it introduced the phrase into the common vocabulary of South Africans (view the video here: https://www.youtube.com/watch?v=yft018AKUGI).
- **Fear appeals** target consumer insecurities and aim to trigger a fear response for doing the wrong thing. The "Speed Ad – Mistakes" clearly depicts the dire consequences of driving too fast and aims to make speeding drivers fear what will happen when another road user makes a mistake and they don't have enough time to respond (view the video here: https://www.youtube.com/watch?v=Jzt6rAOnK8M).
- **Rational appeals** are directed at a person's cognitive side. These advertisements emphasise facts such as attributes and associated benefits of products.

The level of cognitive processing that takes place as well as audience factors such as the motivation and ability to think about the message determine how lasting or persistent an attitude change can be. Although attitudes are consistent and endure over time marketers are continuously looking for new ways to change consumers' attitudes and behaviour towards their products.

7.8 SUMMARY

In this learning unit we discussed consumer attitudes and their formation. You were exposed to the nature of attitudes and saw that they are learned, they have a direction and they are consistent. The learning unit gave your insight into the components of the ABC model of attitudes, namely cognitive, affective and behavioural elements of attitude. The functions and formation of attitudes were discussed and you were introduced to attitude change.

In this learning unit you should have realised the importance of knowledge about attitudes and attitude change to marketers. The next topic discusses the group factors and related factors such as family, reference groups, opinion leaders and social class.

7.9 CASE STUDY WITH QUESTIONS

"Got Milk?" We cannot teach you about attitude without showing you history's most successful advertising campaign on changing attitudes.

Read through the summary of the campaign at the bottom, visit the websites, look at the advertisements on YouTube and ask yourself the following questions:

1. What was the primary attitude that was changed?

2. What were the cognitive, affective and behavioural elements in the advertising campaign? In other words what did people think, feel and do in the beginning and how did it change at the end of the campaign?
3. How do all the elements in the campaign relate to the theory you have learned in this learning unit?

The following websites link you to some aspects of the campaign:

Got milk campaign written by Bali Sunset. 2008. Available on http://marketing-case-studies.blogspot.co.za/2008/04/got-milk-campaign.html. This website also provides you with links to hundreds of marketing case studies conducted by various top companies.

You can visit http://associationsnow.com/2013/11/got-milk-what-associations-can-learn-from-the-popular-ad-campaign/. This article was written to mark the 20th anniversary of the most prolific ad campaign in the history of American beverages. The website also provides you with links to YouTube where you can see the original advertisements.

The following is a summary of the "Got Milk" campaign:

By 1994, milk consumption in America had been declining for 25 years. Many people had bone deficiency problems due to a lack of calcium, which became a national concern in the Americas. The reason for the decline in milk consumption was that the general conception was that milk was unhealthy, outdated and just for children. In 1994 the National Fluid Milk Education Program (MilkPEP) began a $55 million print advertising campaign. The campaign featured celebrities such as Ivana Trump and Cindy Crawford with milk moustaches with the slogan "Milk: Where's your mustache?'

By 1999 the campaign had spent $110 million. The initial target market was women in their twenties, but the campaign was expanded to other target markets and gained cult status with teens – much to their parents' delight. Teens collected the print ads featuring celebrities ranging from music stars to supermodels and sports idols. The campaign was widely popular and milk consumption increased (Kotler & Armstrong, 2010).

7.10 REFLECTION



Before you continue to the next learning unit, reflect on the following questions:

1 Do you have a clearer understanding of the nature of attitudes and why marketers need to be aware of consumer attitudes?

2 Do you have a practical understanding of the ABC model and can you provide discussions on the affective, behavioural and cognitive elements of the model?

3 Do you understand the various functions and formations of attitude?

4 Would you be able to discuss how consumer attitudes change and the factors that influence the change?

5 What did you find interesting in this learning unit? Why?

7.11 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

QUESTION 1

Which of the following statements about attitude are **TRUE**?

a It affects the ways in which individuals judge and react towards other people.
b It can be enthusiastic, positive, indifferent and negative.
c It is formed because of the different needs of a customer.
d It is the way customers feel, think and act.

1 a b c
2 a b c d
3 b c d
4 a b d

QUESTION 2

Which **ONE** of the following is a way in which an attitude is formed or learned?

1 indirect experience with a product, company or service
2 through the customer's own perception
3 via exposure to advertising
4 based on the customer's mood

QUESTION 3

Which **ONE** of the following statements is **TRUE**?

1 Attitudes are based on what customers think.
2 Values are a combination of enduring beliefs.
3 People's beliefs are larger than their attitudes, but smaller than their values.
4 Attitudes are different from personal values and beliefs.

QUESTION 4

Which **ONE** of the following options comprises the three components of an individual's attitude?

1 feelings, behaviour and cognition
2 affection, actions and self-actualisation
3 behaviour, knowledge and beliefs
4 feelings, knowledge and cognition

QUESTION 5

According to the ABC model of attitude, the individual's attitude has three components. Which one of the following options describes these three components?

1 affective, behavioural and cognitive
2 attitudes, beliefs, and conative
3 associative, behavioural and cues
4 affective, basic and cues

Before checking the answers to the MCQs above, try to answer the questions yourself to test your knowledge and understanding of the theory you have just learnt.

MEMORANDUM

QUESTION 1

Option 4 is the correct answer.

Option 4 is correct as statements a, b and d are all true regarding attitude. Attitude affects the way in which individuals judge and react towards other people (statement a); attitude can be enthusiastic, positive, indifferent and negative (statement b); and attitude is the way customers feel, think and act. Options 1, 2 and 3 are all incorrect as statement c (attitude is formed because of the different needs of a customer) is not true.

The correct answer can be found in section 7.3.

QUESTION 2

Option 3 is the correct answer.

Option 3 is correct as attitude can be learned through exposure to mass media which includes advertising. Option 1 is incorrect as direct experience is a way of learning attitude. Option 2 is incorrect as attitudes are learned as a result of experience. Option 4 is incorrect because attitudes tend to be consistent.

The correct answer can be found in section 7.6.

QUESTION 3

Option 4 is the correct answer.

Option 4 is correct as attitudes are different from personal values and beliefs. Option 1 is incorrect as attitudes are a more enduring combination of inter-related beliefs. Option 2 is incorrect as values are part of setting the standards for guiding the customer's behaviour. Option 3 is incorrect as the number of beliefs is large, attitudes are smaller in number and values are even fewer.

The correct answer can be found in section 7.4.

QUESTION 4

Option 1 is the correct answer.

Option 1 is correct as the three components of an individual's attitude are: affect or feelings; behaviour or actions; cognition or beliefs. Option 2 is incorrect as self-actualisation is not one of the components of attitudes. Options 3 and 4 are both incorrect as knowledge is not a component of attitudes.

The correct answer can be found in section 7.4.

QUESTION 5

Option 1 is the correct answer.

Option 1 is correct as the three elements of the ABC model include the affective, behavioural and cognitive components. Depending on the product, one of these three components – feelings, actions or beliefs – is the dominant influence in creating a person's attitude towards a product or service. Options 2, 3 and 4 are all incorrect as attitudes, conative, associative, cues and basic are not components of the ABC model.

The correct answer can be found in section 7.4.

TOPIC 3

Group factors influencing consumer behaviour

AIM

To demonstrate knowledge and an understanding of all the group factors influencing consumer behaviour.

LEARNING OUTCOMES

After studying this topic, you should be able to do the following:

- understand and explain how family as a primary reference group influences the behaviour of consumers
- name, discuss and practically apply the various stages in the family life cycle
- explain what the various roles are in the household decision-making process
- define culture and explain how culture can influence the behaviours of consumers, with reference to the characteristics of cultural groups
- fully comprehend the concept of reference groups, the importance of reference groups and their effect on the purchasing behaviours of individuals
- explain the factors that determine how strong the influence of a reference group will be on an individual
- define and explain what an opinion leader is and provide a relevant example
- define social class and give an example
- discuss how various factors, such as income, education and occupation affect an individual's social class

TOPIC CONTENT

Learning unit 8: Family and cultural influences on consumer behaviour
Learning unit 9: Influence of reference groups, opinion leaders and social class on consumer behaviour

Learning unit 8

Family and cultural influences on consumer behaviour

Contents

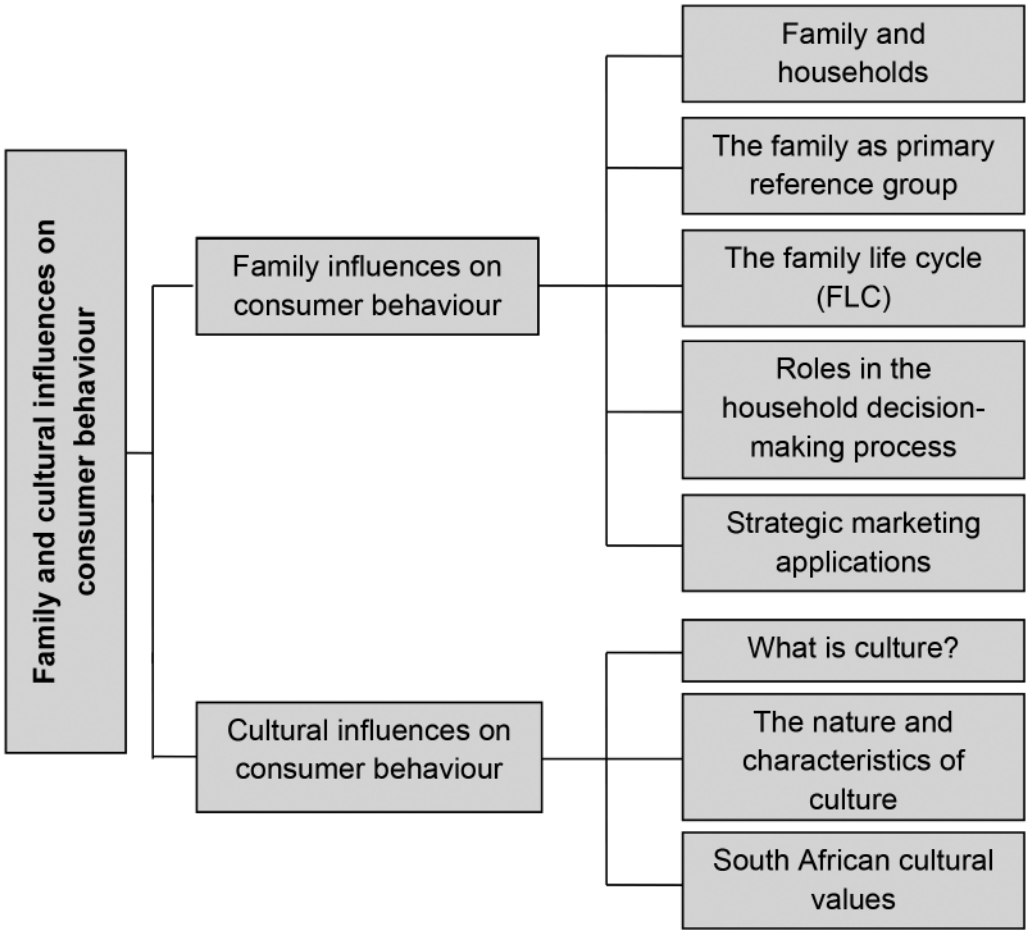
Overview of this learning unit
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OVERVIEW OF THIS LEARNING UNIT

In this learning unit we look at how the family as a primary reference group, affects the decision making of customers. We discuss what the difference between a family and a household is and look at the distinctions within each of these groups. Then we discuss the family life cycle, and how each stage in the life cycle of a family has an effect on how and what kind of purchasing decisions a customer makes. The stages include, single, married with no children, married with children, married but empty nest and widowed. The roles of the members in a household also have an effect on the buying decisions. These roles are the initiator, influencer, decider, buyer and consumer.

In the second half of this learning unit we discuss culture and how culture affects a customer's buying behaviour. We discuss what culture is, what the characteristics are and what culture looks like in the South African context.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- understand the difference between a family and a household
- explain the various types of family structures and provide an example of each
- explain the difference between a family household and a non-family household
- explain why the family is still regarded as the most important social grouping and how it influences the behaviour of consumers
- name and discuss the various stages in the family life cycle
- explain what the various roles are in the household decision-making process
- define culture and explain how culture can influence the behaviours of consumers
- explain the characteristics of culture
- explain how culture affects the South African consumer

KEY CONCEPTS



- Family
- Nuclear family
- Extended family
- Household
- Family life cycle

- Roles in household decision making
- Culture
- Characteristics of culture
- Cultural values
- Afrocentricity
- Eurocentricity

8.1 INTRODUCTION

There are many social factors that have an influence on a consumer's buying behaviour, of which family and culture are the most prominent. Most buying decisions are made with the family in mind, or are made collaboratively as a family. Let's take the Ntulis, for example. Mandy Ntuli is a mother of two children, Blessing (8 years old) and Happiness (6 years old). Mandy is usually the one who goes shopping for the family, but today she has to work late. She asks her husband, John, to pick up some groceries and sends him to the shops with a list of what to buy. She makes it very clear which brands he should take and which products she wants. For example, her daughters love Black Cat crunchy peanut butter, her husband uses Nivea for Men deodorant, and she prefers to drink Clover 2% milk. John picks up the groceries from the Pick n Pay on his way back from work. In this example, John does not go to the shops that often, and he decides to go to Pick n Pay because he remembers his mother used to go there to do her shopping. It is also clear that Mandy is the main buying decision maker when it comes to household items. She chooses what to buy and she chooses the brands, because she has to take into account that every member of her family has different preferences. In many instances, the choice of brand or product is influenced by the children in a family. A mother buys food and household items because her children like them, for example Kellogg's Rice Crispies cereal or Rooibos tea.

This learning unit addresses the influence of family and culture on a consumer's buying behaviour. We discuss the difference between a family and a household, the roles of the decision makers in the family and how changes in a family over time can also influence buying decisions. Lastly, we look at the influence of culture on a consumer's buying decisions. We discuss what culture is, as well as the nature and dimensions of culture. We also look at cultural values and cultural values in a South African context.

8.2 FAMILY INFLUENCES ON CONSUMER BEHAVIOUR

Many of the purchase decisions are made with the family in mind. The family probably exerts the most influence on the buying behaviours and decisions of consumers. When looking at a family, there are many decision-making parties. The family's stage in the family life cycle can also have an influence on the buying decisions. For example, the couple who just got married and have no children have different buying decisions than a married couple with three children. In the following section we look at the difference between a family and a household. We look at the functions of a family, the family life cycle and decision making in a family structure.

8.2.1 Family and households

A **family** is defined as a group of people who live together as a social entity or unit. Mpinganjira et al. (2014:219), explain family relations as follows, "family relations are brought about by blood ties, marital ties or adoption. Blood ties apply to biological relationships established by birth, while marital ties are relations by marriage, and include husband and wife as well as in-laws."

A **family** comprises a group of people who live together as a social entity or unit and can be divided into nuclear, dual-career, extended or binuclear families.

There are four types of family structures, namely the traditional or nuclear, dual-career, extended, and binuclear families (Bowden & Greenberg, 2010:20–25; Mpinganjira et al., 2014:219):

- The **traditional or nuclear family**. Nuclear in this instance means unit. A nuclear or traditional family is therefore a unit that consists of the father, mother and any children. This unit is not more than one generation apart. In cases where there is a divorce or death of a spouse, the family unit is still considered to be a nuclear family. Other forms of nuclear families are married couples without children and single-parent families. The Ntulis from the example in the introduction is an example of a nuclear family. Their family unit consists of a father, mother and two children. There are no other relatives that form part of their family unit who could have an influence on their buying decisions.
- A variation of the traditional nuclear family is the **dual-career** or **dual-earner family**. This family structure is becoming more prevalent as both parents have decided to work either for economic reasons or for personal satisfaction.
- The **extended family**. Extended means that members from outside the nuclear family stay with the nuclear family. Extended families include relatives such as aunts, uncles, the in-laws, grandparents, cousins, nieces and nephews. The extended family is a common occurrence in Africa and South Africa, where various family members stay together to form a new extended family unit. If for example, Mandy Ntuli's sister lost her job and came to live with them, it would mean that the Ntuli nuclear family unit has now been extended to include Mandy's sister. She would now also have an influence on the buying decisions in the family.
- The **binuclear**, or **co-parenting family** structure refers to joint custody families and occurs when the child is a member of two families after remarriage of either one or both parents. The responsibility of raising and parenting the child/children is still considered a joint venture between two families. Both parents have legal rights and responsibilities towards the child/children. For example, Bendy is 8 years old; her parents got divorced four years ago and both of them have remarried again. During the week she lives with her mother and stepfather, and every other weekend she stays with her father and stepmother.

The Zulu family structure: Polygamy

Although monogamous marriages are common in the Zulu culture, polygamy is still practised. In the Zulu culture, the practice of having several wives indicates a man's social standing, wealth and virility. The first wife initiates the acquisition of further wives as they are a help around the house. The first wife, together with the grandmother, exerts a powerful influence in the family.

Traditionally, each wife has her own hut, located in order of standing from the husband's hut; she also has her own fields and herd, and cooks only for her immediate family. The typical domestic unit includes the man, his wife or wives and their children (nuclear family). In some households the parents of the man form part of the unit as the most senior household members and direct most of the activities of the household (extended family).

You can follow the URL link to read more about the traditions, customs and beliefs of the Zulu culture: http://www.encyclopedia.com/topic/Zulu.aspx

Source: Sithole (2002); Zulu-culture (ND).



Activity 8.1

Visit the following link listing all the characters in the well-known television show, *The Simpsons*. Scroll down to see the immediate family and extended family of *The Simpsons* as well as their family tree. Explain the various types of family structures by applying each structure to *The Simpsons*: http://simpsons.wikia.com/wiki/Simpson_family



Feedback

- *A traditional/nuclear family consists of the father, mother and any children. This unit is not more than one generation apart. In The Simpsons, the nuclear family consists of Homer (the father), Marge/Marjorie (the mother) and their three children (Bart, Lisa and Maggie).*
- *A dual-career or dual-earner family is when both parents work. The Simpsons does not fall into this category as both parents do not work, only the father of the household. Marge (the mother) is a housemother.*
- *An extended family refers to those members from outside the nuclear family who stay with the nuclear family. Extended families include relatives such as aunts, uncles, the in-laws, grandparents, cousins, nieces and nephews. In The Simpsons, extended family would include Abraham and Mona (the grandparents) who live with the nuclear family. It can also include Patricia and Selma (the aunts) in the television show.*
- *Binuclear or co-parenting family structures are when the parents are divorced, and/or remarried, and they have joint custody of the children. Homer and Marge Simpson are not divorced and therefore they do not fall into this family structure.*

A **household** refers to an individual or a group of people who may be related or unrelated occupying a single housing unit and can be grouped as either family or non-family households (Mpinganjira et al., 2014:219).

A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children or employees who share the housing unit (Bowden & Greenberg, 2010:4). In other words, if there are people living together in a house, they are seen as a household, whether they are related or not. This is because, as a household, the people have to make certain buying decisions together. The decisions differ when the occupants of the house are related or unrelated. Households are therefore divided into two groups, namely family households and non-family households.

- **Family households:** A family household usually means that people who are related by blood, marriage or adoption occupy a house. A single family household can be a nuclear or an extended family, as explained in the previous section. There can also be instances where there are more than one family sharing a single house. This can have a great effect on the buying decisions of the household. In family households the decisions are made by the mother and father of the family. Or in an extended family context, relatives can also have an influence on the buying decisions. For example, the Ntuli's live together in a house, and Mandy decides what to buy in terms of food for their household. When they have to make bigger decisions in terms of the household such as painting the house or choosing furniture, the decisions are made by the parties in the house who have the purchasing power. Thus, Mandy and John make the decision of how much to spend on painting the house, but Blessing decides what colour she wants in her room.
- **Non-family households***:* A non-family household means that a single person or group of unrelated people occupy a house. This means that a single person living in a house is seen as a non-family household. And when a group of people who are unrelated live together they are seen as a non-family household. This could be for example students living together in student accommodation. Their buying decisions are made individually and together. For example when decisions have to be made about the house or items that are shared such as a fridge, microwave and furniture.

8.2.2 The family as a primary reference group

The family is still considered to be the most influential reference group when it comes to buying decisions. A primary reference group is a social aggregation that is sufficiently intimate and facilitates unrestricted face-to-face interaction (Joubert, 2010:146). The family is the most obvious example of a strong influential primary reference group, as consumers are influenced by their parents, siblings, and/or cousins and will eventually have an influence on their own children. For example, children are more likely to make the same kind of food that their parents made for them when they were living with them. The parents' choice of products and brands will have an influence on what the children choose for themselves. (Reference groups are discussed in more detail in learning unit 9.)

Blythe (2008:233) explains why the family is still seen as the most important social grouping:

- **Children:** Parents are the first reference group to influence children; therefore it is a very strong influence and can influence a child's perception on all buying decisions. They say that children mimic what their parents do, and it is certainly the case when it comes to buying decisions.
- **Parents:** Parents want what is best for their children. Their buying decisions are influenced by whether the product will help the child, make them more comfortable

or whether they will be happy. For example Mandy Ntuli buys Black Cat crunchy peanut butter because it is her girls' favourite spread. She knows it will make them very happy when she buys it for them. Other examples include buying the best nappies, educational toys and medicine.

- **Siblings:** Siblings have a great influence on each other's buying behaviour. Younger siblings always look up to their older siblings, and older siblings can advise their younger siblings on what to buy.
- **Families:** There are many things in a family that are bought for shared consumption. Therefore each family has a process and set of rules about purchasing decisions. For example, who is responsible for deciding what needs to be bought in the house and who is responsible for paying?

8.2.3 The family life cycle

As family structures evolved, the notion of the family life cycle has emerged which seeks to structure this evolution into a number of characteristic stages. Family life cycles have therefore been investigated as another influencing factor on the buying behaviours of individuals. The family life cycle (FLC) can be described as the changes in families that take place over time, such as marriage, divorce, births and deaths of families, and the changes in income and consumption through the various family stages (AMA, 2016).

As many families go through similar stages throughout their lives, the family life cycle groups them according to these stages, which have an effect on their buying behaviours. At each stage of the family life cycle, individuals and families show significant consumption activities and patterns. The stages in the family life cycle (FLC) are show in figure 8.1 and are consequently discussed.

The **family life-cycle (FLC)** is a series of stages determined by a combination of age, marital status and the presence or absence of children (Lamb et al., 2017:136).

Most consumers have a similar life cycle – let's consider Mandy from the example at the beginning of this learning unit. She is single and has just started out as a young adult at a new job. At this stage in the life cycle, she only has herself to care for. She soon meets John and gets married. They, as a young married couple, have different needs than single people or bachelors. In the next stage of their life cycle, they will have children and dependants to care for, which will again alter their purchase decisions. Their children will grow up, and Mandy and John will end up in an empty nest with no dependants to care for, which will give them a larger spending capability. Finally they will enter the stage where there is only one of them left; older people who only have themselves to care for have very unique buyer behaviour. Let's look at each stage of the family life cycle in more detail (Blythe, 2008:244; Joubert, 2013:30–31):

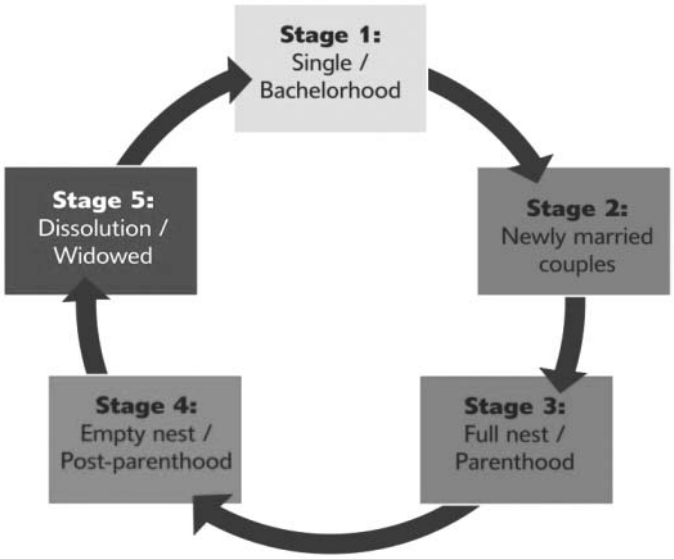


Figure 8.1: Stages in the family life cycle (FLC)

- **Stage 1 – Single/bachelorhood:** In the first stage of the family life cycle, individuals move away from their parents to establish their own household. Most people in this stage are single and just starting a new job. They tend to have a low income, but also have more spendable money. This is because they have no other responsibilities than to care for themselves. Their income is used to pay rent, for entertainment, leisure, fashion items and their hobbies.
- **Stage 2 – Newly married couples:** The second stage of the FLC is the newly married couples, or also known as the *honeymooners*. Newlyweds with no children are usually dual-income earning households and they are usually wealthy. Expenditure and buying decisions are now negotiated because two people have to decide together. In this stage it is often seen that couples spend more money on durables, home furnishing such as living-room and bedroom furnishing and appliances. These individuals tend to be more sceptical to advertising.
- **Stage 3 – Full nest/parenthood:** Many changes come with the full nest or parenthood stage. With the arrival of children into the marriage, spending and buying decisions revolve around the children – their food, clothes, daycare, medical expenses and education. It is seen that when the children are young, many mothers stop working to look after the kids, which means that the family has to survive on only one income. In instances where the mother does work, expenses include paying for daycare. As the children become older, they also start to become involved with the buying decisions in the family.
- **Stage 4 – Empty nest/post-parenthood:** This is the stage where the parents are no longer caring for any dependants – the children have grown up and left home. These children now start their own FLC at stage 1. Empty nesters have more spendable income, and spend their money on entertainment and hobbies, luxury items and retirement. They have by this time paid off their mortgage and also any big items bought on credit. This means that they can also save more money for their retirement. This is unfortunately not the case for everyone. Some older people, who have not been able to save enough for retirement, have to rely on their children for financial support.

- **Stage 5 – Dissolution/widowed:** The last stage in the FLC is dissolution or widowed, also referred to as *solitary survivors*. This stage occurs with the death of one of the spouses or when the members in the household are retired. This means that they don't get a monthly income from working. In this stage the biggest expenditure can be medical expenses. If a person is widowed, they will probably move to a smaller house or retirement village if they need special care. In South Africa, it is a common occurrence that members of the family and extended family take full responsibility of looking after their older family members.



Advertisements aimed at the various stages of the FLC:

Consider the following advertisements that are aimed at the various stages of the FLC:

- The Castle Light advertisement may appeal to individuals in the single/bachelorhood stage of the FLC – https://www.youtube.com/watch?v=N3Q8P_bT3kw
- The Pampers diaper advertisement may appeal to those individuals who have just entered the parenthood stage – https://www.youtube.com/watch?v=fdUfHwM0BBY
- The Liberty Agile Retirement Annuity advertisement may appeal to newly married couples who are planning their future or even the dissolution or widowed stage when individuals are using their retirement annuity – https://www.youtube.com/watch?v=RYdLw6YEYHA.

The family is a flexible concept, and families can go through a different life cycle than the traditional cycle discussed above. The traditional life cycle has been adapted throughout the years to include, for example, cohabitation, divorced couples, divorced or widowed individuals who remarry. Keep this is mind when marketing to the various stages in the family life cycle.

8.2.4 Roles in the household decision-making process

When it comes to a household, there are various decision-making roles – these include the initiators, influencers, deciders, buyers and consumers (Mpinganjira et al., 2014:229). Let's look at each role in more detail, with specific reference to the family structure:

- **Initiator:** The initiator is usually the person in the family who sees that there is a need for a specific product. That person then tells the others in the family. For example, Blessing sees that her favourite peanut butter is finished and tells her mother. Or Mandy is busy ironing clothes when the iron stops working and she tells her husband that they need to replace the iron.
- **Gatekeepers:** These are the individuals who control the flow of information about a product or service. Gatekeepers, or **information gatherers**, take the responsibility of searching for information, looking for alternatives and setting the evaluation criteria. An example is a mother who trusts and believes a certain type of margarine is healthier than the other margarines on the market.
- **Influencer:** The influencers are the family members who provide the information about the product or service. For instance, in the Ntuli family, Blessing is the oldest child.

She is 8 years old. She reads a magazine for children, and loves horses. She shows her mother a picture of a girl's bedroom with horses on the duvet. She asks her mother if she could also have a duvet with horses on. Or another example would be that the father needs a new computer, and his teenage son is very knowledgeable about the latest technology. The father asks the son to give him information about what he thinks will be the best computer to buy.

- **Decider:** This is the family member who decides whether or not to buy a product. This family member is also usually the one with the financial means to pay for the product. For example, Mandy decides that Blessing does not need a new duvet for her room, but agrees to buy her a book about horses instead.
- **Buyer:** This is the member of the family who does the actual purchase of the products. For example Mandy realises that her iron is broken. She talks to her husband (the decider) about buying a new one, but she is the one who goes to the shop to buy it.
- **Consumer/user:** The consumer is the member of the family who consumes the product. But, as you can imagine, there are more than one consumer of most of the products bought for the house, and therefore members in the family sometimes actively participate in more than one role. For example Mandy, when buying the iron, is the initiator, buyer and consumer of the iron.
- **Disposers:** Disposers refer to those individuals who decide on carrying out the disposal or discontinuation of a particular product or service. For example, a person who disposes of glass bottles by placing them at a recycling bin nearby.

8.2.5 Strategic marketing applications

For the marketer it is absolutely vital to understand where a customer is in their life cycle, because the marketing campaign for a product aimed at a young professional looks much different than a marketing campaign for a mother with children. Understanding who the decision maker in the family is can make a big difference in the marketing strategy. Let's look at a few practical strategies Mpinganjira et al. (2014:240) suggest you can follow:

- *Segment the market optimally:* To segment a market only according to age and marital status is not sufficient anymore. A marketer should take into account the life-cycle stage in which a family is, the person making decisions and the income of a family. All these elements have an effect on the type and quantity of products that are bought.
- *Forecast demand for different products:* Research into the consumption of families helps marketers to know what products families need. For example it is becoming more common for women in South Africa to rejoin the work force while their children are still young, which means there is a demand for more convenience food and appliances that help to save time.
- *Target marketing efforts at the right people:* If you are selling a product, it is important to know who the person is who is responsible for making buying decisions of your product. For example if you are a seller of educational toys, you know that the most likely person to buy the toys, is the mother. So it is important to design your marketing messages in such a way that they appeal to mothers.
- *Design products that appeal to member involved in family decision-making:* In a family, there is more often more than one person involved in the decision-making process. This means that they can differ in their opinions as to why a product is necessary. This is why marketers must not only look at who makes decisions in the family but also

what attributes of the product would make the product favourable or unfavourable. For example, Mandy and John need to buy a new car. Their family is growing, and they find it hard to fit everything they need into their car. Mandy likes the Mazda CX-5. She tries to convince John that it is the best car for their family. John does not like the idea of driving in a "mommy car" when they go on holiday; he likes sports cars. However, when John sees the information about the car, he is convinced. This is because, Mazda's marketing message says that the CX-5 is big enough for families and handles like a sports car. Mazda has been very successful in marketing its car in such a way that it appeals to both parties who are involved in the decision-making process.

- *Design appropriate placing strategies:* Placing strategies are the strategies that retailers follow to place their products on certain heights or spaces in the shop to ensure that they are visible and reachable by the target audience. For example, the sweets aisle at the checkout counters is low enough for children to reach. And some shops place products such as bread and milk at the farthest corner of the shop to force customers to walk past all the other products before they get there.

8.3 CULTURAL INFLUENCES ON CONSUMER BEHAVIOUR

From the day that you are born, you are influenced by what the people in your direct environment believe, their values and how the society around you works. Culture inevitably influences consumer behaviour and therefore it influences buying decisions. Cultural influences can either be individualistic or collectivistic. **Individualistic cultures** refer to individuals who only look out for themselves and their immediate families and they value their own standards and beliefs when making decisions. **Collectivistic cultures**, on the other hand, rely on the considerations of others before making a purchasing decision (Levy & Weitz, 2007:110). In South Africa, ubuntu is an example of a collectivist culture. It puts the community first and the individual second.

In the following section we look at what culture entails, the nature and characteristics of culture, and cultural values in the South African context.

8.3.1 What is culture?





Culture can be described as a set of values, beliefs, morals, attitudes and meaningful symbols shared by a group of people that shape human behaviour and the products of that behaviour as they are transmitted from one generation to the next (Lamb et al., 2017:71). The values and beliefs are seen as the acceptable behaviour in a cultural community. Culture is not necessarily only about whether you are Zulu or Xhosa, but culture can also be built around, for example, sport or buying behaviour.

Culture is the set of learned values, norms and behaviours that are shared by a society and are designed to increase the probability of the society's survival (AMA, 2016).

Culture was defined earlier on as everything a person learns and shares with members of the society, including ideas, norms, morals, values, knowledge, skills, technology, material objects and behaviour. Culture is also not static. It is dynamic, and is constantly being redefined as people change the way they do things. In a sense, culture represents a collective mental programming. In the Western culture it is quite normal, when someone invites people for lunch at a restaurant, for that person to pay the bill. Here in South Africa, the bill is often shared by everyone, both guests and host. Culture is part of the conditioning that we share with other members of our nation, region or group, but not necessarily with members of other nations, regions or groups.

Within a culture, there are also subcultures. **Subcultures** can be based on age (as discussed in learning unit 3), lifestyle, ethnicity (Zulu, Xhosa, Pedi) and geography (Gauteng, Port Elizabeth, Polokwane). This means that even within a culture, for example the African black culture, there are different subcultures, each with their own values and beliefs. In the white community there are different cultures based on religion, geographic location and language dialect. For instance, an owl, in African cultures, represents a bad omen or something evil, while in other cultures it may represent the opposite. Marketers therefore have to carefully consider whether to use an owl in their communication or marketing as individuals from African cultures would not purchase these products or services due to their belief that it symbolises a bad omen.

The "Tokoloshe"

The tokoloshe (or "*tokkelossie*") is originally a Zulu word that describes a dwarf-like, hairy creature, with immense strength and sexual power. While the exact appearance of the tokoloshe is unclear – legend has it that the tokoloshe has many appearances – the motive of the Tokoloshe is clear. Based on the Zulu myth, tokoloshes are called upon by malicious people to cause trouble for others.

Certain South African cultures purchase special "tokoloshe salt" to nip the evil spirit in the bud. This salt is said to "tame the inner tokoloshe" and is advertised as such. It is believed that the tokoloshe has a great fear for salt and will therefore not wreak havoc in the life of the user. Today, different cultures or tribes prefer different colours of the tokoloshe salt, for example, the Zulus like the colour red as it represents royalty to them. GG Alcock also explains in his book *KasiNomics* that villagers purchase Jeyes Fluid (a domestic cleaning agent) and sprinkle it around their hut houses to ward of the tokoloshe and evil spirits. Jeyes Fluid was hence marketed to these consumer groups as an agent used to ward off evil spirits if used regularly.

In South Africa, it has been quite common for domestic workers to raise their beds by placing the legs on bricks. The belief is that once this is done, the tokoloshe cannot reach the occupant on the bed.

If the presence of a tokoloshe is suspected, a sangoma (witch doctor) is summoned to exorcise the area with muti (traditional medicine). Read more about sangomas and muti here: http://www.southafrica.net/za/en/articles/entry/article-southafrica.net-traditional-healing1

Sources: Alcock (2015); Allison (2007); Du Toit (2013); St Claire (2015).

8.3.2 The nature and characteristics of culture

Culture has four unique characteristic: culture satisfies needs; culture is learnt; culture guides behaviour; and culture is enduring yet dynamic. Let's discuss each in detail as set out by Schiffman and Kanuk (in Mpinganjira et al., 2014:192):

- **Culture satisfies needs:** Culture satisfies the need to belong. When you belong to a certain culture, it satisfies the basic need to be a part of something. Culture in this instance sets a common standard for how people behave in social gatherings. For example, a culture can set the standards for the types of clothing to wear, foods to eat and socially acceptable behaviour. For example, in South Africa there is a big culture surrounding sports like rugby and soccer. People dress to support their teams, they play the music associated with the sport or buy vuvuzelas to blow at soccer games. The food and drink consumed when watching these sports are also determined by the culture.
- **Culture is learnt:** Culture is learnt from a young age. When you grow up in your parent's house, you learn by watching how they treat people, how they dress, what socially acceptable behaviour is and what they eat. Cultural standards are passed down from generation to generation. Children learn culture through two specific processes: enculturation and acculturation. Enculturation is when a child learns about their own culture from their own people. Acculturation is where a child learns about a culture that is different from their own. For example when a Zulu family moves to Germany, and they have to learn about the German culture. This happens through the process of acculturation.
- **Culture guides behaviour:** Culture guides the values and norms of a society. It dictates what acceptable behaviour is, what polite manners are and what common courtesy is. Culture also dictates non-verbal communication. This means that it dictates what gestures and body language are socially acceptable. For example, in South Africa it is common practice to use a handshake when you meet someone. But in other countries people use a kiss to greet familiar and new people.
- **Culture is enduring yet dynamic:** Because cultural values are passed on from generation to generation, they are lasting. However, with changes in technology and changes in society, cultural values can change over time. Cultures can also incorporate beliefs and values from other cultures through acculturation. For example, society's views on topics such as marriage and divorce have changed a lot over the years. Many people do not get married anymore, or they get married and do not have a problem getting divorced, whereas many years ago, it was considered common practice to get married, and unheard of to get a divorce.
- **Culture is shared socially:** Culture is not only shared in a family context, but also in the context of schools, religious houses, social media (such as blogs and forums) and mass media. Each of these has a common factor, which is language. Someone who lives in South Africa will rarely read a blog written by a French person, mostly because they cannot read or speak French, and therefore cannot understand the culture. They will more likely search for blogs that they feel express the same views they themselves have. They will watch stories and put their children in schools where they share the same language, history and values.

8.3.3 South African cultural values

The South African cultural landscape can be divided into two broad outlooks according to Mpinganjira et al. (2014:197), namely Afrocentricity and Eurocentricity. These two concepts describe the outlook, behaviour and approach to life:

- **Afrocentricity (Africa-centred)**: This refers to the "African notion of collectivism". It values participation, sharing and doing life together above individual success. Afrocentricity is therefore centred on the belief that the highest value in life lies in the interpersonal relationships between individuals (Aimiuwu, 2006). You therefore learn and work together in a group. Ubuntu – meaning "humanity to others" – is an example of Afrocentricity. Ubuntu refers to working together as a team to enrich the community and to enable those who are in need (About Education, 2015).
- **Eurocentricity (Europe-centred)**: This refers to the Western value system where the focus is on individuality. The Eurocentric work ethic is focused on working hard with discipline to earn independence. It is important to perform and achieve goals to ensure success. Eurocentricity is therefore centred on the belief that the highest value of life lies in the object, or in the acquisition of the object – individuals gain knowledge through counting and measuring (Aimiuwu, 2006).

South Africans are influenced by each other's cultures through mass media, schools and the workplace. It is becoming more common for African youth to adopt Western values and culture because of the "perceived economic prosperity" (Soontiens & De Jager in Mpinganjira et al., 2014:198).

Follow the URL link to read more about the various cultural groups in South Africa: http://showme.co.za/facts-about-south-africa/south-african-culture/south-african-culture/

8.4 SUMMARY

In this learning unit we have seen that the family and culture are two of the most important social reference groups when it comes to buying behaviour. How a customer is brought up has a big impact on what products they buy, how they consume them, and what they think is socially acceptable behaviour, good manners and appropriate dress code. Especially in South Africa where there is such a diverse mix of cultures, marketers must take many factors into consideration when segmenting markets. They cannot only take factors such as age or marital status into account, but must also know in which stage of the life cycle the customer is, what their income is, what the dominant cultural values are and who the decision maker of the family is.

8.5 CASE STUDY WITH QUESTIONS

Read each of the following scenarios and answer the questions that follow:

Scenario 1

Thandi and Sela are two friends. They come from very different homes. Thandi lives with her parents, brother and sister. Sela lives with her parents and sister, but her grandmother, cousins and aunt moved in with them after her uncle passed away.

QUESTION

Explain, by using these examples, what the difference between a family and a household is. Keep in mind that there are various kinds of families and households, and clearly differentiate between them.

Scenario 2

Sandile is 18 years old and lives with her parents. At school, she is on the athletics and cycling teams. She loves sport and the outdoors. She recently saw that Apple introduced the new Apple Watch. The watch has various health and fitness applications and will be a perfect accessory for her when she trains for marathons. Given the fact that she already has an Apple iPhone, it will be the perfect extension of her phone, because the watch can receive messages, e-mails and phone calls. Her parents will also be able to get hold of her, and know where she is at all times.

QUESTION

Explain by using the roles in the household decision-making process how the family, as a primary reference group, will influence the decision whether or not to buy the Apple Watch for Sandile.

8.6 REFLECTION



Before you continue to the next learning unit, reflect on the following questions:

1. Discuss the various types of family structures and give a practical example of each to illustrate the difference.
2. Explain why the family is seen as the primary reference group when it comes to buying behaviour.
3. Discuss the stages in the family life cycle and give an example of an advertisement that is likely aimed at each stage.
4. There are different roles in the family when it comes to decision making. Explain these roles and give an example of each.
5. Define culture and explain how marketing is influenced by the various cultural groups. Give an example to explain the influence in various cultural settings.

8.7 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

QUESTION 1

A unit that consists of the father, mother and any children is referred to as a/an … family structure.

1 binuclear
2 dual-career
3 extended
4 nuclear

QUESTION 2

Michelle and her husband got a divorce a few years ago and both of them have remarried. They have joint custody of their 8-year-old daughter and they share responsibility in raising her. This is an example of which **ONE** of the following family structures?

1 binuclear
2 dual-career
3 extended
4 nuclear

QUESTION 3

What is the **last** stage in the family lifecycle?

1 bachelorhood
2 dissolution
3 empty nests
4 full nests

QUESTION 4

The person in the family who sees that there is a need for a specific product and then tells the rest of the family, plays which **ONE** of the following roles in the family?

1 gatekeeper
2 influencer
3 initiator
4 user

QUESTION 5

A/An … culture refers to individuals who only look out for themselves and their immediate families and value their own standards and beliefs when making choices.

1 Afrocentric
2 collectivistic
3 Eurocentic
4 individualistic

Before checking the answers to the MCQs above, try to answer the questions yourself to test your knowledge and understanding of the theory you have just learnt.

MEMORANDUM

QUESTION 1

Option 4 is the correct answer.

Option 4 is correct as a nuclear or traditional family is a unit that consists of the father, mother and any children. Option 1 is incorrect as a binuclear family structure refers to joint-custody families and occurs when the child is a member of two families, after remarriage of either or both the parents. Option 2 is incorrect as dual-career family structures are becoming more prevalent as both parents decide to work either for economic reasons or for personal satisfaction. Option 3 is incorrect as an extended family consists of the nuclear family as well as additional family members living in the same household, such as aunts, uncles, parents, grandparents, the in-laws.

The correct answer can be found in section 8.2.1.

QUESTION 2

Option 1 is the correct answer.

Option 1 is correct as a binuclear family structure refers to joint-custody families and occurs when the child is a member of two families, after remarriage of either or both the parents. Option 2 is incorrect as dual-career family structures are becoming more prevalent as both parents decide to work either for economic reasons or for personal satisfaction. Option 3 is incorrect as an extended family consists of the nuclear family as well as additional family members living in the same household, such as aunts, uncles, parents, grandparents, the in-laws. Option 4 is incorrect as a nuclear or traditional family is a unit that consists of the father, mother and any children.

The correct answer can be found in section 8.2.1.

QUESTION 3

Option 2 is the correct answer.

Option 2 is correct as dissolution is the last stage in the family life cycle. This stage occurs with the death of one of the spouses or when the members in the household are retired. Option 1 is incorrect as the first stage in the family life cycle is single/bachelorhood. In the first stage of the family life cycle, individuals move away from their parents to establish their own household. Option 3 is incorrect as empty nests are where the parents no longer care for any dependants – the children have grown up and left home. Option 4 is incorrect as full nests are when you become parents.

The correct answer can be found in section 8.2.3.

QUESTION 4

Option 3 is the correct answer.

Option 3 is correct as the initiator is usually the person in the family who sees that there is a need for a specific product and tells the others in the family. Option 1 is incorrect as gatekeepers are the individuals who control the flow of information about a product or service. Option 2 is incorrect as influencers are the family members who provide the information about the product or service. Option 4 is incorrect as the user or consumer is the member of the family who consumes the product.

The correct answer can be found in section 8.2.4.

QUESTION 5

Option 4 is the correct answer.

Option 4 is correct as individualistic cultures refer to individuals who only look out for themselves and their immediate families, and value their own standards and beliefs when making decisions. Option 1 is incorrect as Afrocentricity refers to the "African notion of collectivism". It values participation, sharing and doing life together above individual success. Option 2 is incorrect as collectivistic cultures rely on the considerations of others before making a purchase decision. Option 3 is incorrect as Eurocentricity refers to the Western value system where the focus is on individuality. *The correct answer can be found in section 8.3.*

Learning unit 9

Influence of reference groups, opinion leaders and social class on consumer behaviour

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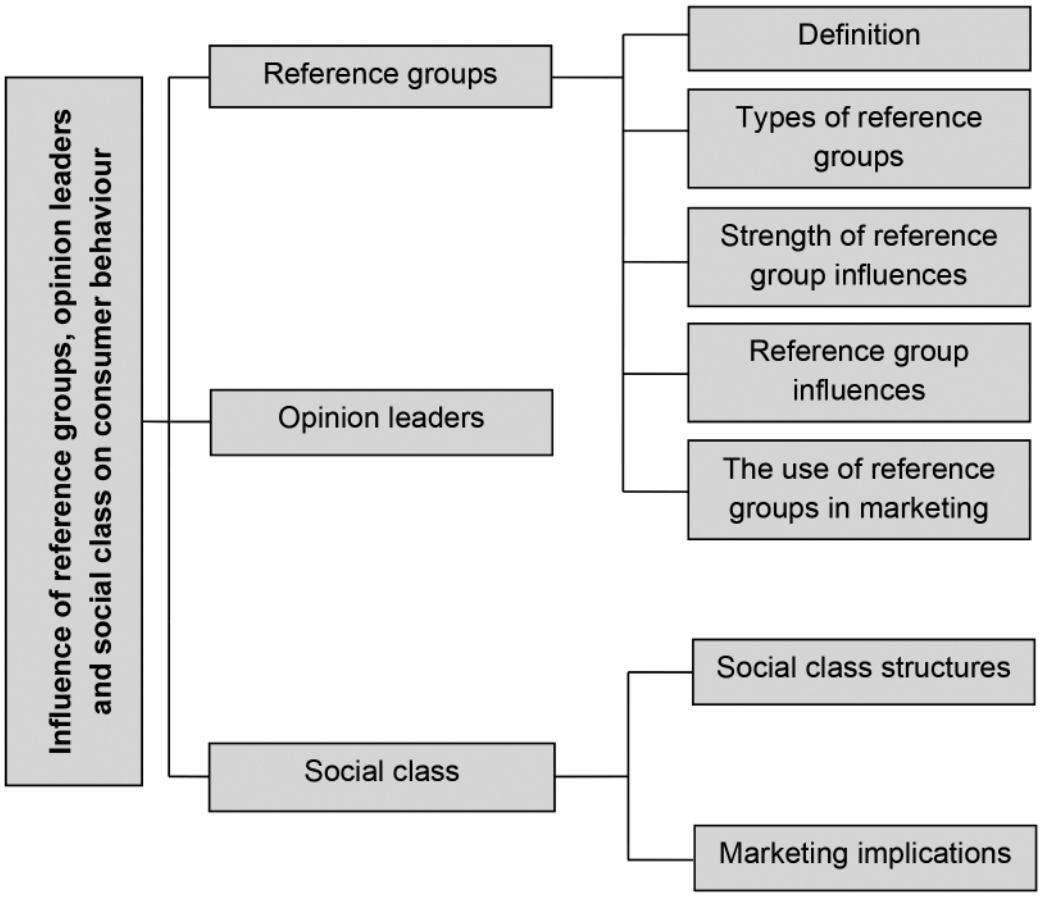
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OVERVIEW OF THIS LEARNING UNIT

Human beings are social beings – we constantly find ourselves involved in a group, be it a friendship, a group of colleagues, a religious group, a sports group, a biker club or a social group that we follow on social media. People belong to many different groups, whether informal or formal, and these groups consciously and unconsciously influence our behaviour. Group membership and identity are very important to most of us and while we don't like to think of ourselves as conformists, most of us follow group expectations. Each of these groups is seen as a reference group, opinion leader or a social class that influences our decisions and behaviours.

In this learning unit, we focus on the external factors, namely reference groups, opinion leaders and social class, that have an influence on the buying behaviour and decision-making processes of customers. The learning unit explains each concept by discussing the nature of each and the influence they have on the behaviours of consumers. Different types of reference groups are discussed as well as the implications of reference groups, opinion leaders and social classes on marketing strategies.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- define and explain what a reference group is and provide an example
- understand the importance of reference groups and their effect on the purchasing behaviours of individuals
- explain the various types of reference groups and their influence on consumer behaviour, and give an example of each type;
- explain the factors that determine how strong the influence of a reference group will be on an individual
- discuss the various ways in which reference groups can influence consumer behaviour and give relevant examples
- explain how reference groups can be used successfully in marketing and give practical and relevant examples
- provide reasons why reference groups have an influence on the purchasing behaviours of individuals
- define and explain what an opinion leader is and provide a relevant example
- define social class and give an example
- discuss how various factors, such as income, education and occupation affect an individual's social class
- explain the marketing implications of social class in marketing

KEY CONCEPTS



- Group
- Reference groups
- Formal and informal reference groups
- Primary and secondary reference groups
- Memberships
- Aspirational/dissociative reference group
- Associative reference group
- Informational influence
- Utilitarian/normative influence
- Value-expressive influence
- Opinion leader
- Social class
- Income
- Education
- Occupation
- Residential area

9.1 INTRODUCTION

Consumers are affected by the people around them when making purchasing decisions. These influences can be very strong or convince them not to buy something. Reference groups are groups that people belong to by blood relations, friendships, work associations, religion, wealth or membership. Reference groups can also be groups that people aspire to belong to, such as celebrities or role models. There are also groups that people do not want to be associated with. For example, the situation at school where a smart kid hides the fact that he is very smart to fit into the popular crowd at school. He does not want to be associated with the "brainy" kids at school. Other groups that people do not want to be associated with are people who use drugs or misuse alcohol.

Reference groups can have a powerful influence on consumers' buying behaviour, because they want to buy products that show their association with a particular group. For example, a very wealthy person buys a brand-new Porsche to communicate their wealth to the people around them. Advertising campaigns for products such as these also communicate wealth or picture a lifestyle associated with buying such a product.

Social class can also be a very powerful segmentation tool when looking at consumers' buying behaviours. Social class is divided into three main classes according to income, namely lower class, middle class and upper class. Marketers must understand the spending habits of each income group to be able to communicate and market their products successfully. For example, consumers in the middle class do not necessarily have large amounts of spendable income, but value products that are good quality and affordable. Retailers such as Edgars, Identity, Shoprite Checkers and Makro successfully market to accommodate the middle-class consumers.

In this learning unit, we look at the influence of reference groups on consumer behaviour. First we define a group and look at types of groups. We then discuss the influence of reference groups in more detail. Lastly we look at social class, how it is structured and how it affects marketing strategy.

9.2 REFERENCE GROUPS



We engage with other people on a daily basis and these social interactions that occur influence our behaviour in different and specific ways. For example, a person may be afraid of heights but goes up Table Mountain with a group of friends as a result of the influence they have on that person. Reference groups have the most important social influence on individuals. This group serves as a point of reference for an individual who is forming beliefs, attitudes and behaviour patterns. Reference groups can influence how people think about themselves, what they buy and how they act socially. The clearest example is a person who likes cooking who looks at a popular chef to decide what food to make, what appliances to buy and what kitchen utensils to use. This person also read blogs from other cooking enthusiasts and strives to be just like them.

In the first section of the learning unit, we look at what a reference group is. We discuss the characteristics of a group and the types of reference groups. Then we look at the influence of reference groups and lastly marketing implications of reference groups.

9.2.1 What is a reference group?

Before we look at what a reference group is, what is a group? A **group** is one or more individuals, who share a set of norms, values or beliefs, and have certain indirect or direct relationship to one another (Hawkin et al., 2001:226). This sounds very daunting, but actually all it means is that groups consist of friends, family, colleagues and others who share a common set of characteristics, like working together or belonging to the same sports club or church. Groups are formed for different reasons and people become members of a group in different ways. For example, when you join a club, you fill in a form or sign a contract. When you meet someone, you may become friends because of shared interests, values, beliefs and lifestyle.

Reference groups are a person or group of people who significantly influences an individual's behaviour because their opinions are valued (Blythe, 2008:211; Joubert, 2013:26). A reference group, in layman terms, is a group you refer to for information on brands, goods, services and ideas (Ling et al., 2015:165). In all reference groups there are distinctive standards of behaviour, and each group member is expected to follow these.

A **reference group** is one that the individual tends to use as the anchor point for evaluating their own beliefs and attitudes (AMA, 2016).

Reference groups are important to marketers as consumers tend to enjoy, listen to and follow them or even identify themselves with the reference group when deciding to purchase (Evans et al., 2010:242). A reference group has the ability to manipulate a consumer to purchase in a certain way by providing them with information and rewards and thereby boosting their self-confidence (Levy et al., 2012:94).

In the next section we examine the various types of reference groups that have an influence on the behaviours of customers.

9.2.2 Types of reference groups

There are different kinds of reference groups, and they are classified according to (1) the degree of formality associated with the group; (2) the importance of the reference group to individuals; (3) aspiration to the reference group; and (4) according to the nature of the membership or affiliation (Parumasur & Roberts-Lombard, 2012:107). This means the reference groups are classified according to how the people in the groups relate to each other. Let's look at each type of reference group in more detail (Hawkins et al., 2001:227; Joubert, 2012:26–27; Parumasur & Roberts-Lombard, 2012:108–110):

9.2.2.1 Formal and informal reference groups

When something is formal, it is concrete, fixed or official and some rules apply. When talking about **formal reference groups** it means that there is some sort of structure for which there are specific membership requirements. This can be done by using contracts, for example when a soccer player starts playing for a team, or signing up at the local golf club as a member.

People in a formal group interact on a less personal level than in an informal group. Informal means that it is relaxed, friendly or unofficial. An **informal reference group** is a group of people who interact on a regular basis. For example, to join a yacht club, you need to complete an application, be voted in and pay dues. You are also likely to attend monthly meetings scheduled by the club.

Formal reference groups have a highly defined structured, specific roles and authority positions and specific goals.

Informal reference groups often have a very strong influence on buying decisions.

9.2.2.2 Primary and secondary reference groups

Reference groups can be classified according to the frequency and manner in which the groups' members interact with each other on a regular basis. **Primary reference groups** comprise members whom we see often and are small enough to permit face-to-face interaction, such as friends and family members. These groups interact in a spontaneous way and show affection towards each other. For example, friends who go to the movies on a regular basis, or family members coming together over weekends for a braai. The influence of family on decision making was discussed in more detail in learning unit 8.

Secondary reference groups are comprised of people whom we see occasionally and with whom we have some shared interest. The relationships are more professional or impersonal. Communication is mainly through e-mails, mobile messages and mass media. These groups have a lesser influence in shaping the attitude and behaviour of others. Secondary reference groups include for example members of a yacht club who only meet once a month, or a religious group who meet every Sunday for a prayer session.

Primary reference groups are composed of members whom we see often and are small enough to permit face-to-face interaction, such as friends and family members.

Secondary reference groups are composed of people whom we see occasionally and with whom we have some shared interest, such as professional or religious groups.



Social pressure of primary reference group:

https://www.youtube.com/watch?v=4S6qVg0eGgU:

In the Miller Lite advertisement the influence of the primary reference group, namely friends, is illustrated – his friends exert pressure on him to rather drink the new Miller Lite beer as it is more socially acceptable.

9.2.2.3 Memberships

Membership implies that the person belong or qualifies for membership, such as being a member of a specific church congregation or the golf club. Individuals tend to be members of a certain reference group and model their behaviour on that of others who form part of this group. For example, a member of a golf club models the behaviours of others in the club, such as buying certain branded golf attire, golf balls or even golf clubs.

9.2.2.4 Aspirational or dissociative reference groups

We are often influenced by reference groups to which we do not belong, but aspire to belong to. **Aspirational reference groups** consist of individuals with whom a person desires to be associated, but to which they do not belong (Wrzosinski, 2014). This person hence tries to copy the attitudes, values, norms and behaviours of the members of that group. For example, one may aspire to be like a spokesperson used in an advertisement or an elite and successful business person. Another example can be a student who is studying for his degree looking up to successful businessmen wearing expensive suits, and aspiring to be a part of a group who can afford to dress that way. Advertising campaigns that focus on the influence of aspirational reference groups may use the lifestyle image of very rich people drinking beverages on a grand boat. Alternatively, they may use a celebrity as the spokesperson for the brand because they know the people will look up to that person.

On the other hand, **dissociative reference groups** involve those groups you do not want to be associated with and wish to avoid and reject. For example, you may reject belonging to a group of smokers. Teenagers may avoid being part of the "uncool" or "nerdy" group, while the "uncool" individual may aspire to be part of the "cool" group at school.

Aspirational reference groups consist of individuals with whom a person desires to be associated, but do not belong to.

Dissociative reference groups involve those groups you do not want to be associated with and wish to avoid and reject.

9.2.2.5 Associative reference groups

To associate means to belong or to connect to something. When you are associated with a reference group you are already part of the group, formally or informally. Associative reference groups can be family, friends, a club, loyalty programme or church. Marketers use a person's sense of association with a group to persuade them to buy a product. For example, car manufacturers depicting a family going on holiday and spending quality time together while driving in their new car.



Activity 9.1

Consider your own social setting and explain the various types of reference groups that influence your behaviour. Explain how each of the various types of reference groups influences your decision to purchase certain products or services.



Feedback

*Reference groups come in several different forms. The **aspirational reference group** refers to others against whom we would like to compare ourselves. For example, many firms use athletes as spokespeople who represent what many people would ideally like to be. **Associative reference groups** include people who more realistically represent the individual's current equals or near-equals, for example co-workers, neighbours or members of churches, clubs and other organisations. Finally, the **dissociative reference group** includes people that the individual does not want to be like. For example, the store named The Gap came about because many younger people wanted to actively dissociate from parents and other older, "uncool" people. Another example is the Quality Paperback Book Club, which specifically suggests in its advertising that its members are "a breed apart" from conventional readers of popular books.*

*Reference groups come with various degrees of influence. **Primary reference groups** come with a great deal of influence (e.g. members of a club or association) **Secondary reference groups** tend to have somewhat less influence. For example, the influence of members of a boating club that you only encounter during weekends is likely to be limited to consumption during that time period.*

Another type of classification divides reference groups into informational (influence is based almost entirely on members' knowledge), normative (members influence what is perceived to be "right", "proper", "responsible" or "cool") and identification groups.

The difference between the latter two categories involves the individual's motivation for compliance. In the case of the normative reference group, the individual tends to comply largely for utilitarian reasons: dressing according to company standards is likely to help your career, but there is no real motivation to dress that way outside the job. In contrast, people comply with identification groups' standards for the sake of belonging. For example, a member of a religious group may wear a symbol even outside the house of worship because the religion is a part of the person's identity.

9.2.3 Strength of the reference group influence

There are a few determinants that have an effect on the strength of the influence that a reference group can have on a person. According to Parumasur and Roberts-Lombard (2014:111) there are four factors that determine how strong the influence of a reference group is on a person:

- **Visibility:** If a product or brand is visible to a group, it is more likely to have an influence on the group. For example, when a teenager sees that a group in her school all wear Guess t-shirts, she is likely to also buy Guess t-shirts to fit in. But if the brand is not visible she would not be influenced to buy that specific brand of t-shirt.
- **Cost:** Customers are more likely to be influenced by a reference group when it comes to products that are expensive or exclusive than for products that are meant for everyday living. For example, a customer is more likely to be influenced by a reference group about which expensive watch to buy than what milk to buy.
- **Commitment:** When a person is committed to a group they are more likely to conform to the group's behaviour, values and norms. For example, a person who really loves hunting wears the clothes other hunters wear and buys the rifles and equipment that other people in their reference group buy. They definitely do not buy the same clothes as someone who likes skateboarding, because they have no interest in the sport.
- **Relevance:** If the group takes part in certain activates, and the activities are vital for the group's functioning, there is a stronger influence to conform to the social pressure of the group. For example when a person joins an exclusive golf club and sees that everyone wears branded shirts and shoes, they feel pressured to also buy the same branded clothes when playing with the other people in the club. The clothes that the people in the club wear are what makes the club exclusive, because it shows their wealth. But if the person joined their local community's golf club, it would not have mattered what kind of clothes they wore because there is no exclusivity because of wealth. Everyone plays for the fun of playing.

Now that we have looked at the definition of a group, and the types of groups, let's look at the influence reference groups have on individuals.

9.2.4 Reference group influences

Reference groups can affect the behaviours of customers in many different ways, which is important for marketers to understand and take note of. There are three ways reference groups influence consumer behaviour, namely informational, utilitarian and value-expressive influences (Joubert, 2013:27; Kumar, 2009:243; Lantos, 2011:241–242; Ling et al., 2015:166–169):

9.2.4.1 Informational influence

An **informational influence** occurs when we informally seek information from knowledgeable and credible reference groups to enable us to make informed decisions. Informational influences are merely the sources of information that help us make decisions. Reference groups provide us with information to reduce our search for information. For

example, a teenager may consult her friends or sisters before purchasing a fashion item. Or, you may purchase the same brand of washing powder that your mother used.

Informational influences can be triggered by specific advertisements which create awareness on products, brands or features. Extremely knowledgeable influencers who interact with consumers on diverse product information and where to shop are known as **market mavens**. A knowledgeable investment broker or property consultant could be your market maven, influencing the choices you make as you see them as the most knowledgeable in their field.

9.2.4.2 Utilitarian influence

Utilitarian (normative or instrumental) influences occur when an individual decides to conform to group expectations and standards to be socially accepted (gain rewards) or to avoid punishment (social sanctions). These may be norms on what is "cool" to wear, the latest food trends (e.g. Banting diets), smoking habits, what perfume to use, or what car to drive – to be approved in social settings. Consequently, the reference group has power over the individual to fit in or belong. Lantos (2011:242) explains that this person gains satisfaction, or utility ("utilitarian") from conforming to social group norms ("normative"). Conforming is instrumental to getting rewards or being socially accepted.

9.2.4.3 Value-expressive influence

"Value-expressive influences occur when you internalise or identify with the value of a group that reflects your self-image" (Ling et al., 2015:168). In other words, individuals can use certain reference groups to enhance or support their own self-concept. Therefore, behavioural norms are in play here as reference groups portray certain values that are shared by the group members, such as being environmentally friendly and health conscious. For example, purchasing organic food from the local supermarket or using environmentally friendly shopping bags instead of plastic bags.

9.2.5 The use of reference groups in marketing

You may ask yourself, how does knowing which reference groups influence your target market, help you as a marketer? Let's look at an example. Leila is a first-year student at the University of Cape Town. She grew up in a small town close to Cape Town and has moved to the big city for the first time. As she starts her classes, she notices that there is a group of students in her class who dress very smartly. They also have an influence on the class and the students' social activities. Leila starts to wonder whether she should start wearing different clothes to fit in better with the group in her class. So, she asks her friend, Samantha, to accompany her to the shops, because she knows Samantha is very good at staying up to date with the latest trends in clothing. The group in Leila's class is called a reference group. Samantha is also a reference point for Leila because she looks up to Samantha and admires her sense of style.

It is not surprising that some social connections can be more powerful than others. In Leila's case, she now goes to the shops to buy clothing to "fit in". She may even buy clothing items that she does not feel comfortable in, that are over her budget and that she

generally would not purchase for herself. However, the girls in her class influence her to make the change so that she can feel socially acceptable. Marketers need to understand these influences as they help them to create a marketing message and target their audiences successfully. For example, Guess may illustrate a socially acceptable situation in its advertisement to attract Leila and influence her to purchase its clothing.

The big question, however, is why? Why are reference groups so persuasive? The answer lies in the potential power they have over us – the social power that they exert on us as individuals. **Social power** refers to the capacity to alter the actions of others – in other words, the degree of influence others have on our decisions.

Reference groups have a big influence on consumers' purchasing behaviour for the following reasons (Levy & Weitz, 2007:109–110):

- **Reference groups give information:** Reference groups give information through conversation and observation. This means that a consumer can get the information they need by talking to someone, or looking at an advertisement. They can also get information by just observing what other people do. In the example of Leila, her friend Samantha gave her good advice about what clothes she should buy. Leila also observed the group of students in her class, and by doing so acquired enough information to know what it is that she would want to buy.
- **Reference groups provide rewards:** Reference groups can reward behaviour that meets their approval. For example, when Leila returns to class wearing her new clothes, some of the students may notice her and compliment her on her new outfit. This encourages Leila to continue to buy clothes that are acceptable to the group of students in her class.
- **Reference groups enhance self-image:** People who associate and identify themselves with certain reference groups gain a sense of enhanced self-image. People associate themselves with elite social groups, clubs, sports clubs and certain merchandise. Leila feels better about her own self-image because she is now part of the group in the class.

9.3 OPINION LEADERS



Opinion leaders can be considered an aspirational reference group as discussed in section 9.2.2.4. **Aspirational reference groups** are those that we compare ourselves against or we aspire to their achievements and lifestyles, such as celebrities, sportsmen, authors or elite business people (Ling et al., 2015:170). You can also aspire to be like a policeman,

firefighter, doctor, teacher, veterinarian or pilot. Whatever the case, these groups we aspire to belong to or be like are known as opinion leaders.

Opinion leaders are those individuals whose knowledgeable and insightful views we value as the basis of our thinking and decision making, such as celebrities and spokespeople (Ling et al., 2015:170).

Everyone knows someone who is knowledgeable about products, services, brands and companies, and whose advice others take seriously. These people are our opinion leaders. An **opinion leader** is an individual whose knowledgeable and insightful views we value as the basis for our thinking and decision making (Ling et al., 2015:170). Solomon (2008:439) states that an opinion leader is a person who is frequently able to influence others' attitudes, decisions and behaviours. Opinion leaders are extremely valuable information sources because they possess the social power we discussed earlier on.

Opinion leaders perform several important functions according to Shimp (2010:548):

- They inform other people about products and services.
- They provide advice on products, services, brands and many more.
- They reduce the follower's perceived risk in purchasing a product.
- They offer positive feedback to support or confirm decisions that followers have already made.



Activity 9.2

Describe what an opinion leader is and explain how opinion leaders can be used in marketing to influence the behaviours of consumers.



Feedback

The use of opinion leaders can be particularly useful in marketing. Marketers should identify key opinion leaders for a certain group and direct their efforts towards attracting these individuals. In marketing, opinion leaders are generally celebrities or sportspeople, as individuals tend to follow and mimic what celebrities are doing. Opinion leaders can have a profound influence on the success of a product, and your own consumer purchases.

For example, Telkom used Usain Bolt in its television advertisement to illustrate its fast internet connection and to attract a certain group of customers to use its product/service.

View the advertisement here: https://www.youtube.com/watch?v=USf9DBCqdpQ

9.4 SOCIAL CLASS



An individual's social class is determined by "the opportunities presented to that individual in terms of earning opportunities and the level of possession of goods" (Blythe, 2008:202). Different social classes also have "distinct behaviour patterns that are a function of factors such as occupation, income, education, wealth, religion, race, ethnic group, possessions and residential address" (Parumasur & Roberts-Lombard, 2014:112). Social class can be used to segment markets and understand consumer buying behaviour.

Social class is your social standing or societal rank manifested by socio-economic factors such as education, values, occupations, income, lifestyles, esteem and prestige (Ling et al., 2015:121).

Consider the following two examples: Lerato is a 21-year-old girl, who grew up in Johannesburg. Her father is a businessman and earns enough to provide his family with a decent income. Lerato went to a good public school in the suburbs of Johannesburg and is now enrolled at the University of Johannesburg. She can pursue the career she wants with the degree that she will obtain from the University.

Thokozile, on the other hand, is also a 21-year-old girl, but she grew up in Mpumalanga. Her mother was a domestic worker and her father passed away because of health problems. She barely finished matric at the local school in the next village and is now forced to look for work in the city because her mother has to look after her two-year-old daughter. The only work she can find is as a domestic worker and she earns a very small salary.

From these two examples, it is clear that Lerato and Thokozile have very different lives and freedom of choice because of their social class, education and income. Let's look at how the various social class structures influence our behaviour and decision making.

9.4.1 Social class structures

There are numerous variables that make up our social structures, namely income, education, occupation, wealth and residential factors (Ling et al., 2015:126–129; Parumasur & Roberts-Lombard, 2014:113):

- **Income**

Social class can be structured and determined by the income group you belong to. Traditionally, there are three major social classes, namely lower class, middle class and upper class. In South Africa, however, there are five social classes, namely lower class, working class, middle class, upper middle class and upper class. The biggest being the middle and working class. The middle class of South Africa accounts for 13.7% of the adult population in the country, while the adult working population make up 31.4 million people (BusinessTech, 2015).

In South Africa there is a very large gap between the income of the upper class and lower class. Although the middle class in South Africa is slowly growing to incorporate the emerging black middle class, the lower class is still the largest social class. There has, however, been a rise in the black diamond market in South Africa. There are currently three million black diamonds in South Africa according to a study conducted by UCT Unilever. They have a buying power of over R237 billion. According to Da Silva (2010), 89% own cellphones of which 80% use prepaid packages, and 43% prefer MTN as service provider. Marketers can utilise this knowledge to create and market products to serve this social class. For example they can either encourage them to buy cellphones on contract or they can make the rates for prepaid packages more competitive to encourage this market to continue supporting them.

- **Education**

Where someone went to school, whether they went to high school or whether they had the opportunity for tertiary education, say a lot about the social class of that individual. Holding a degree or post-graduate qualification evaluates your social status as there is obviously more status and prestige in having a tertiary education from a specific university. Education can also increase the chances of **social mobility** from one social class to another. For example, education can enable the cashier at a local grocery store to become the manager of their own grocery store or even a promising entrepreneur.

The General Housing survey of 2014, conducted by Statistics SA, estimates that 783 545 students were enrolled at higher education institutions in 2014, of which 63.4% were black African students, 24.9% were white and equally 5.9% were coloured and Indian/ Asian individuals (StatsSA, 2014:23).

- **Occupation**

Occupation, although not generally considered a social class indicator in South Africa, is a measure of skills and power (Liu, 2011:57). The occupation of an individual contributes to their income, prestige, power, aspirations, lifestyles and hence, increases their purchasing power and disposable income (Ling et al., 2015:128). Prestige may therefore reflect the relative worth and independence of a particular occupation. Occupation and income ultimately lead to wealth. While some people inherit wealthy or become rich through winning the lottery, most career people accumulate wealth through investments and savings (Ling et al., 2015:128).

- **Residential area**

Your social class is also determined by the suburb that you live in, the region or even street address. South Africa offers a diverse range of residential areas, for example rural or urban, security estates and complexes, beach houses or urban dwellings, the business capital, cities or Lowveld.

An **informal settlement** can be explained as "an unplanned settlement on land which has not been surveyed or proclaimed as residential, consisting mainly of informal dwellings (shacks)" (HDA, 2013:6). An **informal dwelling** or shack is a makeshift structure not approved by a local authority and not intended as a permanent dwelling (HDA, 2013:6).

Below are some household statistics of South Africa, as conducted by Statistics SA in 2014 (StatsSA, 2014:35–48):

- The majority of South Africans live in formal dwellings (79.4%), followed by 12.9% living in informal dwellings and 6.8% in traditional dwellings.
- South Africa also provides state-subsidised housing (RDP housing), which is a socio-economic policy framework implemented by the ANC to address many social and economic problems, such as lack of housing, violence, lack of education. In 2014, 15.3% of South African households were living in RDP or state-subsidised dwellings.
- A total of 86% of South African households are connected to the mains electricity supply.
- Electricity is mainly used by households for cooking, while some households still make use of paraffin and firewood for cooking.
- Proportions of households with access to pipe or tap water in their dwelling, off-site or on site per province are: Western Cape (98.9%), Gauteng (96.4%), Northern Cape (95.8%) and Free State (95.3%).

9.4.2 Marketing implications of social class

Parumasur and Roberts-Lombard (2014:120) explain that social class has an extensive impact on marketing decisions. They say that consumers in a specific social class have the same consumption behaviour. Social class has an effect on the location and type of retailer consumers buy from and on the media they use. Let's look at these three marketing implications in more detail:

- *Conformity in consumption behaviour:* It is relatively clear that consumers in the same social class buy products that communicate their status. In other words people in the same social class have more or less the same buying behaviour when it comes to buying for example cars or clothes. People with lots of money buy products that show that they are wealthy. When marketers segment according to social class, it is important to create marketing messages that appeal to the social class they are targeting. For example, Jenni Button markets her clothing to international career women. This means that these women earn high-end salaries and are able to afford boutique-style business clothes for work.
- *Location and type of retail outlet:* Location and retail type is a very significant way of segmenting a market according to social class. People in the upper-income level most probably never shop for clothing at Pep or buy their cars from second-hand dealerships. Whereas people with less spendable income have to buy at shops like Mr Price, Shoprite Checkers and OK.

- *Media usage:* Media usage is an interesting way to segment a market. Education is the biggest influencer of how people in a certain class use media and mass media. Better-educated people read more books and magazines, listen to the radio and go to the cinema. Whereas less-educated people watch a lot more television, depending on their free time, and listen to radio stations that play popular music.

9.5 SUMMARY

In this learning unit, we discussed three important influences on buying behaviour, namely reference groups, opinion leaders and social class. We discussed what a reference group is, the influence they have on the behaviours of consumers as well as the various types of reference groups and influences. Reference groups bring value to consumers, because they are a source of information, help them to build their self-image and give them a sense of belonging. Opinion leaders have been discussed briefly, followed by the influences of social class on the purchasing behaviours of customers.

In the next learning unit, we discuss market segmentation, positioning and targeting.

9.6 CASE STUDY WITH QUESTIONS

Read the following two articles: "*Black diamonds: all that glitters is not gold*" as well as "*Rise of the black middle class*" and answer the questions that follow. In these articles, the black middle class of South Africa, a group which has long been avoided by marketers, are discussed. The links to the two articles are:

- http://www.bizcommunity.com/Article/%20196/423/51186.html
- http://www.news24.com/MyNews24/Rise-of-the-black-middle-class-20140604

QUESTIONS

1. Discuss how family influences the buying behaviours of this group. Explain what reference group influence family falls under and motivate your answer.
2. Explain the social class of the black diamonds market. In your discussion, define what a social class is, and explain the various factors that have an impact on your social class.
3. Explain how marketers can successfully tap into the black diamonds market and explain the factors that may have an influence on their purchasing behaviours.

9.7 REFLECTION



Before you continue to the next learning unit, reflect on the following questions:

1 What is a reference group and how does it influence the behaviours of individuals? Give an example to illustrate its influence on consumers.

2 Explain the various types of reference groups and give an example of each from your own experiences.

3 What are the various factors that determine how strong the influence of a reference group is on an individual?

4 Discuss the various ways in which reference groups can influence the behaviours of customers and give an example of each.
5 Define an opinion leader and give a practical example to explain the concept.
6 Give a definition of social class and explain how various social class structures can influence the purchasing patterns and power of individuals.
7 How does social class affect a buyer's decision making when purchasing products?

9.8 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

QUESTION 1

A person or a group of people that significantly influence an individual's behaviour because their opinions are valued is referred to as a/an …

1 leadership group.
2 opinion leader.
3 reference group.
4 social class.

QUESTION 2

Friends and family members are examples of a/an … reference group.

1 formal
2 aspirational
3 primary
4 secondary

QUESTION 3

Individuals with whom a person desires to be associated, but does not belong, is an example of a/an … reference group.

1 aspirational
2 associative
3 dissociative
4 formal

QUESTION 4

Bianca is 17 years old. Before purchasing a Guess jean, she consults her best friend. This is an example of which **ONE** of the following reference group influences?

1 informational influence
2 normative influence
3 utilitarian influence
4 value-expressive influence

QUESTION 5

Those individuals whose knowledgeable and insightful views we value as the basis of our thinking and decision making, such as celebrities and spokes-people, are known as …

1 opinion leaders.
2 reference groups.
3 social classes.
4 social groups.

Before checking the answers to the MCQs above, try to answer the questions yourself to test your knowledge and understanding of the theory you have just learnt.

MEMORANDUM

QUESTION 1

Option 3 is the correct answer.

Option 3 is correct as reference groups are a person or group of people that significantly influence an individual's behaviour because their opinions are valued. Option 1 is incorrect as the term is not discussed in the prescribed material. Option 2 is incorrect as opinion leaders are those individuals whose knowledgeable and insightful views we value as the basis of our thinking and decision making, such as celebrities and spokespeople. Option 4 is incorrect as social class is your social standing or societal rank manifested by socio-economic factors such as education, values, occupation, lifestyle, esteem and prestige.

The correct answer can be found in section 9.2.1.

QUESTION 2

Option 3 is the correct answer.

Option 3 is correct as primary reference groups comprise members that we see often, and are a small enough group to permit face-to-face interactions, such as friends and family. Option 1 is incorrect as in formal reference groups there is some sort of structure for which there are specific membership re-

quirements. Option 2 is incorrect as aspirational reference groups consist of individuals with whom you desire to be associated, but to which you do not belong. Option 4 is incorrect as secondary reference groups are comprised of people that we see occasionally and with whom we have some shared interest.

The correct answer can be found in section 9.2.2.

QUESTION 3

Option 1 is the correct answer.

Option 1 is correct as an aspirational reference group consists of individuals with whom you desire to be associated, but to which you do not belong. Option 2 is incorrect as associative reference groups can be family, friends, a club or loyalty programme. Associative reference groups are groups that you already belong to. Option 3 is incorrect as dissociative reference groups involve those groups you do not want to be associated with and wish to avoid and reject. Option 4 is incorrect because in formal reference groups there is some sort of structure for which there are specific membership requirements.

The correct answer can be found in section 9.2.2.

QUESTION 4

Option 1 is the correct answer.

Option 1 is correct because informational influence occurs when we informally seek information from knowledgeable and credible reference groups to enable us to make informed decisions. Options 2 and 3 are incorrect as normative/utilitarian influences occur when an individual decides to conform to group expectations and standards to be socially accepted (gain rewards) or to avoid punishment (social sanctions). Option 4 is incorrect as value-expressive influences occur when you internalise or identify with the value of a group that reflects your self-image.

The correct answer can be found in section 9.2.4.

QUESTION 5

Option 1 is the correct answer.

Option 1 is correct as opinion leaders are those individuals whose knowledgeable and insightful views we value as the basis of our thinking and decision making. Option 2 is incorrect as reference groups are a person or group of people that significantly influence an individual's behaviour because their opinions are valued. Option 3 is incorrect as social class is your social standing or societal rank manifested by socio-economic factors such as education, values, occupation, lifestyle, esteem and prestige. Option 4 is incorrect as social groups are not the term described in the question.

The correct answer can be found in section 9.3.

TOPIC 4

Market segmentation, targeting and positioning

AIM

To demonstrate knowledge and understanding of market segmentation, targeting and positioning.

LEARNING OUTCOMES

After studying this topic, you should be able to do the following:

- demonstrate knowledge and understanding of market segmentation, targeting and product positioning with the aid of relevant and practical examples

TOPIC CONTENT

Learning unit 10: Market segmentation, targeting and positioning

Learning unit 10

Market segmentation, targeting and positioning

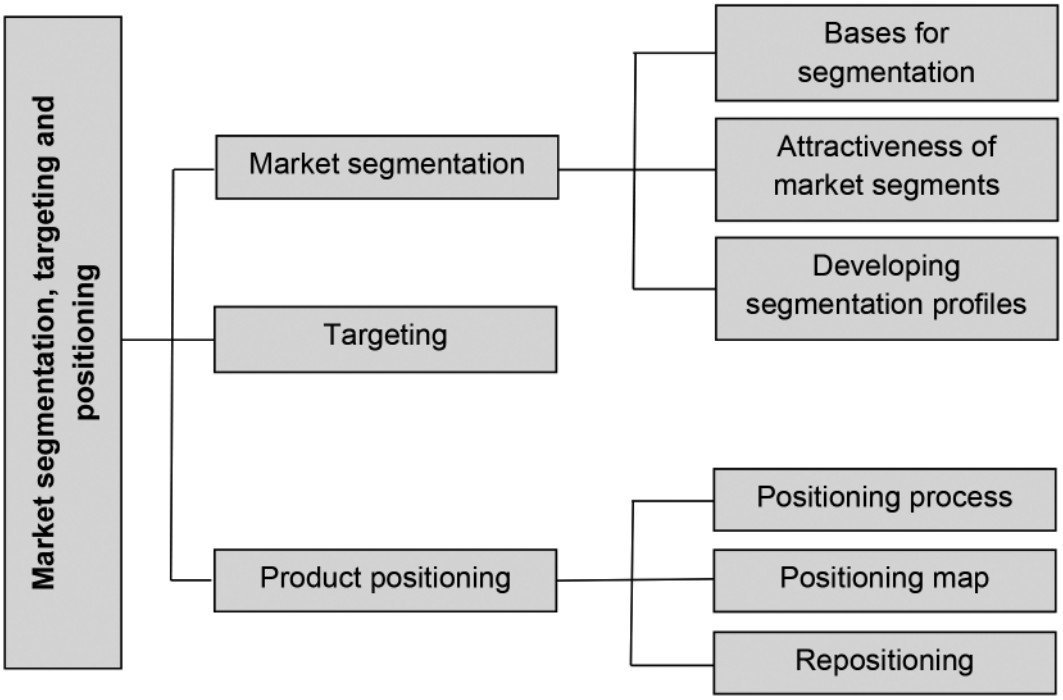
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OVERVIEW OF THIS LEARNING UNIT

Each person is unique and people come from different backgrounds; we live in different households, and have different interests, goals and needs. We shop at different stores, we purchase different brands, we have different hobbies and engage in different physical and recreational activities. Marketers want to capture the attention of each and every individual consumer. However, it is close to impossible for a single product or organisation to meet the needs of every single consumer as consumers tend to have different needs and wants. Therefore, marketers turn to segmentation, targeting and positioning (STP) to assist them in finding the correct consumers, targeting them in terms of tailoring the marketing mix to reach that group, and positioning the product or service in a favourable way in the consumer's mind. This learning discusses all these concepts and practically explains how to implement segmentation, targeting and positioning successfully.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- describe what the STP process is
- define segmentation, targeting and positioning and practically apply each concept
- identify and discuss, with the use of examples, the various bases for segmenting a market
- understand the various LSM category descriptors and understand how they influence your marketing strategy
- discuss the various types of behavioural segmentation that can be used and provide practical examples of each
- understand the five ACNielsen MRA Sociomonitor Value Groups used in South Africa
- explain the criteria for evaluating the attractiveness of a market segment
- develop a segmentation profile
- explain targeting and a target market and discuss the strategies used to target a segment
- describe product positioning and give examples thereof
- explain the steps in the positioning process
- describe the bases marketers can use to position the product in the consumer's mind
- explain what a positioning map is and develop a positioning map
- explain why organisations may reposition their product offering
- describe the common positioning errors organisations should avoid

KEY CONCEPTS

- STP process
- Segmentation
- Geographic segmentation
- Demographic segmentation
- LSM categories/descriptors
- Behavioural segmentation
- Psychographic segmentation
- Geo-demographics
- ACNielsen MRA Sociomonitor Value Group
- Targeting
- Target market
- Positioning
- Product positioning
- Positioning map (perceptual mapping)
- Repositioning

10.1 INTRODUCTION

It would be close to impossible for an organisation to satisfy the needs of every single consumer, because consumers differ in terms of their tastes, attributes, perceptions of products and services and their desires. Let's think of a pair of Nike Air trainers: this product does not appeal to every single consumer, so Nike specifically looks at consumers who want to be fit and healthy. By knowing who it is marketing its products to, Nike can make decisions about where to advertise the product to reach that particular group of individuals. Therefore, marketers need to determine who are part of the market or group of customers they target. To do this successfully, marketers must make use of the STP process (segmentation, targeting and positioning). If the STP process has been applied correctly, it allows us, as marketers, to focus all of our efforts on a particular market instead of just trying to sell our product to the mass market. These concepts are discussed in more detail in this the learning unit.

10.2 SEGMENTATION, TARGETING AND POSITIONING (STP) PROCESS



Firstly, **segmentation** involves dividing the mass market (also known as a population) into smaller groups of individuals with similar characteristics, expectations and who may be seeking a particular benefit from a product (Parumasar & Roberts-Lombard, 2014:242). For example, if a local grocery store has opened in a specific suburb, it segments its market

to the consumers in that particular suburb (using geographic segmentation) rather than the consumers who may be 50 km away. A spaza shop may, for example, use behavioural segmentation based on consumers' usage rate or purchase occurrence – visiting the spaza shop out of necessity.

The **targeting** aspect looks at evaluating each segment and targeting the most appropriate segment through the tailoring of the marketing mix for that particular segment (Parumasar & Roberts-Lombard, 2014:253). For example, fast-food outlets generally target consumers looking for affordable and convenient meals, which is why their advertisement messages include statements like: "*Meals for under R25*" and "*Be in-and-out of the drive-thru in less than 10 minutes*".

Positioning refers to the position the product may hold in the consumer's mind relative to the products of competitors (Parumasar & Roberts-Lombard, 2014:253). Marketers need to be sure to position the product in a way that adds value to the consumer. For example, Apple has positioned itself as an innovative yet easy to use product and that is why it has similar icons on all of its products. Consumers can also set up appointments at Apple Stores for assistance in learning how to use the products.

Segmentation involves dividing our mass market into smaller groups of individuals with similar characteristics, similar expectations and who may be seeking a particular benefit from a product.

Targeting looks at evaluating each segment and targeting the most appropriate segment through the tailoring of the marketing mix for that particular segment.

Positioning refers the position the product may hold in the consumer's mind relative to the products of competitors.

Segmentation, targeting and positioning are looked at in more depth in the remainder of this learning unit. Firstly, we look at market segmentation.

10.3 MARKET SEGMENTATION

When we look at segmentation, we decide on how to divide and group the market into smaller, more manageable groups. Segmentation therefore involves dividing the population based on geographic location, demographic characteristics, behaviour and psychographic profile (i.e. the bases for market segmentation) (Larsen, 2010). Once we have determined the base (or bases) we will use to segment the market, we need to develop a segmentation profile to describe and characterise each segment. It should be noted that we do not need to segment the market for each and every product; if the product is very generic or basic it may not require segmentation (i.e. a basic toothbrush). You can follow the URL links below to read more about the benefits and disadvantages of market segmentation. Thereafter, we discuss the bases of segmentation in more detail.

Benefits and disadvantages of market segmentation:

Read the following articles regarding the benefits and disadvantages of market segmentation.

- *6 Advantages of segmentation* – http://www.marketing91.com/6-advantages-segmentation/
- *Limitations of segmentation* – http://www.marketing91.com/limitations-segmentation/

10.3.1 Bases of segmentation

To divide the mass market or population in smaller subsets, we can use one, or a combination, of the following bases for segmentation:

- geographic segmentation
- demographic segmentation
- behavioural segmentation
- psychographic segmentation



10.3.1.1 Geographic segmentation

Geographic segmentation is the most basic form of segmentation, because it can be regarded as the easiest (Jackson, 2013:104). We segment geographically when we break up the market into cities, provinces and countries, as well as rural or urban geographic areas. Sometimes, certain products and services are only offered in certain geographic regions due to the product consumption in that region. For example, consumers in Canada prefer seafood compared to any other protein, so McDonald's has begun offering seafood meals like shrimp wraps, fish sandwiches and lobster meals. However, in other countries this may not be the case. For example in India, consumers prefer vegetarian meals; in Mexico they like the fiery jalapeno and spicy hot range; and in South Africa, McDonald's has introduced the pure beef sandwich range and BBQ range to "keep it local". This means that McDonald's has looked at what consumers want depending on their geographic region and offers products to suit those needs and wants.

10.3.1.2 Demographic segmentation

Demographic segmentation is another popular form of segmentation, because it incorporates variables which are easy to measure and often link to a consumer's product needs and buying behaviour. These variables include: age, gender, stage of the family life cycle, education level, income level, occupation or social class, religion and race. Refer back to learning unit 3 where these characteristics were discussed.

Industries that uses demographic segmentation the most, are clothing, haircare and cosmetics, because these products are targeted to specific demographic groups (Jackson, 2013:105). If you think about the South African demographic profiles, you notice that different demographic groups have different needs. For example, a white female uses different haircare products and different salons compared to African females, purely due to the different hair textures these groups have. Many marketers use demographic segmentation because the income variable reveals purchasing power compared to a variable like the education level, which does not really indicate purchasing intention. In other words, the amount of money the consumer can spend on products and services.

Below are examples of how the demographic profile of your market can be used to segment successfully. A combination of these demographic factors can be used to segment your market:

- **Age:** The needs and wants of consumers change with age. An organisation may, for example, segment its product to the teenager market, between the ages of 18 and 25. When segmenting to a younger generation group, you may consider using social media, mobile or internet marketing, while the older generation can be reached through television, newspapers and radio advertisements.
- **Gender:** Dividing the market into gender-based groups has long been common for many products including cosmetics, clothing and magazines.
- **Family life cycle:** The market can also be divided based on the stage in the family life cycle. Bachelors have different needs and wants than a young family with children, or a retired couple. A company selling baby products segments its market based on the full-nest life stage, while retirement annuities and travel packages for pensioners are segmented based on the empty-nest life stage. These stages were discussed in learning unit 8.
- **Occupation/social class:** The type and level of occupation can also be used to segment your market. For example, mining equipment is segmented to reach the mining industry profession, while an expensive car manufacturer may target its advertising to executive managers and directors of large companies.
- **Religion:** As discussed in learning unit 3, religion can have an effect on consumers' buying behaviours. Companies can therefore segment their markets based on the religion and beliefs of individuals. For example, a restaurant selling halal food, segments its market accordingly to communicate and inform the Muslim consumer thereof.
- **Race:** Segmentation according to race was discussed in learning unit 3. Refer back to this unit and see how race can be used to segment your market successfully.

The South African Audience Research Foundation (SAARF) came up with the Living Standards Measure (LSM) in the late 1980s – researchers and marketers wanted to create an index using a combination of variables which could be used to give a multidimensional

view and understanding of the consumer. Some of the variables used to classify consumers into certain LSMs are: built-in kitchen, TV set, home telephone, washing machine, flushing toilet, car etc. (SAARF, 2015). Let's have a look at the different LSM categories/descriptors in South Africa:

Table 10.1: LSM categories/descriptors

LSM 1	• 1.4% of the SA population • Primary school completed • Small urban/rural area • Average household income is R1 480 per month • Radio is a major channel of media • Minimal access to services • Minimal ownership of durables
LSM 2	• 3.6% of the SA population • Some high school completed • Small urban/rural area • Average household income is R2 216 per month • Radio is a major channel of media • Communal access to water • Minimal ownership of durables
LSM 3	• 5.9% of the SA population • Some high school completed • Small urban/rural area • Average household income is R2 581 per month • Radio is a major channel of media • Communal access to water or water is available on plot • Minimal ownership of durables
LSM 4	• 11.7% of the SA population • Some high school completed • Small urban/rural area • Average household income is R3 178 per month • Radio is a major channel of media and SABC 1 • Access to electricity, non-flush toilet, TV sets
LSM 5	• 16.9% of the SA population • Some high school completed • Small urban/rural area • Average household income is R4 310 per month • Access to radio and TV channels like SABC 1, 2, 3, eTV • Access to electricity, flushing toilet, TV, stove, fridges and hi-fi/radio set
LSM 6	• 23.8% of the SA population • Matric completed • Large urban area • Average household income is R6 669 per month • Wide range of access to media: radio, TV (SABC 1, 2, 3, eTV, Top TV) • Electricity, water in the home, flushing toilet inside the home, microwave, savings account and owns a stove

Table 1 continued

LSM 7 (low)	• 6.2% of the SA population • Matric and higher • Urban area • Average household income is R10 069 per month • Wide range of access to media: radio, TV (SABC 1, 2, 3, eTV, Top TV, DStv, all print, access to internet) • Full access to services
LSM 7 (high)	• 5.9 % of the SA population • Matric and higher • Urban area • Average household income is R12 895 per month • Wide range of access to media: radio, TV (SABC 1, 2, 3, eTV, Top TV, DStv, all print, access to internet, cinemas) • Full access to services
LSM 8 (low)	• 4.5 % of the SA population • Matric and higher • Urban area • Average household income is R15 590 per month • Wide range of access to media: radio, TV (SABC 1, 2, 3, eTV, Top TV, DStv, all print, access to internet, cinemas) • Full access to services • Own most of the durables they have access to
LSM 8 (high)	• 4.2 % of the SA population • Matric and higher • Urban area • Average household income is R16 396 per month • Wide range of access to media: radio, TV (SABC 1, 2, 3, eTV, Top TV, DStv, all print, access to internet, cinemas) • Full access to services • Own most of the durables they have access to
LSM 9 (low)	• 4.5 % of the SA population • Matric and higher • Urban area • Average household income is R15 590 per month • Wide range of access to media: radio, TV (SABC 1, 2, 3, eTV, Top TV, DStv, all print, access to internet, cinemas) • Full access to services • Own most of the durables they have access to
LSM 9 (high)	• 4.9 % of the SA population • Matric and higher • Urban area • Average household income is R25 395 per month • Wide range of access to media: radio, TV (SABC 1, 2, 3, eTV, Top TV, DStv, all print, access to internet, cinemas) • Full access to services • Own most of the durables they have access to

Table 1 continued

Table 1 continued

LSM 10 (low)	• 3.4% of the SA population • Matric and higher • Urban area • Average household income is R32 451 per month • Wide range of access to media: SABC 3, M-Net, DStv • Access to internet • Full ownership of durables
LSM 10 (high)	• 2.7% of the SA population • Matric and higher • Urban area • Average household income is R40 695 per month • Wide range of access to media: M-Net, DStv • Access to internet • Full ownership of durables

Source: SAARF (2015)

When you look at the table above, you can see the average income earned per month. You can also see the level of education and the media that consumers in these segments use. This is important information marketers use when they develop marketing strategies, such as the nature of the product, the price to ask and how to communicate to the targeted consumers. For instance, if your market segment is the lower class (LSM 1 and 2), you communicate by means of newspapers and radio, as these consumers do not own a television.

Highveld and Jacaranda FM in Gauteng, for example, segment their markets based on LSM 8 to 10, while Metro FM, Radio 2000 and RSG, Lesedi FM, Tru FM and Lotus FM, on the other hand, target LSM 1 to 4 (RAMS, 2013).



SAARF – LSM categories:

http://www.saarf.co.za/lsm/lsms.asp

Follow the URL link provided above to view more information on SAARF's website about the LSM measurement categories.

Many South African marketers have been trying to understand the behaviour of black middle-class consumers, due to their size and market opportunities. In 2004, the black middle class included 1.7 million consumers and by 2012 it had grown to an estimated 4.2 million consumers (BusinessTech, 2015). Consumers who form part of the black middle class tend to display different consumption patterns and behaviour compared to the white middle class. This is due to historical or possibly cultural reasons. Researchers have found that black middle-class consumers tend to have a desire for visible or noticeable consumption – in other words, they like to purchase physical or expensive products. In addition, researchers have also found that black consumers are relatively new to the middle class and have to make physical asset purchases like houses, cars and appliances once they can afford to (Van der Berg, 2014). With the black middle class expected to

grow, marketers need to understand the behaviour of these consumers to market their products successfully to them.



The rise of South Africa's black middle class:

https://www.youtube.com/watch?v=mGXnnE5WRW8

The video contains a lecture discussing the burgeoning black middle class.

10.3.1.3 Behavioural segmentation

Sometimes it's necessary to go deeper than location (geography) and the demographic profile of the consumer. Consumers can be grouped based on their behavioural profile, which can be grounded on the knowledge the consumer has about the product/service, how to use it, how often to use it and how to respond to the product (Lamb et al., 2016:142). Behavioural segmentation is "a more focused form of market segmentation that groups consumers based on specific behavioural patterns they display when making purchasing decisions, enabling producers to adapt their marketing approach to specific groups" (BusinessDictionary, 2016).

There are different types of behavioural segmentation, namely:

- **User status:** Consumers can be classified based on whether they are potential users, first-time users, regular users, non-users or ex-users of a product or service (Baranowska, 2014). For instance, consumers regularly purchase shampoo and soap; however, they may occasionally purchase a pair of socks or a new hairbrush.
- **Buyer readiness:** Marketers can target consumers depending on the buying stage they are in – the level of intention to buy is classified from mere awareness of the company's products or services (Lyndsayt, 2014). Sometimes, consumers need more information as they are still in the information-gathering stage while other consumers may not need more information as they are ready to make the purchase. Buyer readiness can be classified into five stages, namely: awareness of the product/service; knowledge; liking; conviction; and purchase (Lyndsayt, 2014). Marketers can use discounts or sales representatives to encourage customers to purchase (Baranowska, 2014).
- **Occasions:** Consumers generally purchase products and services during festivals or certain specific occasions. For example, consumers purchase Christmas or birthday cards; they purchase chocolate eggs and bunnies during Easter; a Christmas tree and decorations before Christmas season; Mother's and Father's Day cards and gifts; or they purchase gifts, cards and decorations for weddings and the birth of a baby. Death, in the Zulu tribes, is a ceremonial occasion accompanied by appropriate rites of passage. Many other ceremonies are held by the Zulu culture, which include the slaughtering of a goat or cow (Sithole, 2002).
- **Benefits sought:** Products are often marketed because of the benefits that the product or service offers the consumer. For instance, many haircare products have recently been promoting benefits like "reduction in split-ends", "anti-dandruff". Another example, for instance, is body lotion – for dry skin, for oily skin, reducing the appearance of spots or anti-ageing lotions.

- **Loyalty status:** Organisations should aim to increase brand loyalty because, the more loyal a consumer is, the more money they are likely to spend on the product, service or brand (Lyndsayt, 2014). An individual's loyalty status can either be high, medium or low. For example, a consumer specifically purchases products from Clicks because of the points they can earn on the loyalty programme. A consumer who is very loyal to a product or brand, only purchases a specific brand, while someone who is not very loyal, purchases another product or switches to another brand (Lyndsayt, 2014).
- **Usage rate:** Usage rate involves classifying the consumer based on the frequency with which they acquire the product or services of a business (Lyndsayt, 2014). They are either heavy users, moderate users or light users of a product or service. For example, some consumers are heavy users of products in the beauty industry (i.e. haircuts, manicures, pedicures) while others are light users – this can influence their behaviour and how receptive they may be to marketing communications.
- **Attitude towards the product:** By segmenting customers according to their attitude towards the product, service or organisation an enterprise can increase its marketing productivity (Joubert, 2013:108). Market segments that are negative or hostile towards a product can be avoided, saving valuable time and money.

10.3.1.4 Psychographic segmentation

Psychographic segmentation encompasses understanding the values, attitudes, interests and lifestyle of the consumer, which allows for a deeper understanding of the consumer's behaviour. This form of segmentation often goes beyond geographic, demographic and behavioural segmentation as it offers a more reliable prediction of consumer behaviour. Psychographic segmentation generally gives a more accurate reason as to why the consumer is buying the specific product, service or brand. For example, a dual-working young family with three young children have different lifestyle needs than a retired older family with an empty nest. The former family is more likely to need products and services like convenience foods and daily crèche services.

Psychographic segmentation involves segmenting the market on the basis of personality, social class, motives, lifestyles, and geo-demographics (Joubert, 2013:105; Lamb et al., 2015:146).

Psychographic segmentation involves dividing the market into groups based on their personality, social class, motives, lifestyles and geo-demographics:

- **Personality** reflects a person's traits, attributes and habits (Mpinganjira et al., 2014:280). It is those inner psychological characteristics that both determine and reflect how a person responds to their environment (Hawkins & Mothersbaugh, 2010:373; Schiffman & Kanuk, 2004:120). Refer to learning unit 5 to refresh your memory on personality.
- **Social class** refers to your social standing manifested by socio-economic factors, such as education, values, occupation, income, esteem and prestige (Ling et al., 2015:121). Learning unit 9 discussed social class in detail.
- **Motives** involve dividing consumers into groups according to the reasons they have for purchasing a product or service. Different customers buy the same product or service for different reasons (Mpinganjira et al., 2014:281). For example, Jeyes Fluid is generally used as a cleaning product or disinfectant in households. However, certain

African cultures purchase Jeyes Fluid to sprinkle around their huts to ward off evil spirits. Similarly, one person may purchase a Volvo because it is advertised as a safe car, while another may purchase a Volvo as a status symbol. Refer to learning unit 6 for more on customer motivations.

- **Geo-demographics** involve the combination of geographic and demographic variables in segmenting a market (Mpinganjira et al., 2014:282). An organisation can, for example, decide to target working moms located in the major cities of South Africa.
- **Lifestyles** involve individuals being divided according to their **a**ctivities, **i**nterests and **o**pinions (AIO). Lifestyles and the AIO dimensions were discussed in learning unit 5. The AIO dimensions as well as the VALS framework (see link below) can be used to determine the values and lifestyles of individuals. The ACNielsen MRA Sociomonitor Value Groups survey can be used in South Africa to classify individuals according to their psychographic profile. The Sociomonitor Value Groups are discussed below:



Values and Lifestyles (VALS) framework:

http://www.marketing91.com/vals-values-attitude-lifestyle/

In the USA the Values and Lifestyles (VALS) framework is used to classify different groups of people. Read more about the VALS framework by following the URL link provided above.

The five ACNielsen MRA Sociomonitor Value Groups are (Joubert, 2013:106–107):

- **Conformists** – are characterised by conformity to group value systems. Traditions, religions, the family and home are paramount. Probably because of their civil and group-adhering values, they would like to see harmony between the different race groups, the South African nation as a whole and the genders. They are accepting and understanding of other people's emotions, mainly because of their strong religious orientation.
- **Traditionalists** – are characterised by traditional values with some focus on personal achievement and thus the assumption of individualistic and more modern values. The more traditional values are group oriented, such as past orientations, ubuntu, familyism, religion and cultural customs.
- **Progressives** – are a modernised group whose primary needs are self-development, but also some harmony in acquiring meaning from and giving back to the group. They are proudly focused on self-improvement and development of every aspect of their personal lives – so they like to take care of, enhance and project beautiful physical looks, their health and their home environment, and want to acquire new skills to stimulate their minds.
- **Non-conformists** – this group rejects any group-orientation, civil and/or traditional values in favour of individualism. They tolerate and accept other individuals easily, regardless of gender or race differences, and uphold their rights to individual choice. Non-conformists are drawn to technology and technological gadgets – these are the people who take readily and comfortably to new technology.
- **Today-ers** – present a tough do-not-care exterior to the world. There is a strong rejection of anything resembling group civility or conventions. They are extrinsic-oriented – they buy on brand externals and lower price rather than on intrinsic – and

need to show off to others what they have and who they are. There is an inclination for thrills and action, and living on the edge.



The role of psychographic segmentation in the team market:

https://www.youtube.com/watch?v=M4S7OoO5t20

This video features a case study on Lipton Ice Tea's offering in the tea market based on targeting different psychographic segments.

10.3.2 Evaluating the attractiveness of a market segment (prerequisites)

Once marketers have decided how to segment the market, they need to evaluate the attractiveness of that specific market segment, in other words determine whether it is a viable option. Lamb et al. (2015:136) suggest the following criteria (or prerequisites) for evaluating the attractiveness of the market segment:

- **Substantiality:** The segment needs to be large enough to justify developing a specific marketing mix for that particular segment. However, this depends on the type of product, if we sell a product that is relatively specialised (and most likely expensive), the segment does not necessarily need to be large in size. The key is that the segment offers longevity. For example, the marketers of private aeroplanes – this market is not large in the amount of customers but the customers it has and the price they pay for the aeroplane make it sustainable.
- **Identifiability and measurability:** Segments need to be identifiable and their size should be measurable (usually through sales volume). Marketers should have access to some data (amount of consumers within a specific demographic for example) about the segments to make it easier to determine the size of the segment.
- **Accessibility:** Organisations should be able to reach their chosen segments and be able to customise the marketing mix for that segment. Some segments like senior citizens may be more difficult to access as they may not use the latest technologies for example.
- **Responsiveness:** Marketers need to consider how the segment will respond to the proposed marketing mix, some may regard price as very important while others may regard the product's performance as important.



Activity 10.1

In this activity you need to demonstrate your understanding of the different segmentation bases by identifying which base of segmentation the following are using:

1 A townhouse that offers a lock-up-and-go living situation for consumers who want to travel and not worry about security.
2 A catering company that sells food platters to consumers for functions, such as year-end functions or Christmas functions.
3 A handyman placing pamphlets in post boxes in his local area.
4 A bank that offers students or retired consumers special bank accounts and reduced banking fees.

Feedback

(1) Psychographic segmentation – looking at the lifestyle of consumers (those who are looking for convenient living situations)
(2) Behavioural segmentation (specifically occasions) – consumers are buying the food platters for specific occasions
(3) Geographic segmentation – handyman placing these pamphlets in the area he services
(4) Demographic segmentation – specifically looking at the age/education profile and offering consumers specific products according to their demographics

10.3.3 Developing segmentation profiles

Once a segment has been chosen, marketers need to develop a profile of the segment which, in essence, is a description of each segment (Strydom, 2014:131). A segmentation profile is a detailed description of the market segment across a range of factors and measures. A segmentation profile is designed to provide marketers with a good understanding of consumers in each segment for comparison and strategy purposes (Market Segmentation Study Guide, 2015). This ultimately helps with creating satisfying products and communicating in a way that reaches the segment. Segmentation profiles generally outline aspects such as the needs and wants of consumers, their behaviours and buying patterns, brand preferences and product usage.

A typical segmentation profile for a company selling beer could be: a group of men between the ages of 18 to 35, recently employed, living in urban areas, enjoy watching sports, braaiing and socialising. Segmentation profiles are generally more in-depth and cover an array of aspects. An example of a detailed profile can be seen here: http://www.segmentationstudyguide.com/segment-profiles/segment-profile-example/

Spaza shops: A missed opportunity?

"The retail industry is a billion-dollar industry, but when we speak about retail, we focus only on the major industry players, such as Edcon, Pick n Pay, Shoprite, Spar, and Woolworths. Little mention is made of the substantial contribution to the economy by the 'poor cousin' – that is the township spazas …" (Thembinkosi, 2015). With this statement in mind, let's look at the spaza shop industry of South Africa.

Spaza shops, meaning "hidden" in Zulu, refer to a small informal convenience shop in a township or rural area, often run from a private house or a shipping container. Spaza shops are regarded as an informal retail outlet selling mainly soft drinks, cigarettes, paraffin, candles, maize meal, bread and alcohol (e-Spaza, 2011). Spaza shops grew due to the increased cost of township people having to travel to formal shopping places to purchase their needed products (Thembinkosi, 2015). These informal retail outlets are generally more localised, thus responding to the demands of residents situated within a small geographic area (Sustainable Livelihoods Foundation, ND:2).

There are approximately 100 000 spaza shops in South Africa with a collective turnover of more than R7 billion per annum, and they employ two to three people each (e-Spaza, 2011). The informal retail space (or shadow economy) makes up to 42% of retail spent; and approximately 55% of township people shop at spaza shops (Coetzee, ND). The majority of customers purchasing at spaza shops do one bulk monthly shop with top-ups throughout

the month (Coetzee, ND). Spaza shops, according to the Sustainable Livelihoods Foundation (ND:9), are generally more competitive as they have greater finances and are able to gain additional advantages through supply chains and labour efficiencies. The prices of merchandise at spaza shops are generally cheaper than at normal convenience stores (Sustainable Livelihoods Foundation, ND:9).



Activity 10.2

After you have read about the missed opportunity of spaza shops in South Africa, answer the following three questions based on the information provided above:

1 Imagine that you are a **supplier** of staple merchandise, such as milk, bread and maize meal. How would you target and market to spaza shops in South Africa? Motivate your answer.
2 Imagine that you are the **owner** of a spaza shop in a local township. Which bases of segmentation would you use to sell your products? Motivate your answer.
3 As the owner of a spaza shop in a local township, summarise the segmentation profile of your target market.



Feedback

(1) Firstly, a supplier of staple merchandise can use geographic segmentation to segment the market. The majority of spaza shops are run from a private house in rural areas or townships. Due to the geographic spread of spaza shops, geographic segmentation is the most effective means of reaching spazas successfully. We segment geographically when we break up the market into cities, provinces and countries, as well as rural or urban geographic areas.

Apart from geographic segmentation, you should also consider demographic factors of township residents. Township residents generally fall within the lower income group, or LSM 1 to 3. You therefore have to keep in mind that they do not have a large disposable income, and they seek cheaper products. Merchandise in spaza shops are also generally cheaper than in normal convenience stores in town; hence, the cost of supplying to spaza shops must be as low as possible.

(2) As the owner of a local spaza shop, the most appropriate basis of segmentation you can use is behavioural segmentation (benefit sought, usage rate and loyalty status). As township people have to travel far to town to purchase products, a spaza shop owner can communicate the benefit of purchasing products from the local spaza shop. In other words, when purchasing at a local spaza shop, you do not have to travel far with heavy shopping bags, or pay additional fares on the taxi to transport your goods. Spaza shop owners can also segment their market based on their usage rate. Township residents normally purchase products in bulk on a monthly period. Lastly, loyalty status can be used to segment your market. Spaza shops can offer special discounts or loyalty cards to regular customers to retain those individuals and attract more customers.

(3) The segmentation profile of a spaza shop owner can look something like this: township residents, mainly females between the ages of 25 and 40, LSM 1 to 3, and individuals who purchase products once a month in bulk. You can create your own segmentation profile based on your customers' profile, their lifestyles, shopping habits and many other factors.

10.4 TARGETING

A **target market** is "a group of people [with similar characteristics] or organisations for which an organisation designs, implements, and maintains a marketing mix to meet the needs of that group, resulting in mutually satisfying exchanges" (Lamb et al., 2015:145).

Once the marketer has selected the segment, they need to identify a portion of the segment to target with their product or service. A **target market** is "a group of people [with similar characteristics] or organisations for which an organisation designs, implements, and maintains a marketing mix to meet the needs of that group, resulting in mutually satisfying exchanges" (Lamb et al., 2015:145). There are three strategies that we can use to determine how to target our market segments (Lamb et al., 2015:145; Strydom, 2014:156):

- **Undifferentiated targeting:** Also known as the aggregation strategy, undifferentiated targeting occurs when the organisation sees the market as one market with no individual differences, so it targets the entire market with one product offering. Usually the first company that enters the industry uses this strategy as there is no competition and therefore no real need to tailor marketing mixes for specific segments. For example, products like white bread and milk cannot really be differentiated based on their benefits because they are basic products; regardless of the organisation selling the product consumers expect the benefits to be similar or the same. Therefore, it would really not make sense for a white-bread manufacturer to offer its product to one specific target market.

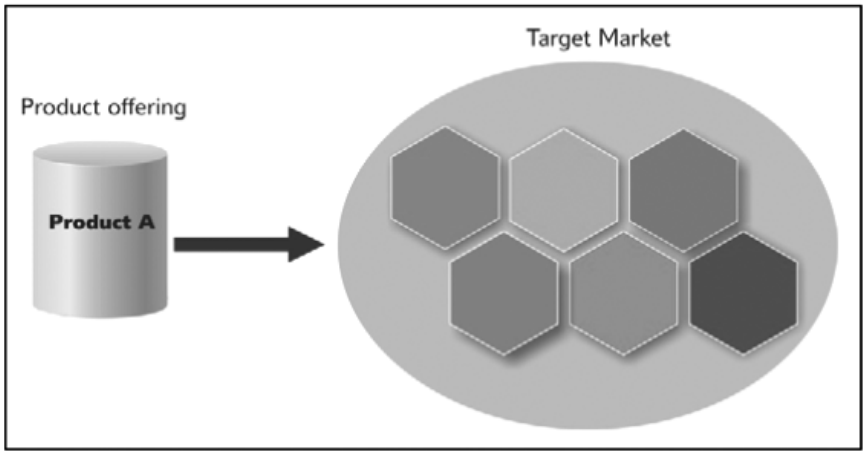


Figure 10.1: Undifferentiated targeting

- **Differentiated targeting:** Differentiated targeting requires the organisation to target different market segments with different product offerings. This is because the different segments have different needs. One product offering does therefore not suit the needs of the consumers. For example, when travelling, not all consumers can afford first-class airline tickets due to the high price; therefore airlines offer consumers the option of selecting different classes (first, business or economy class) to suit their budget.

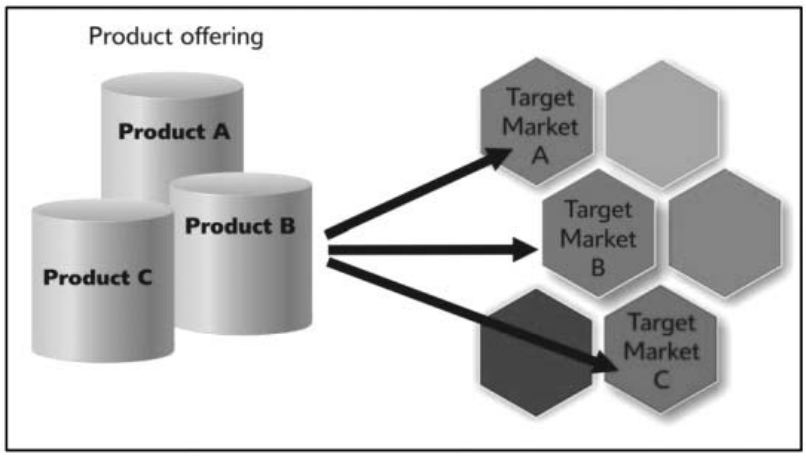


Figure 10.2: Differentiated targeting

- **Concentrated targeting:** Concentrated targeting is when the organisation selects a niche (one market) within a larger segment to target. Due to the fact that it is using its product to appeal to one single market, it can understand the specific needs of the consumer and develop a strong market presence. If an organisation chooses to use this strategy there are higher risks involved because its sales are reliant on one specific segment. For example, expensive and specialised vehicles like the Rolls Royce are targeted to a very small group of consumers within the larger vehicle buyer segment.

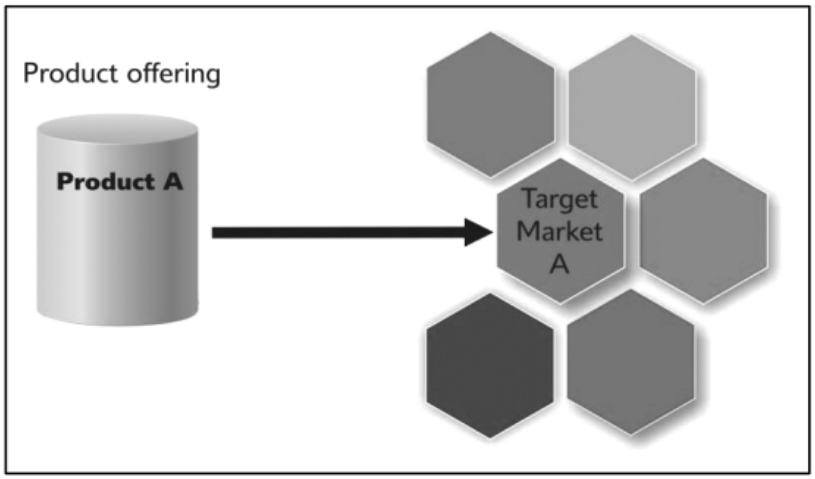


Figure 10.3: Concentrated targeting

When selecting the target market, there are certain criteria that the target market must adhere to. According to Nieuwenhuizen and Rossouw (2008:175), the criteria include:

- **Segment size and growth:** The target market does not necessarily need to be large in size to be profitable. Smaller target markets are also profitable – the key is sustainability.
- **Attractiveness and potential profitability:** The target market should lead to long-term profitability to be regarded as attractive. We also need to consider the amount of competitors targeting the target market to determine the level of competition.
- **Resources and skills:** The organisation's goals and strategies should align with the needs of the specific target market. When we select our target market we should be

sure that we have the resources and the capabilities to meet the needs of the target market.

- **Compatibility and cost:** As mentioned, our goals and strategies should align with the target market and at the same time, we should not be operating at a loss to serve the target market.



Activity 10.3

Radio stations typically satisfy particular consumer groups (those who like pop music, classical music, rock music, or those who don't listen to music, but listen to the news and sports). A new radio station is entering the market and it wants to use the undifferentiated targeting approach where it will not focus on a specific market, instead it will target all consumers by playing different genres of music per hour (i.e. in one hour it will play one pop music song, one classical piece, one rock song, one expert interview). The radio station believes that this approach will be successful as it will offer everyone something they like.

1 Do you think this is a successful strategy? Would the radio station be more successful using another target market strategy? Motivate your answer.



Feedback

This answer is open to interpretation; it depends on the motivation. However, this strategy would not be appropriate for a radio station as consumers tune into a radio station that suits their specific needs. For example, someone who does not like classical music will not want to listen to it – if they hear it on the radio station, they will just change the station, meaning that consumers will not be loyal to the station. A concentrated approach may be more viable as the radio station could select a certain target market and offer them specific music; this could lead to consumers being more loyal as their needs will be satisfied.

10.5 PRODUCT POSITIONING

Positioning is the last step of the STP process. **Product positioning** can be explained as the place the product holds in the mind of the consumer compared to the competitor's products (Parumasar & Roberts-Lombard, 2014:253). Product positioning therefore refers to the way customers perceive a product in terms of its characteristics and advantages (Joubert, 2013:115). The entire positioning concept is based on the assumption that consumers compare products according to the specific features of the product. If marketers position their products successfully they can influence the perceptions that consumers have about the product. The key is to highlight specific characteristics that are clear in the consumer's mind and differentiate the product from the competitor's.

Product positioning is the place the product holds in the mind of the consumer compared to the competitor's products (Parumasar & Roberts-Lombard, 2014:253).

10.5.1 Positioning process

You have to go through the following stages when positioning your product or service (Nieuwenhuizen & Rossouw, 2008:177):

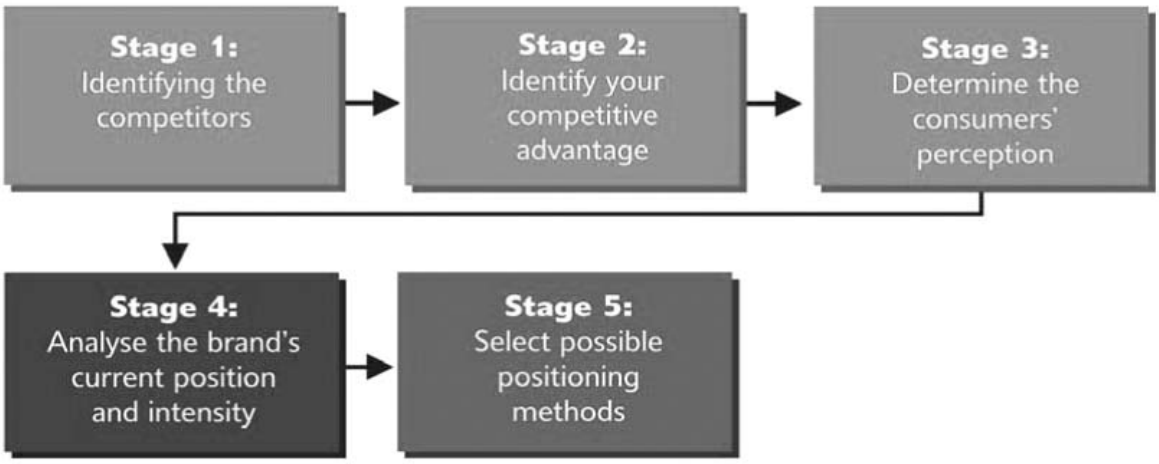


Figure 10.4: Positioning process

- **Stage 1: Identify the competitors**

Marketers should be able to identify who their competitors are. If the marketers identify their competition they can decide whether or not they want to compete with that particular competitor. If they do decide to compete they must determine how to differentiate themselves from their competitors. Marketers need to identify their primary and secondary competitors. Primary competitors belong to the same product class, while secondary competitors belong to other product categories (Marketing91, ND). For example, the competitors of Coca-Cola are carbonated soft drinks, such as Pepsi (primary competitor) and other soft drinks, such as iced tea (secondary competitors).

- **Stage 2: Identify your competitive advantage**

In essence, product positioning has to do with competitive differentiation and the effective communication thereof to the customer (Cant et al., 2007:141). Therefore, once the marketer has decided to enter the market and compete with a competitor, they need to look at the variables that can make them seem "different" to the competition, or can set them apart from their competitors (i.e. their competitive advantage). An organisation or market offering can be differentiated by means of four different dimensions, namely product (e.g. features, quality, durability, reliability, style, design); service (e.g. delivery, installation, training, repairs); staff (e.g. competence, credibility, reliability, responsiveness); or its image (e.g. symbols, media, atmosphere, events) (Cant et al., 2007:141).

- **Stage 3: Determine the consumers' perception**

The next stage in the positioning process is for the marketers to determine the perception consumers have of their product, service and image or brand to figure out what is the most important to the consumers. In this stage primary data should be collected from a

sample of consumers and then analysed to establish the perception customers have of the product, service offering, brand and image (Joubert, 2013:118).

- **Stage 4: Analyse the brand's current position and intensity**

Based on the data collected from customers' perceptions, the marketer can establish how strongly a particular brand is associated with a variety of determinant variables. To do this, a positioning map (see section 10.5.2) should be developed. You obviously want your brand to hold a favourable position in the mind of the consumer. This can only be achieved if the consumer knows about the brand or product offering. When a consumer is unaware of a brand, such a brand cannot clearly occupy a position in the mind of the consumer. The marketer should determine what the current position of the brand is and possibly how well known the brand is (Du Toit, 2011:112).

- **Stage 5: Select possible positioning methods**

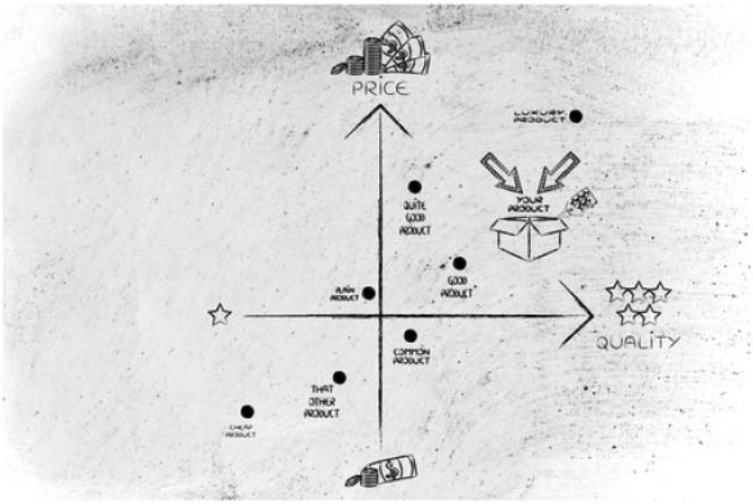
In the last stage of the positioning process, marketers need to select a positioning method based on the differentiating factors and perception consumers have of their product or service offering. It is important to position the product in the mind of consumers depending on the attributes important to them. Marketers can use the following positioning methods to position their products (Joubert, 2013:119):

- **Attributes:** This is when we use a distinctive attribute, product feature or customer benefit to position the product. For example, many household cleaning products promote that they do not include harmful chemicals, making them safe for everyone to use.
- **Price and quality:** Many consumers associate a high price with superior quality; this is just human nature. For example, Woolworths positions its clothing to be of high quality therefore justifying the prices, whereas Mr Price positions its clothing as value for money.
- **Use or application:** This is based on the use or the application of the product. For example, a few years ago coffee was perceived as a drink to be enjoyed warm, since then coffee manufacturers have begun advertising the fact that coffee can be enjoyed as a cold beverage too.
- **Product user:** This focuses on the type of consumer or their personality. For example, Chanel No 5 positions itself as a product for the sophisticated woman.
- **Product class:** This is where we can positon the product as being associated with a certain category of products. For example, Special K breakfast bars are positioned as a breakfast alternative.
- **Competitors:** This is where products are positioned directly against the competition. For example, Coca-Cola and Pepsi in the US compete using this positioning base.
- **Origin:** This positioning base focuses on where the product came from. For example, Geldhof Chocolatier uses origin by emphasising that its chocolate is from Belgium.

10.5.2 Positioning map (perceptual mapping)

Marketers can use a positioning map (also known as a perceptual map) as a graphical representation of where the product is positioned in the mind of the consumer, compared

to the competition. Technically, a positioning map is a technique used to plot the consumer's views about the product. The aim of a positioning map is to assist in improving the product or possibly introducing a new one (Strydom, 2014:140). Let's have a look at an example by following this URL link: http://www.segmentationstudyguide.com/understanding-perceptual-maps/interpretating-perceptual-maps-example/



The image above illustrates the basic use of the positioning map. Products are generally placed on a continuum based on the price of the product as well as the quality thereof. The positioning map allows you to portray your position visually and can help you to develop a focused marketing mix or strategy for your product or service offerings. In the image above, the product is positioned as being of excellent quality and is reasonably priced.



Activity 10.4

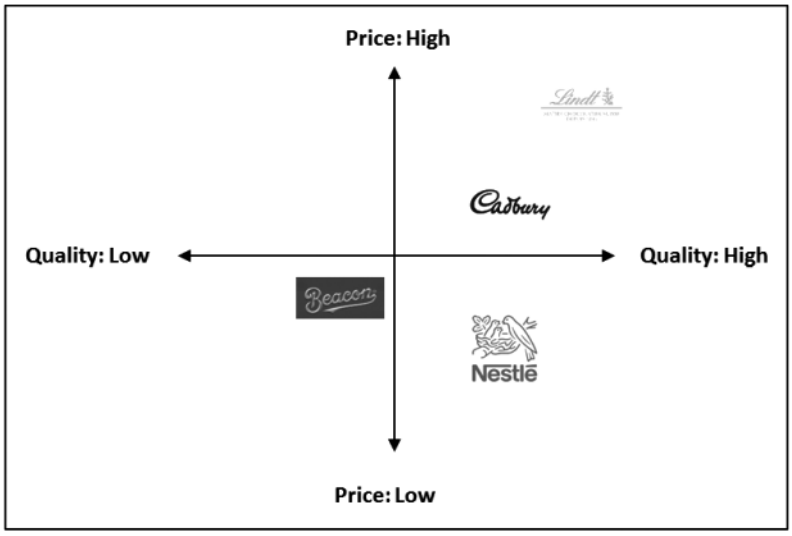
A new chocolate brand is about to enter the market and before launching its product wants to understand the current chocolate market and the competition. The new brand has asked you to create a positioning map in terms of the price and quality including the following chocolates. Once you have created the positioning map, explain what information the map can provide.

- Beacon chocolate
- Cadbury chocolate
- Lindt chocolate
- Nestlé chocolate



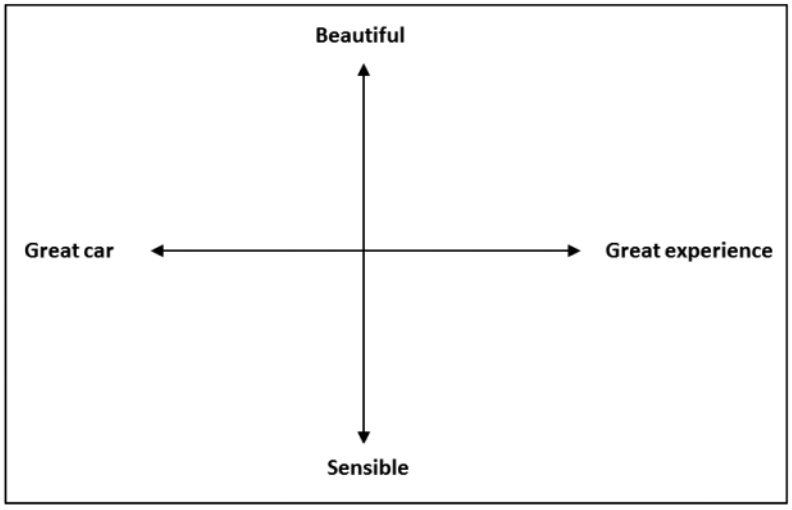
Feedback

There is no right or wrong answer for the positioning map as it is based on the perception of individuals. A hypothetical example of how the positioning map can be interpreted based on the four chocolate brands is shown in the image below:



From the above interpretation of the different chocolate brand manufacturers, it can be argued that Lindt chocolate is the most expensive and is of high quality. Cadbury is regarded as being cheaper than Lindt, but is also of good quality. The Nestlé brand is considered to be low in price, while the quality is still higher, and the Beacon brand is priced lower than its competitors and may be perceived as of a lesser quality than the other brands. By positioning these brands, the new brand can determine if there is a gap in the market and whether a possible competitive advantage exists in terms of price and quality. From this interpretation, it can be observed that there is a gap in the market for a chocolate brand that is of exceptional quality and a very low price.

Now that you understand the basics of utilising the positioning map, think of a few car manufacturers and position them using the continuum below:



10.5.3 Repositioning

What happens if a competitor copies your positioning strategy, or if your positioning strategy no longer works? You may need to consider repositioning. **Repositioning** refers to the changing of a brand's position in the market in the hope that the new positioning will improve its appeal among customers (Joubert, 2013:117). In other words, this happens when the company attempts to change the consumer's perceptions of the product.

Initially, the Energade sports drink product was positioned as a sports drink for athletes. However, Energade soon realised that it was not realising its full potential in terms of possible earnings, so it decided to reposition the sports drink to all consumers wanting to replenish their energy levels. Now Energade is available in all sports stores, retailers and gyms, making the product more accessible to consumers.

An organisation should try to avoid the following four common positioning errors:

- **Under-positioning:** This occurs when consumers do not regard the product to be special, in other words, they cannot really tell the difference between competing brands because the product's position has not been communicated clearly.
- **Over-positioning:** This happens when consumers have a narrow image of a brand or organisation.
- **Confused positioning:** Consumers have a confused image of the product because the organisation has made too many claims or it has repositioned the product too often.
- **Doubtful positioning:** Sometimes consumers find it difficult to believe the claims a product or an organisation makes. Phrases like "being the best" or "we are the best" should be avoided unless the organisation can back up the claim.

10.6 SUMMARY

After reading this learning unit, it should be clear that marketers need to use the STP process effectively to reach the right consumers. Marketers cannot assume that every single consumer will purchase their product, as different consumers have different needs and expectations. Marketers should firstly segment the mass market into segments that they believe their consumers represent and ensure that the segment meets the criteria to be attractive. Secondly, marketers should target the correct segment by tailoring the marketing mix for that particular segment. Lastly, marketers should create a positioning strategy to ensure that the product has a favourable position in the consumer's mind.

10.7 CASE STUDY WITH QUESTIONS

Read the following information and answer the question that follows:

Top Hotel is a hotel in Cape Town, South Africa offering different types of rooms suitable for different consumers. These are the different rooms available:

Superior suites

These spacious suites offer consumers one or two en-suite bedrooms with a view of Table Mountain and a private balcony. Each suite has a lounge (with a TV), dining-room table, a fully stocked refrigerator and a butler service. Breakfast is served in the restaurant each morning. These rooms come at R5 000 (one bedroom) or R6 500 (two bedrooms) per night.

Family rooms

There are two options for family rooms:

The first option offers one bedroom and one bathroom with a TV and tea and coffee-making facilities. The room also comes with a sleeper couch and a cot/crib for a baby. Breakfast is included each morning. This room costs R3 500 per night (max 3 people).

The second option offers two en-suite bedrooms for families visiting Cape Town. Each bedroom has a TV and tea and coffee-making facilities, with one bedroom offering a view of Table Mountain. Breakfast is served in the restaurant each morning. These rooms cost R3 000 per night – regardless of the number of people staying in the room (max 4 people).

Self-catering rooms

These budget rooms have two bedrooms and one bathroom. Each bedroom has a TV. There is also a kitchenette including a stove, oven, microwave, refrigerator and cutlery so that consumers can prepare their own meals in the room. No breakfast is included in the cost of the room. The room costs R2 500 per night regardless of the amount of people staying in the room (max 4 people).

QUESTION

With the information provided in the case study, identify the segmentation base, targeting strategy and positioning base for each room type. Motivate your answer.

10.8 REFLECTION



Before you continue to the last learning unit, reflect on the following questions:

1 Explain what segmentation, targeting and positioning are.
2 What are the various segmentation bases organisations can use to position their products? Give an example of each segmentation bases.
3 What are the types of behavioural segmentation that can be used? Give an example of each type.
4 Discuss the criteria used for evaluating the attractiveness and viability of a market segment.
5 Describe what product positioning is and illustrate a positioning map by using a specific brand category, such as cleaning products, clothing brands or car brands.
6 Explain why an organisation would consider repositioning and explain the common errors that should be avoided by organisations when positioning.

10.9 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

QUESTION 1

A travel agency is offering retired couples special holiday packages. Which segmentation base did the travel agency use?

1 geographic segmentation
2 demographic segmentation
3 behavioural segmentation
4 psychographic segmentation

QUESTION 2

FastMeals makes and delivers ready-made meals to consumers in the Gauteng region who are looking for convenience meals due to their time-pressed lifestyles. There are many dual-income families in Gauteng who do not have the time to prepare meals. Which combination of segmentation bases is FastMeals using?

1 geographic and demographic segmentation
2 behavioural and demographic segmentation
3 psychographic and demographic segmentation
4 geographic and psychographic segmentation

QUESTION 3

The following targeting strategy is also referred to as mass-marketing:

1 undifferentiated targeting
2 differentiated targeting
3 concentrated targeting
4 None of the above.

QUESTION 4

Mineral water companies often focus on the fact that their water is pure spring water from a particular mountain range. Which positioning base are they using?

1 origin
2 competitors
3 product class
4 attribute

QUESTION 5

When a consumer cannot tell the difference between competing brands because the product's position has not been communicated clearly, this forms part of which positioning error?

1 under-positioning
2 over-positioning
3 confused positioning
4 doubtful positioning

Before checking the answers to the MCQs above, try to answer the questions yourself to test your knowledge and understanding of the theory you have just learnt.

QUESTION 1

Option 2 is the correct answer.

Option 2 is correct because demographic segmentation looks at aspects like age, family life cycle, and the travel agency has offered holiday packages to retired couples. Option 1 is incorrect as geographic segmentation is based on the location, such as region. Option 3 is incorrect because the offer is not based on the behaviour of consumers. Option 4 is incorrect as the offer is not based on the values, attitudes, interests and lifestyle of the consumer.

The correct answer can be found in section 10.3.1.2.

QUESTION 2

Option 4 is the correct answer.

Option 4 is correct as FastMeals is looking at the lifestyles of the consumers and where they are based (Gauteng). Option 1 is incorrect as geographic segmentation and demographic segmentation are not being used. Option 2 is incorrect because FastMeals is not looking at the behaviour and demographic profile to segment the market. Option 3 is incorrect because the offer is not based on the values, attitudes, interests and lifestyle of the consumers and their demographic profile.

The correct answer can be found in section 10.3.1.1–10.3.1.4.

QUESTION 3

Option 1 is the correct answer.

Option 1 is correct as undifferentiated targeting, also known as aggregation strategy, occurs when the market has no individual differences. Option 2 is incorrect because this requires the organisation to target different market segments with different product offerings. Option 3 is incorrect because this is when the organisation selects a niche market within a larger segment. Option 4 is incorrect as option 1 is the correct answer.

The correct answer can be found in section 10.4.

QUESTION 4

Option 1 is the correct answer.

Option 1 is correct as they are using the location of the product to position the product. Option 2 is incorrect because they are not positioning the product

directly against the competition. Option 3 is incorrect as the water is not being associated with a certain category of products. Option 4 is incorrect because the water is not using a distinctive attribute, feature or customer benefit.

The correct answer can be found in section 10.5.

QUESTION 5

Option 1 is the correct answer.

Option 1 is correct because consumers don't regard the product to be special as the position has not been communicated clearly. Option 2 is incorrect as this happens when consumers have a narrow image of a brand or an organisation. Option 3 is incorrect as this happens when consumers have a confused image of the product as the organisation has made too many claims or it has repositioned too many times. Option 4 is incorrect as this occurs when consumers find it difficult to believe the claims a product or an organisation makes.

The correct answer can be found in section 10.5.1.

TOPIC 5

Relationship marketing (RM) and customer relationship management (CRM)

AIM

To demonstrate knowledge and understanding of relationship marketing (RM) and customer relationship management (CRM) in the context of consumer behaviour.

LEARNING OUTCOMES

After studying this topic, you should be able to do the following:

- explain the difference between the marketing mix, transactional marketing and segmentation marketing
- explain what relationship marketing is and explain the importance of building long-lasting relationships with customers
- discuss the two ways in which businesses can establish and improve their relationships with customers
- define customer relationship management (CRM) and explain its importance in marketing and consumer behaviour
- define the concept of customer engagement and customer loyalty in relation to stores and brands
- discuss the various customer relationship groups
- explain the various stages of relationship development by means of the loyalty ladder

TOPIC CONTENT

Learning unit 11: Building relationships with consumers

Learning unit 11

Building relationships with consumers

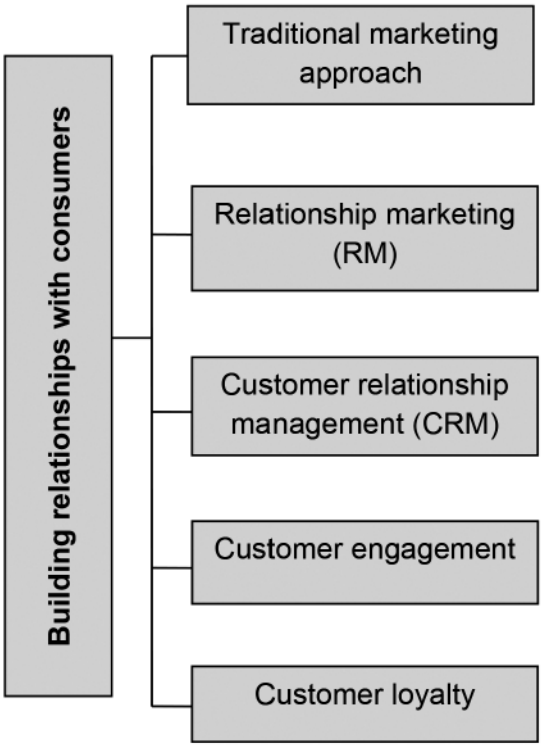
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OVERVIEW OF THIS LEARNING UNIT

Marketers need to understand and comprehend the various individual and group factors that influence the behaviours and decision making of consumers. However, marketers also have to connect with the customers and build lasting relationships with them. This learning unit therefore looks at building and maintaining long-term relationships with customers. We look at relationship marketing and how it changes the way businesses interact with their customers. Relationship marketing is only possible if you use customer relationship management (CRM) tools. CRM is discussed, including the prerequisites for, influence of technology on and successful development of CRM strategies. This learning unit also looks at the importance of creating customer loyalty and the impact it has on marketing decisions.

This learning unit unfolds as follows:



LEARNING OUTCOMES



After completing this learning unit, you should be able to

- explain the traditional marketing approach
- explain the difference between the marketing mix, transactional marketing and segmentation marketing
- explain what relationship marketing is and explain the importance of building long-lasting relationships with customers
- discuss the two ways in which businesses can establish and improve their relationships with customers
- explain what the ingredients for building successful relationships are
- define customer relationship management (CRM) and explain its importance in marketing and consumer behaviour
- explain the influence of technology on CRM
- define customer engagement
- define the concept of customer loyalty in relation to stores and brands
- discuss the various customer relationship groups
- explain the various stages of relationship development by means of the loyalty ladder

KEY CONCEPTS



- Traditional marketing approach
- Marketing mix
- Transactional marketing
- Market segmentation
- Relationship marketing (RM)

- Trust and commitment
- Goals and benefits
- Customer relationship management (CRM)
- Customer engagement
- Customer loyalty
- Customer relationship groups
- Loyalty ladders

11.1 INTRODUCTION

Before mass produced goods were available, customers would go to their local butcher, bakery or carpenter to purchase the products they needed. The person responsible for making or offering the products to customers, generally the owner of the store, was directly in contact with them and saw them on a regular basis. These owners knew what their customers' favourite products were and how they preferred them. Customers trusted the store owners personally and knew that they would provide them with the best service and quality products. These owners therefore had the opportunity to build a lasting relationship with their customers, creating loyal and returning customers.

With the start of the mass production era, customers started buying products that were made by machines, and in larger quantities. Customers had no personal relationship with the owner of the store, the butcher, baker or carpenter who used to manufacture and offer the products themselves. This meant that customers had to trust the business producing these products. Customers had to start relying on the reputation of the business or the brand name for surety that the product was of good quality. Businesses tried to get as many customers to buy their products, regardless of whether they were first-time buyers or repeat customers. Marketing specialists then developed a theory called the four P's of marketing, namely: product, price, place (distribution) and promotion. As discussed in learning unit 1, the four P's basically say that if businesses have a good product, with a reasonable price that is promoted to the right audience and available to buy, they will be profitable. However, marketers quickly realised that the theory did not take the customer, physical surroundings, business-to-business relationships or service marketing into account.

Presently, businesses use what is called **relationship marketing**. They are trying to recreate the relationship that businesses used to have with their customers; knowing what the customers want and creating value by providing products and services that are important to them; and making them feel special and unique. You can imagine how hard it would be for a business like Woolworths to try to serve each customer that comes through its doors according to their unique wants and needs. That is practically impossible. This is why big companies like Woolworths make use of customer relationship management (CRM) tools. These tools, enabled by technology, help these companies to capture information about their customers, their purchases and preferences.

Let's look at the following example: Lerato travels frequently for work. Every time she travels, she makes a reservation at one of the Tsogo Sun hotels. When she travels to Cape Town she prefers the Garden Court Nelson Mandela Boulevard Hotel which forms part of Tsogo Sun. It is close to the international airport and city centre where she has to work.

When she arrives at the Garden Court, she is greeted personally by the staff members. They give her the room key, and ask whether they can charge the room to her Visa card. As she steps into her room, she sees that everything is exactly how she prefers it – a room with a view of the Table Mountain nature reserve, a queen-sized bed with an extra pillow and blanket, and the password for the unlimited Wi-Fi connectivity. On the table there is also a basket with her favourite fruit and snacks. Lerato's experience is an example of how Tsogo Sun uses her customer information, such as her room preference, method of payment and favourite snacks to give her the best possible experience at the hotel.

In the end, the main goal would be to build relationships while continually giving value-adding services and products and to go above and beyond to make customers happy. This means that you want to have such a good relationship with your customers that they keep coming back – this is called *customer retention*. Good service and value-adding products help to ensure that they stay loyal to the brand.

In the following sections we look at the traditional marketing approach, the move to relationship marketing, customer relationship management and strategies.

11.2 TRADITIONAL MARKETING APPROACH

To understand why relationship marketing is necessary, it is important to see where it came from. What are the underlying marketing principles that shaped the marketing industry? In the next section we look at the traditional marketing approaches, namely the marketing mix, transactional marketing and segmentation marketing.

The **traditional marketing approach** is broken up into three sections according to Berndt and Tait (2014). The marketing mix, as discussed in learning unit 1, comprises the four P's of marketing, which was later extended to the seven P's. The **transactional marketing approach** is where businesses only market their products to attain new customers and increase their market share. And finally **market segmentation** is where marketers use segmentation as a way to satisfy the needs of customer segments based on their characteristics. To better understand relationship marketing, let's look at the traditional marketing approaches and see how it helped to develop relationship marketing.

- **The marketing mix**

The original marketing mix is made up of the following elements: the product or service, place (distribution), price and promotion (Berndt & Tait, 2014:4). The marketing mix is part of the original marketing concept where the business produces products that bring value to customers with the assumption that they get the marketing mix exactly right. This means choosing and determining the right segment of customers, marketing message, distribution channel and value-adding product. The marketing mix, however, does not take physical surroundings, service marketing or business-to-business marketing into account. It also lacks intangible service characteristics and customer service. This is why the original marketing mix was adapted to include people, processes and physical surroundings.

Let's use Levi's® jeans as an example, the *product* is the Levi's® jeans (in case of a service, it would be services from for example a bank or real estate agent), the *distribution* is how

the jeans are spread geographically, or in other words where people will be able to buy the jeans (in shops, online or via agents), the *price* of the jeans is determined by the cost to make the product and the pricing strategy, and *promotion* is how and where the jeans are advertised (billboards, television, magazines).

Levi's® then does research to estimate who its target market is, makes jeans according to the target market, develops marketing messages or advertising messages, and delivers it to the entire market segment assuming that they all want the same thing. For example, through research, Levi's® determines that its optimal target market is people between 18 to 30 years of age, with a medium to high spendable income, living in large cities. Levi's® then produces a few high-quality products for men and women, distributes the products in stores that are located in big metropolitan cities and advertises according to the market segment.

Levi's® tries its best to find the perfect mix of the marketing elements to ensure that it sells its products and stays profitable. However, Levi's® is struggling to keep its clients. And it is getting fewer and fewer return customers. Where did it go wrong? This is where customer service, loyalty and customer relationships come in. This is where the original marketing mix is lacking. Levi's® should also have included customer service, relationship with its customers and physical surroundings into its marketing mix.

- **Transactional marketing**

Transactional marketing means that businesses only have transactional relationships with their customers. Their main objective is to get customers to visit their stores, browse their websites and look through their catalogues to make sales. It is not important whether the customer is a new customer or a returning customer; there must be a sale. Marketing to customers is centred on getting the largest market share, and expanding the customer base. Relationships with customers do not go beyond the customer buying a product from the business. These businesses use mass advertising and sales promotions, and there is no need for after-sales services.

The transactional marketing approach also relies on competition between businesses. This means that they rely on the fact that competing products force companies to increase their product's value, and that customers buy the product that they feel gives the most value. Berndt and Tait (2014:5) explain it this way, "competition and self-interest drive value creation. Buyers can be afforded a choice through competition; this choice of suppliers motivates marketers to create the best product offering possible as well as satisfy their self-interest, for example, increased profit margins."

- **Market segmentation**

Each customer has their own unique set of wants and needs. In other words, you can say that each customer could be their own market segment. But it is difficult to try to satisfy each customer's wants and needs. Therefore, marketers came up with a strategy to group customers that have some of the same characteristics together. This is called market segmentation (segmentation means to divide into different parts). Each group and subgroup, or in other words, segment, gets a unique product and marketing message, and

it is assumed that the customers in that segment respond to the message and product in the same way.

Consumer segments are divided into three main types: "**behavioural** (i.e. grouping buyers on the basis of their buying behaviour such as benefits sought, loyalty status and attitude toward the product); **orthographical** (i.e. segmentation by means of categories such as social class, lifestyle and personality); and **profile segmentation** (i.e. segmentation that allows for consumer groups to be classified in such a manner that communication media can target them, for example, geographic, demographic and socio-economic segmentation)" (Berndt & Tait, 2014:6). Various segmentation approaches were discussed in learning unit 10.

Marketers have become aware of the fact that it is increasingly difficult to categorise customers. This is because customers in a certain segment act differently to others, and that certain criteria are more important to them than to others, such as price or service. It has become clear that customers should not be seen as part of a segment, but as individual customers. You can only really know what customers want by looking at what they are actually buying. This is where relationship marketing starts.

In the next section we discuss relationship marketing (RM) and customer relationship management (CRM).

11.3 RELATIONSHIP MARKETING (RM)



According to Parumasur and Roberts-Lombard (2012), relationship marketing (RM) can be defined as follows: "an approach to develop a long-term association with customers, measure the satisfaction level and develop effective programmes to retain the customer with the organisation." In other words, the main aim of relationship marketing is to acquire (get) and retain (keep) loyal customers and keep them satisfied continually. It is much more profitable to have returning customers than to spend money to acquire new customers who make single transactions. Relationship marketing focuses on creating lasting relationships with loyal customers.

> **Relationship marketing (RM)** is the process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction (Berndt & Tait, 2014:8).

We use an example to explain this further: Imagine you are a gardener or farmer, and you have just planted a new crop of seeds for spring. You nurture your seeds and give them water, soil, fertiliser and sunlight to help them grow. In the marketing context, the seeds are your newly acquired customers. You do anything to make sure that your customers' needs are met, and that your relationship with them is healthy and ongoing. The soil, water, sunlight and fertiliser represent good customer service, personalised communication, after-sales service and value-adding products and services. Your growth as a business is

measured by the strength of the relationship with your customers, and the customers' relationship with your brand.

Relationship marketing is built on the premise that businesses build relationships with their customers. Berndt and Tait (2014:24–27) suggest two ways in which businesses can establish and improve relationships with their customers: (1) having knowledge about the customers and (2) customer interaction.

- **Learning relationships are built on knowledge**

The more a customer interacts with a business, the more the business learns from a customer. The business can start to see a pattern in the customers' buying behaviour, what their needs and wants are and whether they respond to marketing efforts. The way in which businesses learn from customers is through knowledge – having information about the customer. Technology is the key to gathering important information about customers and storing it in a customer base.

Take for example the WRewards programme at Woolworths. When you apply for a Woolworth's loyalty card, Woolworths has access to your personal information, such as your name, your address and contact information. Every time you shop at Woolworths your card is swiped, giving Woolworths access to see every single item you have bought. It can now track and predict what you will buy, and by doing this give you better service and value-adding products and promotions. For example, it sees that you buy a bag of carrots and butternut every week. So, it sends you an e-mail or SMS with the current promotion saying that if you buy a bag of carrots, butternut and potatoes, you save R20 on your purchase. If the customer responds to the e-mail or SMS, it means that the marketing effort was successful, and that this customer will respond to the marketing efforts in future.

- **Customer interaction enhances relationships**

This means that businesses try to learn from the experiences the customers have had with the company and its staff members – asking them whether they were satisfied with the product and/or service to serve them better next time. Placecol is a nationally recognised beauty salon, and it uses a customer database to send its clients an e-mail after every visit for a treatment. In the e-mail, Placecol greets the client personally, asks whether the client was satisfied, if there is anything that it can do to better the service, and encourages the client to make a new appointment. It offers a number the client can call, and only sends an e-mail once, trying not to bombard clients with unnecessary marketing messages.

11.3.1 Ingredients for building relationships

The success of business relationships lies in the development and growth of trust and commitment among the parties. There should also be a need to have shared goals and mutual benefits to build strong relationships (Berndt & Tait, 2014:29–31):

- **Trust and commitment**

Developing and growing a trustful and committed relationship is essential for the success of any business. **Trust** is seen as an expression of confidence between the business and the customer in the exchange that they will not be harmed or put at risk by either party's actions. To build trust is to ensure that customers know that the business stands behind its promise of service and honours its commitments. **Commitments** are therefore the belief that the importance of a relationship with another is so significant that it warrants maximum effort to maintain it. Commitment implies that both parties are loyal, reliable and show stability in their relationship with one another.

- **Shared goals and mutual benefits**

Shared goals and mutual benefits are also key factors in building effective business relationships. The extent to which the partners believe in common behaviours, goals and policies that are important, appropriate and right for a particular situation is likely to affect commitment to a relationship.

In the next section we look at customer relationship management (CRM). Businesses use CRM tools to create and retain relationships with customers.

11.4 CUSTOMER RELATIONSHIP MANAGEMENT (CRM)



Customer relationship management (CRM) is a business strategy that is designed to improve customer service. CRM also aims to increase customer satisfaction, manage the best customers effectively and gain new quality customers, thus increasing a business's profitability (Hawksworth, 2016). The American Marketing Association (AMA, 2016) explains CRM as the pursuit of businesses to create more meaningful one-on-one communications with the customer by applying customer data (such as demographics and buying patterns) to every communication medium. In other words, how you create, manage and keep relationships with customers. Technology is an inseparable part of relationship marketing. Without technology relationship marketing would not be possible.

Customer relationship management (CRM) refers to the practices, strategies and technologies businesses use to manage customer interactions and analyse data with the goal of improving business relationships with customers, assisting in customer retention and driving sales growth (Rouse, 2014).

11.4.1 Prerequisites for CRM

CRM can only work if all the employees in a company work together. Everyone must have a customer-centric focus to help build relationships with the customer. There are some very important prerequisites that a company must have in place before it can start

planning a CRM strategy. The prerequisites for implementing CRM strategies include the following (Berndt & Tait, 2014:196; Joubert, 2013:159–160):

- **A shared vision**

A company must have a shared vision about how the CRM strategy will work, what it wants to achieve and what it practically means for each employee. In the same way that a company needs a corporate vision, it is necessary for all employees to be on board with the implementation of a CRM strategy. This means that it is almost like having a corporate culture where everyone works towards the same goal – making the CRM strategy work. It is impossible to convince employees to do something they do not believe in.

- **Teamwork and processes**

Teamwork is more important than the individual as the benefits derived from it are greater. In the value chain, team work is essential as the inclusion of customers in the informal setting increases the service quality, especially in relationship marketing settings. Teamwork not only increases production turnover, but also the involvement of employees in striving to complete a task to the best of their ability. By working together, the focus of the organisation can be a single focused mission achieved by employees who, as a team, work to build long-term relationships and profitability.

- **Excellent customer service**

It is necessary to give customers satisfaction when they complain. Marketers and employees of the business should engage with customers positively when in a customer complaint situation, and the marketer should provide the customer with restitution.

- **Decentralisation of authority and management**

Decentralisation means to transfer authority or authoritative decisions from the top management to lower levels in the organisation. This means that decisions regarding customers and customer service are made by the people who actually interact with the customers. The employees can now think creatively, and use their own initiative to better serve their customers. This will only work if everyone has a shared vision to make the CRM strategy work.

- **Support of top management**

It is necessary that the top management should give their necessary support to make the CRM strategy work. Their support will come in the form of giving resources, developing and managing reward systems, and developing organisational structures. Top management must also help to implement the strategy in such a way that there is less resistance to change in the organisation. For example, some employees find that they do not want the organisation to change, and that they do not want to make an effort to incorporate the new strategy. Top management can help the employees to see how the new strategy can

benefit them, and can also bring in reward systems to encourage employees to actively support the new strategy.

CRM is enabled by technology, meaning that technology allows the organisation to serve customers according to their preferences, thereby providing for their individual wants and needs at an agreeable price and with personalised communication. The significance of technology in CRM is discussed in the next section.

11.4.2 Technology and CRM

Technology is the only reason why customer relationship marketing is possible. Technology enables companies to acquire and store vast amounts of information, process information, manage information, and make predictions and decisions. The technology needed to make relationship marketing possible, includes computer software – meaning programms that keep track of all the interactions with customers, servers, help desks and computers. The CRM system is built for specific tasks. Some tasks are for help desk work orders, while others are for sales departments or project management applications.

CRM software helps businesses to keep track of all the tasks required to build a good relationship with their customers. It also helps to serve customers better by managing and recording all interactions with them. For example, a service help desk at Nedbank receives 100 calls per day – each call from a different customer in a different part of the country. A CRM system helps the operators to keep track of each call and makes sure that each customer's problem is solved. The operator then logs the interaction onto the customer's profile to build a history of all interactions with the customer. In this way the business keeps track of all the interactions they have had with the client.

A CRM system is not only useful in a service or help-desk environment, it is also used in sales. The system has processes put in place for a salesperson to effectively communicate and service their customers. For example, Pete is a salesperson that works at OUTsurance. He makes 30 sales calls a day from which he generates ten leads on average. When he gets a new lead, there is a process in place where he enters the lead into the CRM system, and the system automatically sends the new lead an e-mail. After a week, the system reminds Pete to call the client again, asking whether they have received the e-mail. The system also helps him to send regular e-mails to his existing clients, whether it is to wish them a happy birthday or to communicate new marketing information. Can you see that the software helps Pete to effectively pursue new leads, communicate with customers he already has and helps him to keep his relationship with his clients? It is therefore very important to train employees to use the CRM system correctly to gain the most value from it.

CRM systems are also used to communicate with customers. Automated communications such as e-mails and SMSs are used, and the rise in social media also brings a new dimension to CRM.

CRM systems are also very valuable for management, because the system not only gives information about its customers, but it also gives information about its employees. The system helps to show how productive employees are, and to send important internal

information to employees. Knowing how employees perform can help management to encourage them to work more efficiently and also to implement a reward system.

11.5 CUSTOMER ENGAGEMENT

Customer engagement means that there is a movement towards customers who want to decide how, where and when they want to engage with a company. This movement started with mobile phones and the internet becoming a part of everyday life, especially smartphones where the customer has access to any information at the touch of a button. Customers want to choose how they receive marketing communication from companies, whether by e-mail, post or SMS. Customers also want to choose when and how they want to engage with the company. This can be through applications, the company's Facebook page or Twitter account, or self-service stations.

Customer engagement can be in the form of social media, blogs, video and mobile applications. Customers write reviews about products on their Facebook pages, or on Twitter. They share their purchases with their friends. Some bloggers get paid by companies to write articles about their products. The new hashtag phenomenon creates hype around certain topics and products. And then there are companies that create apps (or applications) where customers can interact with them. These apps can have special promotions, information or just be an easier platform to make transactions. For example, Toyota South Africa created an app where customers can look at their own profile and see which cars they have purchased. The app reminds them to book appointments, and the customer can book appointments via the app. The complete service record of their car is available to view on the app and they can also look at quotations they have requested for new vehicles.

11.6 CUSTOMER LOYALTY



According to Oliver (1999), **customer loyalty** is "a deeply held commitment to re-buy or re-patronise a preferred service in the future despite situational influences and marketing efforts having the potential to cause switching behaviour." Loyalty is therefore beneficial for the customer and the business. The customer gets a quality service and products every time they buy from the same brand, and the business has customers that keep returning. The ultimate goal of relationship marketing is loyalty. Customer loyalty is the reason that companies go above and beyond to satisfy their clients and build relationships.

Customer loyalty is "a deeply held commitment to re-buy or re-patronise a preferred service in the future despite situational influences and marketing efforts having the potential to cause switching behaviour" (Oliver, 1999).

A customer becomes loyal when:

- they have a positive experience
- their needs are met consistently

- there is a relationship
- they are recognised

For example, Mandisa is a client at First National Bank (FNB). She has a Platinum cheque account with a linked credit card. A dedicated consultant has been appointed to her, because FNB recognises that she is a valuable client. She has never had a bad experience at the bank. She feels that she has received professional and efficient service every time she has interacted with the bank. She gets her statements monthly and receives an SMS every time she makes a transaction. Mandisa will stay loyal towards FNB, because she trusts the bank to give her continued good service.

A loyalty programme is a very popular technique that companies use to encourage customers to stay loyal. There are many different forms of loyalty programmes, including a points system, where the customer gets points every time they shop. Or customers get a percentage of the money spent back in the form of vouchers. Or customers build up flyer miles every time they fly with an airline, which they can redeem.

Loyalty programmes that you may recognise are FNB eBucks, the Clicks ClubCard, Ster-Kinekor Movie Club card, Pick n Pay Smart Shopper card and SAA Voyager Miles.

11.6.1 Brand and store loyalty

If a customer is loyal to a brand or a store, it means that they will always return to the same shop or continue to buy the same brand. Loyal customers continue to buy from a certain brand even though they have to pay more to acquire it. For example, Lerato is looking to buy a coffee machine for her husband. She already has a Russell Hobbs kettle and toaster and feels that this is a brand that she trusts and will buy again. She is also a part of the Russell Hobbs Facebook page, and she recently saw that Russell Hobbs has brought out a new coffee machine. She then looks on the internet and in the shops to see which other coffee machines are available. The Russell Hobbs coffee machine is R400 more than the other brands available. But because Lerato trusts the brand and is loyal to the brand, she is willing to pay more for the Russell Hobbs coffee machine.

Customers, who are loyal to a brand, are also more willing to try new products or services that the company offers. This is because of the trust, commitment and relationship that have already been established. For example Apple launched the Apple iWatch in 2015. It is a brand new product in its product line, and completely different from anything it has made previously. But, because its customers trust the brand, they immediately accept the new product. Customers who do not know Apple products take much longer to engage and accept a new product. Customers who are loyal are therefore less costly to serve.

If a customer is loyal, they are more likely to give referrals. They tell their friends about the brand, and encourage them to purchase from that brand. For example Sipho just bought a brand new Ford Ranger. This is the second car he has bought from Ford, and he is very satisfied with its service. He visits his friend in Mpumalanga, and lets him have a spin in his new car. He tells his friend how impressed he is with the car's performance and that he should definitely go to Ford when he wants to buy a new car.

Loyal customers are also more likely to let a company know how it can improve its service. They communicate more comfortably with a company in a way that the company learns from its mistakes.

Loyal customers are also not easily persuaded to buy products from competitors. They have a positive attitude towards the company, and they promote the business via word-of-mouth. Thus they tell their friends about the good product and service that the company provides.

11.6.2 Customer relationship groups

Organisations should build the right relationship with the right customer and should view customers as assets that need to be managed and maximised. Surprisingly, not all loyal customers are good investments – some loyal customers can be unprofitable while disloyal customers can be profitable to the organisation (Armstrong et al., 2015:20). An organisation can therefore classify customers into one of four quadrants based on their potential profitability and projected loyalty, and manage its relationships accordingly. Once a company has determined in which quadrant a customer belongs, it can determine the amount of time it should spend on its relationship efforts (Baran et al., 2008:108). Each of these customer relationship groups requires different relationship management strategies to be successful. The customer relationship groups include butterflies, true friends, strangers and barnacles:

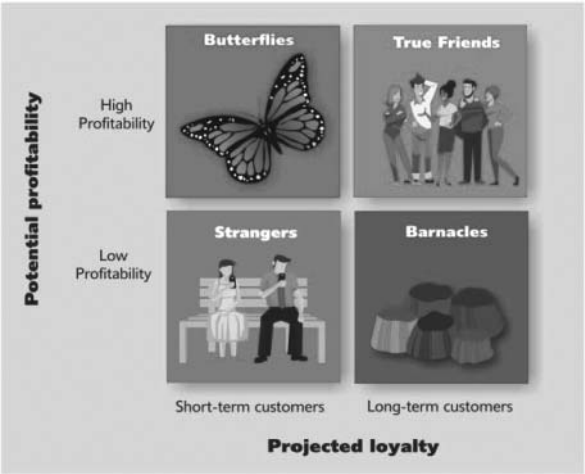


Figure 11.1: Customer relationship groups

Source: Largely adapted from Armstrong et al. (2015:20)

- **Butterflies**: Butterflies are customers who are satisfied with a company's product or service offering, but are not loyal. They are in it for the best deal, and do not commit their loyalty to one company. For example, a customer looks at all the advertisements of the week in the weekly newspaper and buys her groceries at the retailer that has the best deals. This means that she is not loyal to any specific retailer, although she will frequent any one of them. Pick n Pay has come up with a very effective strategy called "Brand Match". The company claims to keep up to date with all the specials that are available, and gives you store credit if its product is more expensive than

that of another store. This encourages customers who are butterflies to remain loyal to a company.

- **True friends**: True friends are customers who are loyal to a company. They are satisfied with the product or service offering and are very profitable to the company. They make regular purchases and are very comfortable to communicate with the company. Communicating effectively to these customers is the most important aspect to consider when dealing with them. A company does not want to over-communicate or put them off by sending too many marketing messages. For example, Takealot is an online ordering company. It sends its daily deals via e-mail to its mailing list, and it also sends personalised e-mails based on a customer's searches to let them know when the products they have searched for are on special. This communication increases loyalty and purchasing form true friends.
- **Strangers:** Strangers are customers who are not loyal to a company. They are not profitable and marketers should not spend money to try to build relationships with them. It is the most effective to terminate a relationship with such customers. For example, it does not benefit a company to continue sending a customer its monthly adverting messages about new online marketing courses it presents if the customer is not interested in the marketing field or in studying.
- **Barnacles:** Barnacles are customers who have a long relationship with the company, but are not necessarily profitable anymore. It is important for companies at this point to determine whether the customer will be more profitable in the future. And if they will not be, it is best to terminate the relationship. For example, Sandra has been a client of Truworths for 15 years. When she was working full time she used to buy clothes for work every month. Now that she is retired, she does not buy as many clothes as she used to. Truworths can at this point encourage Sandra to purchase again by sending her vouchers, or it can decide to stop sending her any marketing material because it realises that she will most probably not be making many more purchases at Truworths.

11.6.3 Stages of relationship development (loyalty ladder)

When developing relationships with customers, the relationship can go into one of two directions. The customer can either become a terrorist or an enthusiast (Berndt & Tait, 2014:40). A terrorist actively discourages people to return to your business, and an enthusiast continues to become more loyal towards the business. The well-known relationship marketing ladder of loyalty identifies six stages of relationship development; these also represent the different states of relationship development or customer bonding to achieve loyalty (Berndt & Tait, 2014:40). Let's look at the various stages in relationship development.

Stage 1: Prospect

A prospect is a customer who has not bought anything from a business. It is also possible that this customer has not heard about the business yet. It is thus important at this stage to create awareness and move prospects towards becoming a purchaser. For example, a new coffee shop called Cups and Coffee has just opened. The customer walks past it, and is now aware of the coffee shop. The customer also sees an article about the shop in the local newspaper and sees on Facebook that some of their friends have visited the shop.

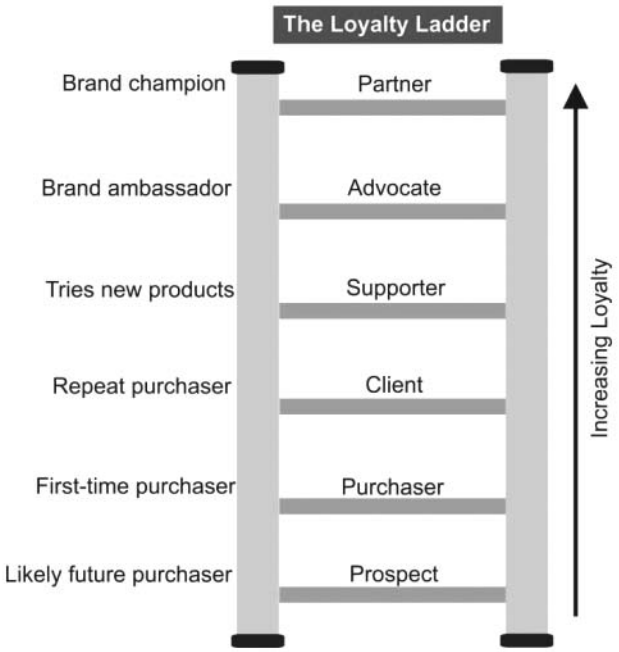


Figure 11.2: Loyalty ladder

Stage 2: Purchaser

During this stage, the customer has made a trial purchase, and has started to evaluate whether the company offers something that they would value. It is important at this stage to ensure that there is good customer service and follow-up to ensure that the customer has a positive experience with the company. For example, the customer now decides to try out Cups and Coffee. The coffee is good, the service is quick and efficient, and the manager comes around to ask whether they are happy. The customer is generally satisfied.

Stage 3: Client

The client is a customer who has made a few purchases, and is generally satisfied with the business. It is important to ensure that there are no mistakes at this stage, because the customer has just started to trust the business and it is a very fragile relationship. For example, the customer has now returned to Cups and Coffee a few times. At this point the relationship can go one of two ways. Things that have a negative effect on the customer's satisfaction would be slow service, cold coffee, bad-tasting food or smells in the shop. This ensures that the customer will never return to the coffee shop. Or, if the customer receives continued good service, with good coffee and food, the customer will return to the coffee shop.

Stage 4: Supporter

A supporter is a customer who has a good relationship with the company and also trusts the company. They continue to return, although they still consider it to be their second choice. For example, the customer returns to Cups and Coffee regularly, but still prefers to go to Cappuccino's for their favourite coffee.

Stage 5: Advocate

An advocate is a customer who is completely loyal and invested in a company. They tell their friends about it and are ambassadors for the company. They also give negative and positive feedback to ensure the business improves its service. Only a very big mistake on the part of the business ensures that an advocate loses their trust in the company. For example, the customer only drinks their coffee at Cups and Coffee. It is their favourite coffee shop. They tell all their friends about it, and insist that this is the best place to drink coffee.

Stage 6: Partner

A partner is usually in a business-to-business context where an advocate's relationship with a company becomes mutually beneficial. This means that if a company has continually served the suppliers, and successfully satisfied their needs, that the relationship will move to a partnership.



Activity 11.1

The Grove Mall in Pretoria-East has opened a new cinema complex for Ster-Kinekor. Discuss the six stages in the relationship development of customers. Explain the theory and use the example of the new cinema and how Ster-Kinekor can go about building relationships with its customers.



Feedback

1. Prospect

A prospect is a customer who has not bought anything from a business. It is also possible that this customer has not heard about the business yet. It is thus important at this stage to create awareness and move prospects towards becoming a purchaser. For example, Ster-Kinekor must advertise the opening of its new cinema throughout the Grove Mall and also in the surrounding areas to inform customers of its existence. Customers in the mall walk past the advertisements and take notice of the new cinemas available. Ster-Kinekor can also market the new cinemas in its other movie theatres.

2. Purchaser

During this stage, the customer has made a trial purchase, and has started to evaluate whether the company offers something that they would value. It is important at this stage to ensure that there is good customer service and follow-up to ensure that the customer has a positive experience with the company. For example, the customer has seen their first movie at the new Ster-Kinekor movie theatre. The cinema experience was good, the seats were comfortable, the sound was perfect and the popcorn fresh. At this stage Ster-Kinekor can make use of its loyalty cardholder's information to ask whether their movie experience was satisfactory. It can even ask the customer to fill in a short form to indicate their satisfaction.

3. Client

The client is a customer who has made a few purchases, and is generally satisfied with the business. It is important to ensure that there are no mistakes in this stage, because the customer has just started to trust the business and it is a very fragile relationship. For example, the customer has seen a few movies at the new cinema and is generally satisfied. To keep the trust of the customer Ster-Kinekor must ensure that its service is continually good, such as the quality of the sound, the cleanliness of the movie theatre, the availability of food and snacks and the variety of movies showing. At this stage, if something is not up to standard, a customer can decide never to return to the new movie theatres.

4. Supporter

A supporter is a customer who has a good relationship with the company and also trusts the company. They continue to return, although they still consider it to be their second choice. For example, the customer is very satisfied with the movie theatre at the Grove Mall, but still considers Brooklyn Mall's Ster-Kinekor their first choice to watch movies.

5. Advocate

An advocate is a customer who is completely loyal and invested in a company. They tell their friends about it and are ambassadors for the company. They also give negative and positive feedback to ensure the business improves its service. Only a very big mistake on the part of the business ensures that an advocate loses their trust in the company. For example, the customer only watches their movies at the Grove Mall. They invite their friends to go along with them, and they consider the Grove Mall's Ster-Kinekor to be their first choice when watching movies. The customer makes use of their loyalty card and gets discount when watching movies on a Tuesday.

6. Partner

A partner is usually in a business-to-business context where an advocate's relationship with a company becomes mutually beneficial. This means that if a company has continually served the suppliers, and successfully satisfied their needs, the relationship will move to a partnership.

11.7 SUMMARY

This learning unit aimed to give the student a good understanding of relationship marketing, customer relationship management and loyalty. Customer loyalty and relationships are essential to the profitability of a company. Having a loyal customer base that returns is more profitable than trying to convince new customers to buy a product. Practically it means that a company spends less trying to keep a customer happy and satisfied than trying to create new ways of advertising to "catch" new customers. Technology is an inseparable part of CRM, because without technology it would have been impossible to build a customer database. Technology also enables marketers to send out automated messages to their customers, making communication easy and efficient. The way in which relationship marketing works, is constantly evolving. Presently, there is a big shift towards encouraging customers to create their own content about brands and products. This involves talking about it on social media, creating hashtags and writing blogs about

the products. Companies want their customers to talk about their products, and create innovative ways to involve their customers.

11.8 CASE STUDY WITH QUESTIONS

Follow the URL link to the article "*What you can learn from the top 5 South African loyalty programmes*" and follow the questions that follow. http://www.theloyaltybox.com/blog/loyalty-ideas/what-you-can-learn-from-south-african-loyalty-programs/

QUESTIONS

1. Explain what relationship marketing entails and explain how each of the top five loyalty programmes in South Africa successfully builds relationships with their loyalty programmes.
2. Explain what is needed for companies to establish and improve relationships with their customers.
3. Explain how these top South African companies can advance their customers from prospects to advocates of their product and services (i.e. the loyalty ladder).

11.9 REFLECTION



Before you conclude the learning unit, reflect on the following questions:

1 Think about where marketing started and how it has evolved from a one-way communication with customers with a relationship encouraging two-way communication with customers. How do you think social media and the advancement of technology and smartphones will change the way in which relationship marketing works?

2 With the world becoming smaller? How do you think companies will continue to keep their customers loyal?

3 Do you think customers should have a fear about how their personal information will be used or misused when giving it to companies for the purpose of joining a loyalty programme?

4 Loyalty is not something that is bought or forced, but it is earned through continually providing good service and value-adding products to customers. Does competition between companies now decrease, or does CRM encourage companies to keep their competitive advantage even though they have a loyal customer base?

11.10 SELF-ASSESSMENT QUESTIONS



Below are some multiple-choice questions that you can work through to test your knowledge and understanding of the learning unit:

QUESTION 1

Which **ONE** of the following descriptions would best describe transactional marketing?

1 Marketing to customers according to the four P's of marketing. Ensuring that the optimal mix is obtained to reach customers.
2 Marketing in such a way to get as many new clients as possible. Focusing on getting as many customers as possible to buy the product, whether or not they return.
3 Segmenting the market according to age, demographic and geographic locations.
4 Building relationships with customers using CRM tools and technology.

QUESTION 2

There are six stages in the development of a relationship with a customer. Which of the following is **NOT** one of the stages?

1 enthusiast
2 client
3 purchaser
4 supporter

QUESTION 3

Which **ONE** of the following attributes does an advocate have?

1 actively telling people not to visit the store
2 promoting the company by telling their friends about it
3 only visited the store once and is generally satisfied
4 continues to return although it can change with the first bad experience

QUESTION 4

For a CRM strategy to work there are a few prerequisites. Which of the following would explain decentralisation of authority?

1 Authority decisions are transferred from top management to the lower levels of the organisation.
2 Top management need to give support for CRM to work
3 All employees need to be on board with the implementation of the CRM process.
4 Employees are forced to implement the CRM strategy without them being involved in the process.

QUESTION 5

The CRM system will only work if there is proper technological support in place. Which of the following is **NOT** an **ADVANTAGE** of technology?

1 helps to build a database of customers
2 helps customer service officers to keep all their tasks organised
3 automated communication with customers
4 generates new leads

Before checking the answers to the MCQs above, try to answer the questions yourself to test your knowledge and understanding of the theory you have just learnt.

MEMORANDUM

QUESTION 1

Option 2 is the correct answer.

Option 2 is correct because transactional marketing focuses on getting as many new clients as possible. Transactional marketing ensures that the optimal mix is obtained to reach customers. Option 1 is incorrect, because the four P's of marketing describes the traditional way of marketing and not transactional marketing. Option 3 is incorrect, because this explains the way in which marketers use segmentation to market their products to customers. Option 4 is incorrect, because this explains how relationship marketing works by building relationships with customers through CRM systems.

The correct answer can be found in section 11.2.

QUESTION 2

Option 1 is the correct answer.

Option 1 is correct as an enthusiast is not part of the stages of relationship development. An enthusiast is only a customer who is enthusiastic about a brand and therefore loyal. Option 2 is incorrect, because a client is part of the stages of relationship development. Option 3 is incorrect, because a purchaser is part of the stages of relationship development. Option 4 is incorrect, because a supporter is part of the stages of relationship development.

The correct answer can be found in section 11.6.3.

QUESTION 3

Option 2 is the correct answer.

Option 2 is correct, because an advocate tells their friends about the company. Option 1 is incorrect, because an advocate actively encourages people to visit

the store. Option 3 is incorrect, because an advocate has already visited the company many times and is already loyal and satisfied with the product or service. Option 4 is incorrect, because an advocate has already decided that they are loyal to the brand or company. Only very large mistakes from the company's side will dissuade them otherwise.

The correct answer can be found in section 11.6.3.

QUESTION 4

Option 1 is the correct answer.

Option 1 is correct because decentralisation means to move authority from top management to lower levels for the lower levels to be able to make decisions and serve customers better.

Option 2 is incorrect, because this statement refers to top management that need to give financial support and resources for the CRM strategy to work. Option 3 is incorrect, because this refers to all employees who need to have a vision for what the CRM strategy will mean for the organisation. Option 4 is incorrect, because this refers to all employees who need to have a vision for what the CRM strategy will mean for the organisation. Employees cannot be forced to implement something that they don't have a vision for.

The correct answer can be found in section 11.4.1.

QUESTION 5

Option 4 is the correct answer.

Option 4 is correct, because technology can only help to pursue leads that the company has already received. Technology cannot generate leads. Option 1 is incorrect, because technology helps to build a database of customers. Option 2 is incorrect, because technology helps customer service officers to keep all their tasks organised. Option 3 is incorrect because technology sends automated communication to customers via e-mail and SMS.

The correct answer can be found in section 11.4.2.

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APPENDIX A: GLOSSARY

Learning unit 1

- ***Marketing:*** "Marketing is a process where an organisation, in its drive to meet its organisational goals, focuses on meeting customers' needs and wants, by means of offering the right product, at the right price, at the right place, by using the right marketing communication channels and which, in this process, strives to establish relationships with customers and to develop and grow these relationships with relevant stakeholders in an ever-changing environment" (Cant, Van Heerden & Ngambi, 2013:3–4).
- ***Bemarking:*** "Bemarking is 'n proses waar 'n organisasie, in sy strewe om sy organisatoriese doelstellings na te kom, fokus op die nakoming van klante se behoeftes en begeertes, deur die regte produk, teen die regte prys, op die regte plek aan te bied deur middel van die regte bemarkingskommunikasiekanale en wat, in hierdie proses daarna streef om verhoudings met klante te vestig en om hierdie verhoudings te groei met relevante belanghebbers in 'n omgewing wat voortdurend verander" (Cant, Van Heerden & Ngambi, 2013:3–4).
- ***Papatšo:*** "Papatšo ke tshepedišo fao mokgatlo, phišegong ya ona go fihlelela dinepo tša ona tša mokgatlo, o šetšago go fihlelela dinyakwa le dihlokwa tša bareki, ka mokgwa wa go fa setšweletšwa se se nepagetšetšego, ka theko ye e nepagetšego, lefelong le le nepagetšego gape ka go šomiša mekgwa ya kgokagano ya papatšo ye e nepagetšego gape yeo, tshepedišong ye, o fišegelago go hloma kamano le bareki le go tšwetša pele le go godiša dikamano tše le bengdithoto ba maleba tikologong ye e felago e fetoga" (Cant, Van Heerden & Ngambi, 2013:3–4).
- ***Ukumaketha:*** "Ukumaketha uhlelo lapho inhlangano/ibhizinisi, lithatha isu lokuhlangabezana nezinhloso zenhlangano, uhlelo oluphokophele ukuhlangabezana nezidingo nokufunwa abathengi, ngendlela yokuthengisela abathengi umkhiqizo ofanele, ngenani eliphansi, endaweni efanele, nangokusebenzisa imigudu yokuxhumana yokumaketha futhi, leyo engaphansi kwalolu hlelo, luqonde ukwakha ubudlelwano namakhasimende, ukuthuthukisa nokuqinisa lobu budlelwano nabadlalindima abafanele endaweni/esizindeni esihlala siguquka njalo" (Cant, Van Heerden & Ngambi, 2013:3–4).

- ***Marketing mix:*** The marketing mix refers to a unique blend of product, place, promotion and pricing strategies designed to produce mutually satisfying exchanges with the target market (Lamb, Hair & McDaniel, 2009:46). The extended marketing mix, or the seven P's of marketing, includes three additional P's, namely people, physical evidence and processes.
- ***Bemarkingsamestelling/-mengsel:*** Die bemarkingsamestelling verwys na 'n unieke mengsel van produk, plek, promosie en prysingstrategieë wat ontwerp is om wedersyds bevredigende uitruilings met die teikenmark te lewer (Lamb, Hair & McDaniel, 2009:46). Die uitgebreide bemarkingsamestelling, of die sewe P's van bemarking sluit drie bykomende P's in, naamlik mense (*people*), fisiese bewyse (*physical evidence*) en prosesse.

- **Tswakanyo ya papatšo:**Tswakanyo ya papatšo e šupa tlhakanyo ya moswananoši ya maano a setšweletšwa, lefelo, tšweletšopele le peo ya theko ao a hlamilwego go tšweletša dikananyo tše di kgotsofatšago bohle mmarakeng wo go lebišitšwego go ona. (Lamb, Hair & McDaniel, 2009:46). Tswakanyo ya papatšo ye e otlolotšwego, goba diP tše 7 tša papatšo di akaretša diP tša tlaleletšo, e lego *people* (batho), *physical evidence* (bohlase bjo bo bonwago) le *processes* (ditshepedišo).
- ***Uhlelo Lokumaketha oluxubile:*** Uhlelo lokumaketha oluxubile luchaza inhlobo engavamile yomkhiqizo, yendawo, yokukhangisa namasu wokuhlelwa kwamanani akhiwe ngenhloso yokwakha insebenziswano yokuthengiselana eyanelisayo kubathengi abafanele (Lamb, Hair & McDaniel, 2009:46). Uhlelo oluxubile lokuthengisa olukhulisiwe, noma ama-P ayi-7 wokumaketha afaka ama-P angeziwe, wona abantu, ubufakazi obuphathekayo nezinhlelo.

- ***Marketing concept:*** An ethical code or philosophy that governs all marketing initiatives. In this day and age, our marketing concept is to build and maintain long-lasting relationships with our customers. In other words, it is the way of thinking which determines the course of action about marketing functions (Jain, 2010:41). The marketing concept proposes that an organisation should determine its consumers' needs and aim to meet those wants and needs better than its competitors.
- ***Bemarkingskonsep:*** 'n Etiese kode of filosofie wat alle bemarkingsinisiatiewe beheer. Deesdae, is ons bemarkingskonsep om langtermynverhoudings met ons klante te bou en te handhaaf. Met ander woorde, dit is die denkwyse wat die handelswyse van bemarkingsfunksies bepaal (Jain, 2010:41). Die bemarkingskonsep stel voor dat 'n organisasie sy verbruikers se behoeftes moet bepaal met die doel om beter aan daardie behoeftes en begeertes te voldoen as sy mededingers.
- **Kgopolo ya papatšo:** Molao wa maitshwaro goba tlhahlo ya maitshwaro ye e laolago boitšhimolloši ka moka bja papatšo. Mehleng ye le mengwageng ya bjale, kgopolo ya rena ya papatšo ke go bopa le go tšwetša pele ditswalano tša nako ye telele le bareki ba rena. Ka mantšu a mangwe, ke mokgwa wa go nagana woo o šupago mokgwa wo o swanetšwego go latelwa wa go šoma ga papatšo (Jain, 2010:41). Kgopolo ya papatšo e šišinya gore mokgatlo o swanetše go šupa dinyakwa tša bareki ba ona le go ikemišetša go fihlelela dinyakwa le dikganyogo tšeo bokaone go phala baphenkgišani ba bona.
- ***Umqondo wokumaketha:*** Uhlelo/ikhowudu yokuziphatha noma ifilosofi ephethe yonke imizamo emayelana nokumaketha. Esikhathini sanamhlanje, umqondo wegama lethu lokuthengisa ukwakha nokugcina ubudlelwano besikhathi eside namakhasimende wethu. Ngamanye amagama, kuyindlela yokucabanga elawula uhlelo lokwenza ngemisebenzi yokuthengisa (Jain, 2010:41). Umqondo wokumaketha uhlongoza ukuthi inhlangano kumele ikwazi ukubona izidingo zamakhasimende ayo kanti futhiiphokophelele ukuhlangabezana nalezo zimfuno nezidingo ngendlela engcono kunalabo encintisana nabo. Idlela yokuziphatha noma uhlelo lwenkolelo ebusa yonke imizamo yokuthengisa. (Jain, 2010:41).

- ***Consumer behaviour:*** Consumer behaviour entails the behaviour that customers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs (Joubert, 2010:1).
- ***Verbruikersgedrag:*** Verbruikersgedrag behels die gedrag wat verbruikers toon wanneer hulle produkte en dienste wat hulle verwag hulle behoeftes sal bevredig, selekteer, aankoop, gebruik, evalueer en van die hand sit (Joubert, 2010:1).
- **Maikutlo a bareki:** Maikutlo a bareki a hlaloša maikutlo ao bareki ba a bontšhago ge ba nyaka , ba reka, ba šomiša, ba lekola le go phatlalatša didirišwa le ditirelo tšeo ba letetšego gore di tla kgotsofatša dinyakwa tša bona (Joubert, 2010:1).

- ***Ukuziphatha komthengi:*** Ukuziphatha komthengi kufaka indlela yokuziphatha evezwa ngamakhasimende uma efuna, ukuthenga, ukusebenzisa, ukuhlola nokusebenzisa imikhiqizo nezinsiza ezilindelwe ukwanelisa izidingo zawo (Joubert, 2010:1).

- ***Macroenvironmental factors:*** The macro-environment is the collection of uncontrollable forces and conditions facing a person or a company, including demographic, economic, natural, technological, political and cultural factors (AMA, 2016). The macroenvironment includes factors such as the gross domestic product (GDP), inflation, unemployment rate, disposable income, and the monetary and fiscal policy (Investopedia, 2016a).
- ***Makro-omgewingsfaktore:*** Die makro-omgewing is die versameling onbeheerbare magte en toestande waarmee 'n persoon of 'n maatskappy te make het, insluitend demografiese, ekonomiese, natuurlike, tegnologiese, politieke en kulturele faktore (AMA, 2016). Die makro-omgewing sluit faktore in soos die bruto binnelandse produk (BBP), inflasie, werkloosheidskoers, besteebare inkomste, en die monetêre en fiskale beleid (Investopedia, 2016a).
- ***Mabaka a magolo a ka ntle a khuetšo:*** Mabaka a magolo a ka ntle a khuetšo ke kgobokanyo ya maatla le dipeelano tše di sa laolegego tše di lebanego motho goba khamphani, go akaretšwa mabaka a dipalopalo tša badudi, ekonomi, a tlhago, a theknolotši, a sepolotiki le a setšo (AMA, 2016). Mabaka a magolo a ka ntle a khuetšo a akaretša mabaka a go swana le palomoka ya theko ya thoto le ditirelo tše di tšweleditšwego nageng pakeng ye e rilego (GDP), kgolo le theogo ya ditheko, kelo ya tlhokego ya mešomo, tšhelete ye e šalago ka morago ga ge motšhelo o gogilwe, le melaotshepetšo ya ditšhelete le ya ditiro tša mmušo ka ga kgoboketšo ya metšhelo le tšhomišo ya tšhelete (Investopedia, 2016a).
- ***Izimo eziyimbangela ezingenakulawulwa:*** Izimo eziyimbangela ezingenakulawulwa kuyinhlanganisela yomoya nezimo ezingenakulawulwa ezibhekene nomuntu noma inkampani, kufaka phakathi izinto ezimayelana nohlelo lwesayensi yenani labantu, nomnotho,, nemvelo, ubuchwepheshe,ipolitiki nezimo zamasiko (AMA, 2016). Izi zimo ezingenakulawulwa zifaka phakathi izinto ezinjengomnotho wonke wezwe (GDP), uhlelo amandla emali, izinga lokungasebenzi, ingeniso, nomgomo olawulwa amandla okuthenga nokusetshenziswa kwemali kahulumeni (Investopedia, 2016a).

Learning unit 2

- ***Consumer decision making process:*** The consumer decision-making process is the stages an individual goes through to ultimately make a purchasing decision. The process consists of five stages, namely: (1) need recognition; (2) information search; (3) evaluation of alternatives; (4) purchase; and (5) post-purchase evaluation.
- ***Verbruikersbesluitnemingsproses:*** Die verbruikersbesluitnemingsproses is die stadiums waardeur 'n individu gaan om uiteindelik 'n koopbesluit te maak. Die proses bestaan uit vyf stadiums, naamlik: (1) behoefte-erkenning; (2) inligtingsoektog; (3) evaluering van alternatiewe; (4) aankoop; en (5) nakoopevaluering.
- ***Mokgwa wa bareki wa go tšea sephetho*:** Mokgwa wa bareki wa go tšea sephetho ke magato ao motho a a latelago gore mafelelong a tšee sephetho sa go reka. Mokgwa wo o na le magato a 5, e lego: (1) temogo ya senyakwa; (2) go nyaka tshedimošo (3) tekolo ya gore go ka ba le tše dingwe gape; (4) go reka (5) tekolo ka morago ga go reka.

- ***Uhlelo lapho umthengi ethatha isinqumo sokuthenga:*** Uhlelo lapho umthengi ethatha isinqumo kuyizikhathi lapho umuntu ekugcineni ethatha isinqumo sokuthenga. Lolu hlelo lunezigaba ezi-5, zona yilezi: (1) ukwazi isidingo (2) ukufuna ulwazi (3) ukuhlola ezinye izindlela zokuthola imikhiqizo nezinsiza; (4) ukuthenga; (5) nesikhathi senhlolo eyenzeka ngemva kokuthenga.

- ***Post-purchase dissonance:*** Consumers often experience doubt or anxiety after making a difficult purchase decision; this is known as post-purchase dissonance. Typically, dissonance occurs when a product or service does not meet your expectations. Consumers experience an imbalance or conflict among their beliefs, knowledge and attitudes that occurs after a purchase decision – this is referred to as cognitive dissonance.
- ***Nakoopdissonansie:*** Verbruikers ervaar dikwels twyfel of angs nadat hulle 'n moeilike koopbesluit gemaak het; dit staan bekend as nakoopdissonansie. Dissonansie vind tipies plaas wanneer 'n produk of diens nie aan u verwagtinge voldoen nie. Verbruikers ervaar 'n wanbalans of konflik van hulle oortuigings, kennis en houdings wat plaasvind na 'n koopbesluit – daar word na verwys as kognitiewe dissonansie.
- ***Thulano ya maikutlo ka morago ga go reka*:** Bareki gantši ba ba le pelaelo goba tlalelo ka morago ga go tšea sephetho se boima sa go reka; se se tsebja ka thulano ya maikutlo ka morago ga go reka. Gabotsebotse, thulano ya maikutlo e direga ge setšweletšwa se goba tirelo e sa kgotsofatše ditetelo tša gago. Bareki ba itemogela go se lekalekane goba thulano gare ga ditumelo, tsebo le maikutlo a bona tšeo di diragalago ka morago ga sephetho sa go reka – se se šupša go ba kgakanego ka lebaka la thulano ya maikutlo ka sephetho seo se tšerwego.
- ***Ukungabaza ngemva kokuthenga:*** Abathengi esikhathini esiningi bayangabaza noma bathukuthele ngemva kokuthatha isinqumo esinzima sokuthenga; lokhu kubizwa ngokuthi ukungabaza ngemva kokuthenga. Ngokwenjwayelo, ukungabaza kwenzeka uma umkhiqizo noma insiza ingahambisani nalokho okulindele. Abathengi baba nokungazinzi noma imiqondo ephikisanayo kwizinkolelo, ulwazi nomoya wabo ovelayo ngemva kokuthatha isinqumo sokuthenga – lokhu kubizwa ngokuthi ukungabaza ngokomqondo.

Learning unit 3

- ***Personal characteristics:*** Personal characteristics refer to a set of criteria that are inherent within a group or population and are the basic criteria for demographic segmentation. People of a specific age or gender share certain traits and can be grouped together.
- ***Persoonlike eienskappe/hoedanighede:*** Persoonlike eienskappe verwys na 'n stel kriteria binne 'n groep of bevolking en is die basiese kriteria vir demografiese segmentering. Mense van 'n bepaalde ouderdom of geslag deel bepaalde kenmerke en kan saam gegroepeer word.
- ***Dipharologantšho tša batho*:** Dipharologantšho tša batho di šupa sehlopha sa mekgwa ye e lego gona sehlopheng goba baduding gape ke mekgwa ya motheo ya karoganyo ya badudi go ya ka mengwaga, bong, morafe, bogolo bja lapa bjalobjalo. Batho ba mengwaga goba bong bjo bo itšeng ba na le dimelo tše itšeng gomme ba ka bewa mmogo sehlopheng se tee.
- ***Izici/izimpawu zomuntu:*** Izici/izimpawu zomuntu zisho isethi yezindlela zendabuko ngaphakathi kweqembu noma emphakathini kanti kuyizindlela eziyinsika zokuhlukanisa abantu ngokwezindawo abahlala kuzo. Abantu beminyaka noma bobulili obuthize banezici ezithile ezifanayo kanti bangahlanganiswa ndawonye.

- ***Consumer market:*** All the individuals and households that buy products and services for personal consumption. This market refers to people with particular demands who manifest certain forms of behaviour in satisfying those demands (Du Toit, Erasmus & Strydom 2010:110).
- ***Verbruikersmark:*** Al die individue en huishoudings wat produkte en dienste vir persoonlike verbruik koop. Hierdie mark verwys na mense met bepaalde vereistes wat bepaalde gedragsvorme openbaar om hierdie vereistes te bevredig (Du Toit, Erasmus & Strydom, 2010:110).
- ***Mmaraka wa bareki:*** Batho le malapa ka moka bao ba rekago ditšweletšwa le ditirelo gore ba di šomiše. Mmaraka wo o šupa batho bao ba nago le dinyakwa tše di itšego bao ba bontšhago mekgwa ye e itšego ya boitshwaro go kgotsofatša dinyakwa tšeo (Du Toit, Erasmus & Strydom 2010:110).
- ***Imakethe yabathengi:*** Bonke abantu nemizi ethenga imikhiqizo nezinsiza ukuthi bazisebenzisa njengabantu. Le makethe isho abantu abanezimfuno ezithile abaziphatha ngendlela ethize ukwanelisa lezo zidingo (Du Toit, Erasmus & Strydom 2010:110).

- ***Race:*** A group of people who share the same genetic heritage. The common racial groups in South Africa are, black, white, Indian and coloured (Joubert, 2013).
- ***Ras:*** 'n Groep mense wat dieselfde genetiese erfenis deel. Die algemene rassegroepe in Suid-Afrika is swart mense, wit mense, Indiërs en kleurlinge (Joubert, 2013).
- ***Morafe*****:** Sehlopha sa batho bao ba nago le tlhago ye e swanago ya ditšine le dihlopha tša merafe tše di swanago ka Afrika Borwa ke, bathobaso, bašweu, Maintia le bammala (Joubert, 2013).
- ***Uhlanga lwabantu:*** Iqembu labantu lamagugu wofuzo olufanayo futhi namaqembu. Abantu bohlanga olujwayelekile eNingizimu Afrika, abantu abaMnyama, abaMhlophe, abangamaNdiya nabangamaKhaladi/bebala(Joubert, 2013).

- ***Living Standards Measurement (LSM):*** Marketers use the Living Standards Measurement (LSM) to segment the South African market. This tool was specifically designed for the South African market and was first published in 1993 by the South African Advertising Research Foundation (SAARF). It has become the most widely used marketing research tool in South Africa (Cant, 2010).
- ***Lewenstandaardmeting:*** Bemarkers gebruik die Lewenstandaardmeting (LSM) om die Suid-Afrikaanse mark te segmenteer. Hierdie hulpmiddel is spesifiek vir die Suid-Afrikaanse mark ontwerp en is vir die eerste keer in 1993 deur die Suid-Afrikaanse Stigting vir Reklamenavorsing (SAARF) gepubliseer. Dit is die bemarkingsnavorsinghulpmiddel wat die wydste gebruik word in Suid-Afrika (Cant, 2010).
- ***Kelo ya Maemo a go phela (LSM)*****:** Sedirišwa seo se dirago gore bophelo bja babapatši ba Afrika Borwa bo be bonolo ke Kelo ya Maemo a go Phela (LSM) seo se hlametšwego gabotsebotse karoganyo go ya ka dihlopha mmarakeng wa Afrika Borwa. Sedirišwa se se phatlaladitšwe la mathomo ka 1993 ke Mokgatlo wa Afrika Borwa wa Dinyakišišo tša Kwalakwatšo (SAARF) gape e bile sedirišwa sa dinyakišišo tša papatšo seo se šomišwago gagolo gohle ka bophara ka go Afrika Borwa (Cant, 2010).
- ***Isilinganiso Samazinga Empilo:*** Abathengisi basebenzisa basebenzisaIsilinganiso Samazinga Empilo (LSM) ukwehlukanisa uhlelo lwezimakathe zaseNingizimu Afrika. Leli thuluzi lenzelwa uhlelo lwemakethe yeNingizimu Afrika kanti lakhishwa ngokokuqala ngo-1993, Yinhlangano Yezocwaningo Kwezokukhangisa eNingizimu Afrika *Advertising Research Foundation* (SAARF). Seyize yaba ithuluzi elitshenziswa kabanzi kakhulu kwezocwaningo lokuthengisa eNingizimu Afrika (Cant, 2010).

- ***Age cohorts:*** Cohort analysis is the process of describing and explaining the attitudes, behaviours and values of an age group. It can also be used to predict age groups' future attitudes, values and behaviours (Joubert, 2013:42). This process divides the population into generation groups (or *age cohorts*), which are groups of people who have experienced a common social, political, historical and economic environment.
- ***Ouderdomskohorte:*** Kohortontleding is die proses om die houdings, gedrag en waardes van 'n ouderdomsgroep te beskryf en te verduidelik. Dit kan ook gebruik word om ouderdomsgroepe se toekomstige houdings, waardes en gedrag te voorspel (Joubert, 2013:42). Hierdie proses verdeel die bevolking in generasiegroepe (of *ouderdomskohorte*) wat groepe mense is wat 'n gemeenskaplike sosiale, politieke, historiese en ekonomiese omgewing ervaar het.
- ***Dihlopha go ya ka bogolo bjo itšeng:*** Tshekatsheko ya sehlopha sa batho go ya ka mengwaga ye e swanago ke mokgwa wa go hlaloša le go hlatholla maikutlo, boitshwaro le melao ya boitshwaro ya batho ba mengwaga ye e itšego. E ka šomišwa gape go laolela pele maikutlo, melao ya boitshwaro le maitshwaro tša ka moso tša sehlopha sa mengwaga ye e swanago (Joubert, 2013:42). Mokgwa wo o arola badudi go ya ka dihlopha tša meloko (goba dihlopha go ya ka bogolo bjo bo itšego), e lego dihlopha tša batho bao ba itemogetšego tikologo ye e swanago ya leago, sepolotiki, histori le ekonomi.
- ***Imikhuba yegenge eseminyakeni ethize:*** Uhlaziyo lwemikhuba ethize uhlelo lokufanekisa nokuchaza imikhuba, ukuziphatha nalokho okuthandwa yiqembu labantu abaseminyakeni ethize (Joubert, 2013:42). Lolu hlelo lungasetshenziswa futhi ukubikezela imikhuba, amagugu nokuziphatha kweqembu labantu leminyaka ethile . Lolu hlelo luhlukanisa inani lesizwe ngokwamaqembu esizukulwana (noma imikhuba yegenge eseminyakeni ethile), lawo okungamaqembu abantu abanolwazi lwesizinda sabantu, sepolitiki, somlando nesomnotho.

Learning unit 4

- ***Perception:*** The process, by which an individual observes, selects, organises and interprets stimuli into a meaningful and coherent picture of the world (Kotler & Armstrong, 2010).
- ***Persepsie:*** Die proses waardeur 'n individu stimuli waarneem, selekteer, organiseer en interpreteer om 'n betekenisvolle en koherente beeld van die wêreld te vorm (Kotler & Armstrong, 2010).
- ***Temogo*:** Mokgwa wo ka ona batho ba lemogago, ba kgethago, ba beakanyago le go hlatholla ditsoši go seswantšho sa lefase seo se hlalošegago gape se nago le tlhaloganyo (Kotler & Armstrong, 2010).
- ***Umqondo:*** Uhlelo lapho, umuntu ebhekisisa, ekhetha, ehlela nalapho echaza imbangela ibe yisithombe somhlaba esizwakalayo nesihlangene (Kotler & Armstrong, 2010).

- ***Perceptual defence:*** When individuals only attend to a relatively small percentage of all the exposure they receive for interpretation (Joubert, 2013). Perceptual defence mechanisms are used to protect us against undesirable stimuli. The defence mechanisms can be in the form of selective exposure, selective attention, selective interpretation and selective recall (Cant, Van Heerden & Ngambi, 2010).

- ***Perseptuele verdediging:*** Wanneer individue slegs aandag gee aan 'n relatief klein persentasie van al die blootstelling wat hulle ontvang vir interpretasie (Joubert, 2013). Perseptuele verdedigingsmeganismes word gebruik om ons teen ongewenste stimuli te beskerm. Die verdedigingsmeganismes kan in die vorm van selektiewe blootstelling, selektiewe aandag, selektiewe interpretasie en selektiewe herroeping wees (Cant, Van Heerden & Ngambi, 2010).
- ***Tlhokomologo ya setsoši seo se sa nyakegego:*** Ge batho ba šetša fela phesente ye nnyane ya ditsoši ka moka tše ba di amogelago gore ba di hlatholle (Joubert, 2013). Mekgwatlwaelo ya tlhokomologo ya setsoši seo se sa nyakegego e šomišwa go re šireletša kgahlanong le setsoši seo se sa nyakegego. Mekgwatlwaelo ya tlhokomologo e ka ba ka tsela ya go kgetha tshedimošo ye e thekgago seo o se naganago goba o dumelago go sona, go šetša fela tshedimošo ye e thekgago ditiragalo le ditiro tša nako ya bjale, tlhathollo ya tshedimošo ye e gakantšhago gore e sepelelane le ditiragalo le ditiro tša nako ya bjale (Cant, Van Heerden & Ngambi, 2010).
- ***Ukuvikela umqondo:*** Uma abantu babheka inani elincane lalokho abanikezwa khona ukuthi bakuchaze (Joubert, 2013). Izindlela zokuvikela umqondo zisetshenziswa ukusivikela kwizimbangela/izikhuthazi ezingafuneki. Izindlela zokuvikela zingaba ngalendlela yokuveza okuthile, ukubheka okuthile, ukuchaza/ukuhlaziya okuthile nokukhumbula okuthile (Cant, Van Heerden & Ngambi, 2010).

- ***Perceptual process:*** Also called *information processing*, it gives marketers a check list with which they evaluate how effectively their messages are communicated throughout the various stages of perception (Stokes, Matthen & Biggs, 2015).
- ***Perseptuele proses:*** Dit word ook *inligtingsverwerking* genoem en gee vir bemarkers 'n kontrolelys waarmee hulle kan evalueer hoe effektief hulle boodskappe deur die onderskeie perseptuele stadiums gekommunikeer word (Stokes, Matthen & Biggs, 2015).
- ***Tšhomišo ya dikwi tša temogo go hlatholla ditsoši*:** Gape e tsebja ka *tlhathollo ya tshedimošo*, go fa babapatši lenane la tekolo leo ka lona ba lekolago ka moo melaetša ya bona e fetišitšwego ka kgonagalo ka gona magatong ka moka a temogo (Stokes, Matthen & Biggs, 2015).
- ***Ukuhleleka komqondo:*** Futhi kubuye kubizwe *ngohlelo lokuhlela ulwazi*, lunikeza abathengisi/abamakethi uhlu lokuqinisekisa olusebenza ukuhlola ukuthi imilayezo yabo ithunyelwa ngendlela efanele kuzo zonke izigaba ezahlukahlukene zomqondo (Stokes, Matthen & Biggs, 2015).

- ***Learning and memory:*** Learning is the act of acquiring new or modifying and reinforcing, existing knowledge behaviours, skill, values or preferences and may involve synthesising different types of information (Sims, 2014:52). Memory, on the other hand, is the process in which information is encoded, stored and retrieved (Lee, 2014).
- ***Leer en geheue:*** Leer is die handeling om nuwe kennisgedrag, vaardighede, waardes of voorkeure te verkry of om bestaandes te wysig en te versterk, en kan die sintese van verskillende tipes inligting behels (Sims, 2014:52). Geheue, daarenteen, is die proses waarin inligting geënkodeer, gestoor en herwin word (Lee, 2014).
- ***Go ithuta le kelelo*:** Go ithuta ke tiro ya go fihlelela goba go fetola le go tiiša boitshwaro bjo bo lego gona bja tsebo, mabokgoni, melao ya boitshwaro goba dikgetho tše mpsha gomme e ka ama tlhakanyo ya mehuta ye e fapanego ya tshedimošo (Sims, 2014:52). Kelelo, ka letsogong le lengwe, ke mokgwa woo ka ona tshedimošo e fetišwago, bolokwago le go bušwa (Lee, 2014).

- ***Ukufunda nokukhumbula:*** Ukufunda kuyisenzo sokuthola okusha noma ukuguqula nokuqinisa, ngokwenzekayo olwazini ebekade likhona ikhono, amagugu noma okunconywayo futhi kungafaka uhlelo lokuhlaziya ulwazi oluhlukahlukene (Sims, 2014:52). Ukukhumbula, ngakwelinye uhlangothi, uhlelo lapho ulwazi luguqulwa khona, lugcinwa khona futhi lubuyiswa khona ukuthi lusetshenziswe (Lee, 2014).

Learning unit 5

- ***Personality:*** Those inner characteristics that both determine and reflect how a person responds to their environment (Hawkins & Mothersbaugh, 2010:373; Schiffman & Kanuk, 2004:120). The inner characteristics that make up an individual's personality are a unique combination of different factors. Personality reflects individual difference; it is consistent and endurable but it can also change. Personality should be seen as a whole that is influenced by the environment the consumer finds themselves in.
- ***Persoonlikheid:*** Daardie eienskappe wat bepaal asook weerspieël hoe mense op hulle omgewing reageer (Hawkins & Mothersbaugh, 2010:373; Schiffman & Kanuk, 2004:120). Die innerlike eienskappe waaruit 'n individu se persoonlikheid bestaan, is 'n kombinasie van verskillende faktore. Persoonlikheid weerspieël individuele verskille; dit is konsekwent en blywend, maar kan ook verander. Persoonlikheid moet ook beskou word in sy geheel wat beïnvloed word deur die omgewing waarin die verbruikers hulleself bevind.
- ***Semelo*****:** Dipharologantšho tša ka gare tšeo di laetšago le go bontšha ka moo batho ba fetošwago ke tikologo ya bona (Hawkins & Mothersbaugh, 2010:373; Schiffman & Kanuk, 2004:120). Dipharologantšho tša ka gare tšeo di bopago semelo sa motho ke kopanyo ya moswananoši ya dintlha tše di fapanego. Semelo se bontšha go fapana ga batho, ke seo se sa fetogego gape se kgotlelelago eupša, gape se ka no fetoga. Semelo se ka bonwa bjalo ka botlalo bjo bo hueditšwego ke tikologo ye moreki a ikhwetšago a le go yona.
- ***Ubuntu:*** Leyo mizwa engaphakathi kumuntu emibili eshoyo futhi evezayo ukuthi umuntu uphatheka kanjani kuleyo ndawo (Hawkins & Mothersbaugh, 2010:373; Schiffman & Kanuk, 2004:120). Leyo mizwa engaphakathi ebumba ubuntu bomuntu kuyinhlanganisela engavamile yezimbangela ezithile. Ubuntu buveza ukwahlukahlukana kwabantu, lobu buntu abuguquki futhi bunzima, kodwa bungashintsha nabo. Ubuntu kufanele buthathwe njengento eyisiqu esiphelele esiguqulwa yindawo/yisizinda leso abathengi bakuthola kuso.

- ***Lifestyle:*** Refers to the way of living of individuals and is influenced by their personality, motives and attitudes. For example, a person who enjoys being social and cooking will spend more time with family and friends and buy different products than a person who enjoys long walks alone in nature.
- ***Lewenstyl:*** Verwys na die wyse waarop individue lewe en word beïnvloed deur hulle persoonlikheid, motiewe en houdings. Iemand wat dit geniet om sosiaal te wees en kos te maak, spandeer byvoorbeeld meer tyd met familie en vriende en koop ander produkte as iemand wat dit geniet om lang ente alleen in die natuur te gaan stap.
- ***Setaele sa go phela*****:** E šupa mokgwa wa go phela wa batho gomme o huetšwa ke semelo, ditlhohleletšo le boitshwaro bja bona. Motho yo a ratago go ba le batho ba bangwe setšhabeng le go apea, mohlala a ka fetša nako ye ntši le ba lapa le bagwera gomme a reka ditšweletšwa tše ntši go ena le motho yo a ipshinago ka go sepela a nnoši mafelong a tlhago.
- ***Indlela yempilo:*** Ichaza indlela abantu abaphila ngayo futhi iguqulwa ubuntu, izinhloso kanye nemikhuba yabo. Umuntu othokozela ukuphilisana nabantu futhi apheke, isibonelo sakhona uzakuchitha isikhathi sakhe nomndeni nabantu futhi athenge imikhiqizo eyahlukahlukene, ukudlula umuntu othokozela ukuhamba yedwa empilweni.

- ***Psychographics:*** Psychographics are characteristics of individuals that describe consumers in terms of their psychological and behavioural make-up, for example how people behave and the psychological factors that underlie that activity (Cant et al., 2002).
- ***Psigografie:*** Psigografie is eienskappe van individue wat verbruikers beskryf wat betref hulle sielkundige en gedragsamestelling, byvoorbeeld hoe mense optree en die sielkundige faktore wat onderliggend is aan daardie aktiwiteit (Cant et al., 2002).
- ***Tshekatsheko ya setaele sa bophelo sa bareki*:** Tshekatsheko ya setaele sa bophelo sa bareki ke dipharologantšho tša batho tšeo di hlalošago bareki go ya ka moo ba ikwago le maitshwaro a bona, mohlala ka moo batho ba itshwarago ka gona le mabaka a maikutlo ao a hlolago tiro yeo (Cant et al., 2002).
- ***Isayensi yesifundo semikhuba, imiqondo nezimfiso/Isayikhografiki:*** Amasayikhografiki kuyizimpawu zabantu ezichaza abathengi ngokwemiqondo nangokuziphatha kwabo, isibonelo, indlela abantu abaziphatha ngayo nezimbangela zesimo somqondo ezingaphansi kwaleso senzo (Cant et al., 2002).

- ***Self and self-concept:*** The image we have of ourselves is known as our "self-concept" and refers to the attitude we hold about ourselves. The self-concept can be regarded as the totality of the thoughts and feelings of an individual about themselves (Parumasur & Roberts-Lombard, 2012).
- ***Self en selfkonsep:*** Die beeld wat ons van onsself het staan bekend as ons "selfkonsep" en verwys na die houding wat ons teenoor onsself het. Die selfkonsep kan beskou word as die totaliteit van die gedagtes en gevoelens van individue oor hulleself (Parumasur & Roberts-Lombard, 2012).
- ***Ka noši le boikgopolo*:** Seswantšho seo re nago le sona ka ga rena se tsebja bjalo ka "boikgopolo" gomme bo šupa maikutlo ao a lego gona ka ga rena. Boikgopolelo bo ka tšewa bjalo ka bokamoka bja dikgopolo le maikutlo tša motho ka ga gagwe (Parumasur & Roberts-Lombard, 2012).
- ***Ubuwena negama elisho ubuwena bakho:*** Isithombe esinaso ngathi saziwa ngokuthi "njengegama elisho ubuwena" kanti lichaza imikhuba esiyaziyo ngathi. Igama elisho ubuwena lingathathwa njengemiqondo yonke epheleleyo nemizwa yabantu ngabanye (Parumasur & Roberts-Lombard, 2012).

Learning unit 6

- ***Motivation:*** Motive or motivation is "an internal state that activates goal-oriented behaviour" (Chan, 2013). A drive is defined as a purposeful activity initiated by the internal state of the organism and external stimulation. (It is thus a force that energises, activates and directs people's behaviour.)
- ***Motivering:*** Motief of motivering is " 'n interne toestand wat doelgeoriënteerde gedrag aktiveer" (Chan, 2013). Dryfkrag word omskryf as 'n doelgerigte aktiwiteit wat geïnisieer word deur die interne toestand van die organisme en eksterne stimulasie. Dit is dus 'n mag wat mense se gedrag aanwakker, aktiveer en rig.
- ***Tlhohleletšo:*** Lebaka goba tlhohleletšo ke " seemo sa ka gare seo se diragatšago boitshwaro bjo bo nepišitšego go maikemišetšo" (Chan, 2013). Tutuetšo e hlaloŝwa go ba tiro ya boikemišetšo ye e thomilwego ke pušo ya gare ya mokgatlo le tlhohleletšo go tšwa ka ntle. Ka gona ke maatla ao a fago mafolofolo, a diragatšago le go laola boitshwaro bja batho.

Learning unit 6
• ***Ukukhuthaza:*** Imbangela noma ukubeka isizathu "yimizwa engaphakathi kumuntu evusa ugqozi oluphokophelele inhloso ethile" (Chan, 2013). Ugqozi luchazwa njengesenzo esihlose okuthile okubangelwa imizwa engaphakathi kwalokho okuphilayo nesikhuthazi esingaphandle. Ngalokho kungumoya onika amandla, avuselela futhi olawula ukuziphatha kwabantu.
• ***Maslow's hierarchy of needs:*** Maslow suggested that our motives are formed through a combination of our biological makeup and our interaction with the environment. The most basic human needs are physiological needs that are part of our biological makeup to stay alive. Basic needs are at the bottom and more sophisticated needs that are less important for survival are at the top of the hierarchy. • ***Maslow se behoeftehiërargie:*** Maslow het voorgestel dat ons motiewe gevorm word deur 'n kombinasie van ons biologiese samestelling en ons wisselwerking met die omgewing. Die mees basiese menslike behoeftes is fisiologiese behoeftes wat deel is van ons biologiese samestelling om aan die lewe te bly. Basiese behoeftes is aan die onderkant en meer gesofistikeerde behoeftes wat minder belangrik is, is aan die bokant van die hiërargie. • ***Tatelano ya dinyakwa go ya ka Maslow:*** Maslow o šišintše gore mabaka a rena a hlotšwe ke kopanyo ya tlholego ya diphedi le tsenelelano ya rena le tikologo. Dinyakwa tše bohlokwa tša motho tša motheo ke dinyakwa tša mmele wa motho tše e lego karolwana ya tlholego ya rena tše di dirago gore re phele. Dinyakwa tša motheo di ka mo tlase gomme dinyakwa tše di phethagatšago mešongwana ye e raranego tše di sego bohlokwa kudu go phediša di godimo lenaneng la tatelano. • ***Uhlu luka-Maslow lwezidingo:*** UMaslow wabeka ukuthi izizathu zokwenza okuthile zidalwa yinhlanganisela yezimo zokubumbeka kwemizimba yethu nokuhlangana kwethu nendawo. Izidingo ezibaluleke kakhulu zomuntu kuyizidingo zomzimba lezo eziyingxenye yendlela yethu yokuphila. Izidingo eziyinsika zisezansi ekugcineni kanti lezo zempucuko ezingabalulekile ziphezulu ohlwini lwezidingo.
• ***Depth interviews:*** Depth interviews are unstructured conversations with consumers to uncover subconscious motives that drive buying behaviour. The consumer is prompted to freely express ideas and feelings and these are interpreted to determine attitudes, feeling and motives that cannot be established with structured questionnaires. • ***Diepgaande onderhoude:*** Diepgaande onderhoude is ongestruktureerde gesprekke met verbruikers om onbewustelike motiewe wat koopgedrag dryf, te ontbloot. Die verbruiker word aangemoedig om vryelik idees en gevoelens uit te druk en dit word geïnterpreteer om houdings, gevoelens en motiewe te bepaal wat nie deur gestruktureerde vraelyste vasgestel kan word nie. • ***Ditherišano tše di tseneletšego***: Ditherišano tše di tseneletšego ke dipoledišano le bareki tše di sa beakanywago tša go utolla merero ye e sa lemogwego yeo e hlohleletšago mekgwa ya go reka. Moreki o hlohleletšwa go hlagiša dikgopolo le maikutlo ka bolokologi gomme tšona di hlathollwa gore go laetšwe moya, maikutlo le mabaka tšeo di ka se hlohlomišwego ka mananeopotšišo ao a beakantšwego. • ***Ukujula/Izinga kwenhlolovo:*** Ububanzi bezinhlolovo yizingxoxo ezingahlelekile nabathengi ukuveza izizathu/izimbangela ezivusa ilukuluku lokuthenga. Umthengi uyaphoqeleka ukuthi aveze imibono nemizwa yakhe kanti lokhu kuchazwa ngenhloso yokuveza imikhuba, imizwa nezizathu ngokukhululeka lezo engeke zabonakala ngohlelo lwemibuzo yocwaningo.

- ***Projective techniques:*** Projective techniques are used when consumers cannot express the reasons for the choices they make. According to Parumasur and Roberts-Lombard (2012), a researcher cannot always ask customers direct questions and get direct answers because customers may not always be aware of their motives for buying a product or service.
- ***Projektiewe tegnieke:*** Projektiewe tegnieke word gebruik wanneer verbruikers nie die redes kan uitdruk vir die keuses wat hulle maak nie. Volgens Parumasur en Roberts-Lombard (2012), kan 'n navorser nie altyd direkte vrae aan klante stel en direkte antwoorde kry nie omdat klante nie altyd bewus is van hulle motiewe om 'n produk of diens te koop nie.
- ***Dithekniki tša tekolo ya semelo:*** Dithekniki tša tekolo ya semelo di šomišwa ge moreki a sa kgone go hlagiša mabaka a dikgetho tše a di tšerego. Go ya ka Parumasur le Roberts-Lombard (2012) monyakišiši a ka se botšiše moreki ka mehla dipotšišo tše di lego thwi gomme a hwetša dikarabo tše di lego thwi ka gobane bareki ka mehla ba ka no se lemoge mabaka a bona a go reka setšweletšwa goba tirelo.
- ***Amasu wocwaningo anenhloso:*** Amasu ocwaningo anenhloso ethile asetshenziswa uma umthengi ahluleka ukunika izizathu zesinqumo asithathayo. NgokukaParumasur noRoberts-Lombard (2012) umcwaningi angeke abuza ngaso sonke isikhathi amakhasimende imibuzo eqondile bese alindele ukuthola izimpendulo eziqondile, ngoba amakhasimende angeke ngaso sonke isikhathi anake/akhumbule izizathu zokuthenga imikhiqizo noma izinsiza.

- ***Values:*** Values are beliefs widely shared by members of a culture about what is desirable or good (such as nutritious food, free speech or honesty) or undesirable or bad (such as arson, meat or deceit) (AMA, 2016).
- ***Waardes:*** Waardes is oortuigings wat wyd deur lede van 'n kultuur gedeel word oor wat wenslik of goed is (soos voedsame kos, vrye spraak of eerlikheid) of onwenslik of sleg is (soos brandstigting, vleis of bedrog) (AMA, 2016).
- ***Boitshwaro bjo bo nyakegago:*** Boitshwaro bjo bo nyakegago ke ditumelo tša maloko a setšo sa setšhaba ka bophara ka ga seo se nyakegago goba se se lokilego (go swana le dijo tše di fepago mmele, tokologo ya polelo goba botshepegi) goba seo se sa nyakegego goba se sebe (go swana le go tšhuma, nama, bonokwane) (AMA, 2016).
- ***Amagugu/Okuthandwayo:*** Amagugu ayizinkolelo ngokubanzi zamalunga esiko, elimayelana nalokho okufunekayo noma okuhle (okunjengokudla okunomsoco, ukukhuluma ngokukhululeka noma ukwethembeka) noma okungafuneki noma okubi (okunjengelangabi lomlilo, inyama, ukukhohlisa) (AMA, 2016).

- ***Value orientations:*** Value orientations refer to principles of right and wrong that are accepted by an individual or a social group. They are mental images that affect a wide range of specific attitudes and have external and internal focuses.
- ***Waarde-oriënterings:*** Waarde-oriënterings verwys na beginsels van reg en verkeerd wat deur 'n individu of 'n sosiale groep aanvaar word. Dit is geestesbeelde wat 'n wye reeks spesifieke houdings beïnvloed en eksterne en interne fokusse het.
- ***Theo ya tše lokilego le tše mpe*:** Theo ya tše lokilego le tše mpe e šupa mekgwa ya motho ya tše lokilego le tše di sa lokago tšeo di amogelwago ke motho goba sehlopha leagong. Ke diswantšho tša mogopolo tšeo di amago maitshwaro a itšeng a fapafapanego gomme a na le ditebanyo tša ka ntle le tša ka gare.
- ***Ukulandela amagugu athile:*** Ukulandela amagugu athile kusho imigomo yomuntu yokwazi okuhle nokubi okwamukelwa umuntu noma iqembu lomphakathi. Kuyimifanekiso yomqondo ethinta imikhubo ethile ngokubanzi kanti iqonde okungaphandle nokungaphakathi.

Learning unit 7

- ***Attitudes:*** Attitudes describe a person's relatively consistent evaluations, feeling and tendencies towards an object, a person, an idea or an event (Parumasur & Roberts-Lombard, 2012). The characteristics of attitudes are that they have direction, are learned, are consistent and are a combination of interrelated beliefs and values.
- ***Houdings:*** Houdings beskryf 'n mens se relatief konsekwente evaluerings, gevoelens en geneigdheid teenoor 'n objek, 'n mens, 'n idee of 'n gebeurtenis (Parumasur & Roberts-Lombard, 2012). Die eienskappe van houdings is dat dit rigting het, aangeleer word, konsekwent is en 'n kombinasie is van samehangende oortuigings en waardes.
- ***Boitshwaro*:** Boitshwaro bo hlaloša ditekolo, maikutlo le mekgwa ya motho ye e sa fetogego go selo, motho, kgopolo goba tiragalo (Parumasur & Roberts-Lombard, 2012). Dipharologantšho tša boitshwaro di ka mokgwa wo e lego gore di na le tebanyo, boitshwaro bo a ithutwa, ga bo fapoge gape boitshwaro ke kopanyo ya ditumelo le dilo tše botse setšhabeng gape tše tsenelelanago.
- ***Imikhuba:*** Imikhuba ichaza uhlelo lomuntu lokuhlola, imizwa nendlela ejwayelekile entweni ethile noma isehlakalo (Parumasur & Roberts-Lombard, 2012). Izimpawu zemikhuba, zifundisiwe, aziguquki futhi ziyinhlanganisela yezinkolelo namagugu ahlobene.

- ***Opinions:*** Opinions are the verbal expression of an attitude, but attitudes are also expressed in nonverbal behaviour.
- ***Menings:*** Menings is die verbale uitdrukking van 'n houding, maar houdings word ook in nieverbale gedrag uitgedruk.
- **Dikgopolo:** Dikgopolo ke ditlhagišo tša go bolelwa tša boitshwaro eupša, boitshwaro gape bo hlagišwa ka boitshwaro bjo bo sa hlagišwego ka go bolelwa.
- ***Imibono:*** Imibono ukuvezwa komkhuba ngomlomo kodwa, imikhuba nayo ingavezwa ngaphandle komlomo.

- ***ABC model of attitudes:*** According to Joubert (2013:81) the ABC model has three components, namely affective (feeling), behavioural (action) and cognitive (beliefs). The ABC model relates to the *tri-component model*, also known as the *CAC model*. CAC stands for **c**ognitive, **a**ffective and **c**onative. The idea behind the model is that our thoughts influence our feelings, and the related emotions have an influence on our actions. The *cognitive component* refers to a person's knowledge and perceptions that are acquired by direct experience with a product and other sources of information. The *affective component* entails the emotional response and feelings towards an object. According to Perner (2010), these feelings are sometimes based on the beliefs a person has about a product, but it can also be relatively independent of beliefs. The *behavioural component* refers to the outcome of the cognitive and affective components. It influences consumers' decisions in the way that they act on and manifest in both intensions to buy and actual buying (Cant, 2010). The consumer may have positive information about a product and like it, but may not actually buy it.
- ***ABC-houdingsmodel:*** Volgens Joubert (2013:81), het die ABC-model drie komponente, naamlik affektiewe (gevoel), gedrags- (handeling) en kognitiewe (oortuigings) komponente. Die ABC-model hou verband met die *driekomponentmodel*, ook bekend as die *KAK-model*. KAK staan vir **k**ognitief, **a**ffektief en **k**onatief. Die idee van die model is dat ons gedagtes ons gevoelens beïnvloed, en dat die verwante emosies 'n invloed op ons handelinge het. Die *kognitiewe komponent* verwys na 'n mens se kennis en persepsies wat deur direkte ervaring met 'n produk en ander inligtingsbronne verkry word. Die *affektiewe komponent* behels die emosionele reaksie en gevoelens jeens 'n objek. Volgens Perner (2010), word hierdie gevoelens soms gegrond op die oortuigings wat 'n mens oor 'n produk het, maar

dit kan ook relatief onafhanklik van oortuigings wees. Die *gedragskomponent* verwys na die uitkoms van die kognitiewe en affektiewe komponente. Dit beïnvloed verbruikers se besluite oor hoe hulle optree en word openbaar in die voorneme asook die daadwerklike aankoop (Cant, 2010). Die verbruiker kan positiewe inligting oor 'n produk hê en daarvan hou, maar dit nie daadwerklik koop nie.

- ***Mmotlolo wa ABC wa boitshwaro*:** Go ya ka Joubert (2013:81) mmotlolo wa ABC o na le dikarolwana tše tharo e lego: kamego (maikutlo), boitshwaro (tiro), le temogo (ditumelo). Mmotlolo wa ABC o tswalana le mmotlolo wa dikarolwanatharo (*tri-component model)*, gape o tsebja ka la Mmotlolo wa CAC. CAC e emela ditshepedišo tša monagano tša go kwešiša, go gopola, go ahlola (**c**ognitive) hlolago maikutlo (**a**ffective) tšhušumetšo ya go dira selo (**c**onative). Kgopolo ye mmotlolo wo o ithekgilego go yona ke gore kgopolo ya rena e tla huetša maikutlo a rena gomme dikhuduego tše di tswalanago di na le khuetšo go ditiro tša rena. Karolwana ya monagano ya go kwešiša, go gopola go ahlola e šupa tsebo le ditemogo tša motho tšeo di hwetšwago ka maitemogelo thwi a setšweletšwa le methopo ye mengwe ya tshedimošo. Karolwana ya go hlola maikutlo e ama diphetogo tša khuduego le maikutlo go selo. Go ya ka Perner (2010), maikutlo a nakong ye nngwe a theilwe go tumelo ye motho a nago le yona ka ga setšweletšwa, eupša gape ka gonnyane e ka no se huetšwe ke ditumelo. *Karolwana ya boitshwaro* e šupa ditlamorago tša dikarolwana tša monagano tša go kwešiša, go gopola le go ahlola le tša go hlola maikutlo. E huetša sephetho sa bareki go ya ka mokgwa wo ba dirago ka gona le go bonagala ka bobedi ka maikemišetšo a go reka le go reka gamannete (Cant, 2010). Moreki a ka ba le tshedimošo ye e lebanego ka ga setšweletšwa gomme a se rata fela a no se se reke.
- ***Imodeli yemikhuba ye-ABC:*** Ngokuka Joubert (2013:81) imodeli ye-ABC inezigaba ezintathu, zona ngezilandelayo: yothando (yemizwa), yokuziphatha (yokwenza), neyokwazi/ neyokuhlonishwa (izinkolelo). Imodeli ABC ikhuluma nge ngemodeli *embaxa-ntathu,* futhi eyaziwa njenge CAC. I-CAC imele: ukukholwa into engelona iqiniso ***c****ognitive,* ukukhohlisa abantu ***a****ffective* ukuguqula imicabango noma imizwa yabanye abantu ***c****onative*. Umqondo ohloswe yile modeli ukuthi umqondo wethu uzakuthinta /uzakuguqula imizwa yethu kanti futhi nomthelela owenziwa yimizwa ehambisanayo kulokho esikwenzayo. Isigaba esimayelana nokukholwa into engamanga *cognitive component* ichaza ulwazi nomqondo womuntu etholakala ngolwazi oluphathekayo ngomkhiqizo neminye imithombo yolwazi. Isigaba esikhuluma ngokukhohlisa *affective component* sifaka phakathi umoya wokuzwela nokuzwa into ethile. NgokukaPerner (2010), le mizwa ngesinye isikhathi isuselwa kwizinkolelo ezithile abantu abanazo ngomkhiqizo, kodwa yona ingazimela yodwana ingasuselwa kwizinkolelo. Isigaba esimayelana nokuziphatha *behavioural component* sichaza umphumela wesigaba esimayelana nokukhohlisa nokukholelwa entweni engelona iqiniso. Zithinta/ ziguqula isinqumo somthengi, ngendlela yokuthi ziyasebenza bese zivela ngezinhloso ezimbili zokuthenga nokuthenga kwangempela (Cant, 2010). Umthengi angaba nolwazi oluhle ngomkhiqizo bese awuthande kodwa kungenzeka angawuthengi ngokwangempela.

- ***Classical conditioning:*** Classical conditioning is a traditional learning approach often credited to the work of Ivan Pavlov. It is the belief that when a stimulus that elicits a response is paired with another stimulus, the second stimulus will elicit behaviour similar to the original response (AMA, 2016).
- ***Klassieke kondisionering:*** Klassieke kondisionering is 'n tradisionele leerbenadering wat dikwels toegeskryf word aan die werk van Ivan Pavlov. Dit is die oortuiging dat wanneer 'n stimulus wat 'n reaksie ontlok, verbind word aan 'n ander stimulus, die tweede stimulus gedrag soortgelyk aan die oorspronklike reaksie ontlok (AMA, 2016).

Learning unit 7
• ***Go ithuta ka go dira tswalano gare ga tiragalo le sehlohleletši/setsoši:*** Go ithuta ka go dira tswalano gare ga tiragalo le sehlohleletši/setsoši ke mokgwa wa kgale wa go ithuta wo e lego modiro wa Ivan Pavlov. Ke tumelo ya gore ge setsoši/sehlohleletši seo se hlagišago phetogo se bewa mmogo le setsoši se sengwe, setsoši sa bobedi se tla hlagiša boitshwaro bjo bo swanago le boitshwaro bja mathomo" (AMA, 2016). • ***Uhlelo oludala lokuguqula isimo:*** Uhlelo olujwayelekile oluguqukayo luyindlela ejwayelekile yokufunda evamise olutuswangomsebenzini ka-Ivan Pavlov. Yinkolelo yokuthi uma izinto ezivusa ugqozi zivusa impendulo ihlanganiswa nenye into evusa ugqozi, le nto evusa ugqozi yesibili izovusa ukuziphatha okufana nempendulo yokuqala (AMA, 2016).
• ***Instrumental or operant conditioning:*** This conditioning involves learning when behaviour is positively or negatively rewarded. The result of the reward is the formation of a positive or negative attitude towards an object that was instrumental in the behaviour or the outcome of the behaviour. For example, a person who wants to lose weight might notice that eating vegetables helps for losing weight but that eating candy does not. The person will form an attitude towards these products because of the role they play in the outcome of the reward; in this case to gain or lose weight. • ***Instrumentele of operante kondisionering:*** Hierdie kondisionering behels om te leer wanneer gedrag positief of negatief beloon word. Die gevolg van die beloning is die vorming van 'n positiewe of negatiewe houding jeens 'n objek wat bygedra het tot die gedrag of die uitkoms van die gedrag. Iemand wat gewig wil verloor kan byvoorbeeld opmerk dat om groente te eet vir gewigverlies help, maar dat dit nie help om lekkergoed te eet nie. Die persoon vorm 'n houding jeens hierdie produkte as gevolg van die rol wat hulle speel in die uitkoms van die beloning; in hierdie geval om gewig op te tel of te verloor. • ***Mokgwa wa go ithuta fao boitshwaro bo matlafatšwago ge bo fiwa maatla goba bo fokotšegago ge bo latelwa ke kotlo :*** Mokgwa wo wa tlwaetšo o ama go ithuta ge boitshwaro bo putswa ka mo go thabišago goba go sa thabišego. Poelo ya go putswa ke tshedimošo ya tlholego ya maikutlo a a thabišago goba ao a sa nyakegego go selo seo se hlohleleditšego boitshwaro goba ditlamorago tša boitshwaro. Motho yo a ratago go fokotša mmele, mohlala, a ka lemoga gore go ja merogo go thuša go fokotša boima bja mmele fela dibosabosane tša swikiri ga di dire bjalo. Motho o tla ba le maikutlo a rilego kgahlanong le setšweletšwa se ka lebaka la tema ye e se kgathago ditlamoragong tša moputso; mohlaleng wo e le go nona goba go fokotšega mmeleng. • ***Uhlelo olusebenzayo noma olulawulayo olukuguqula isimo:*** Lolu hlobo lokuguqula isimo lufaka phakathi ukufunda ngesikhathi ukuziphatha okubongwa ngokuhle noma ngokubi. Umphumela wokubongwa ukwakheka komoya omuhle noma omubi ngento leyo esebenze kakhulu ngasekuziphatheni noma emphumeleni wokuziphatha.Umuntu ofuna ukwehlisa isisindo somzimba, isibonelo angakhumbula ukuthi ukudla imifino kuyasiza ekwehliseni isisindo somzimba, kodwa ukudla okunoshukela akusizi. Umuntu uzakudaleka umoya othile ngaleyo mikhiqizo, ngenxa yendima ayidlalayo emphumeleni womvuzo.
• ***Cognitive learning theory:*** The *cognitive learning theory* is based on mental activities and involves thinking of and processing information. How a consumer processes the information depends on their cognitive ability and the complexity of the information. According to Parumasur and Roberts-Lombard (2012), the more information customers have about a product or service, the more likely they are to form attitudes about it. The attitude that is formed is influenced by the information search, the consumer's own cognition and their knowledge and belief systems.

- ***Kognitieweleerteorie:*** Die *kognitieweleerteorie* is gegrond op psigiese aktiwiteite en behels om aan inligting te dink en dit te verwerk. Hoe verbruikers die inligting verwerk, hang af van hulle kognitiewe vermoë en die ingewikkeldheid van die inligting. Volgens Parumasur en Roberts-Lombard (2012), hoe meer inligting klante oor 'n produk of diens het, hoe meer geneig is hulle om houdings daaroor te vorm. Die houding wat gevorm word, word beïnvloed deur die inligtingsoektog, die verbruikers se eie kognisie en hulle kennis- en oortuigingstelsels.
- ***Teori ya go ithuta ka go šomiša monagano*:** Teori ya go ithuta ka go šomiša monagano e theilwe go ditiro tša kgopolo gomme e ama go nagana le mokgwa wo monagano o šomišago le go hlatholla tshedimošo ka gona. Ka moo bareki ba šomišago le go hlatholla tshedimošo go ya ka bokgoni bja motho bja go hwetša tsebo, temogo, go naganišiša le go dira dikahlolo le go thatafa ga tshedimošo. Go ya ka Parumasur le Roberts-Lombard (2012), ge bareki ba ba le tshedimošo ye ntši ka ga setšweletšwa le tshedimošo, go ba le kgonagalo ye kgolo ya gore ba ka ba le maikutlo ao a rilego ka yona. Maikutlo ao a hlolegilego a hueditšwe ke nyakišišo ya tshedimošo, temogo ya moreki ka boyena gammogo le tsebo le peakanyo ya ditumelo tša gagwe.
- ***Uhlelo/ithiyori yokufunda esebenzisa umqondo:*** *Uhlelo lokufunda ingqondo*/umqondo luncike kwikhono lokusebenza kwengqondo kanti lufaka phakathi ukucabanga nokuhlaziya ulwazi. Indlela umthengi ahlaziya ngayo ulwazi kuncike kwikhono lokusebenza kwengqondo nokuhleleka kolwazi. NgokukaParumasur noRoberts-Lombard (2012), ngesikhathi amakhasimende aba nolwazi ngomkhiqizo noma insiza, kungesikhathi lapho bakheka umoya othile ngawo. Umoya owakhekayo uguqulwa ngokufuna olunye ulwazi, ulwazi lomthengi kanye nolwazi labo nezinkolelo zabo.

Learning unit 8

- ***Family:*** A family is defined as a group of people who live together as a social entity or unit. Mpinganjira et al. (2014:219) explain family relations as follows: "family relations are brought about by blood ties, marital ties or adoption". There are four types of family structures, namely the traditional or nuclear, dual-career, extended and binuclear families.
- ***Gesin/familie:*** 'n Gesin/familie word omskryf as 'n groep mense wat saam leef as 'n sosiale entiteit of eenheid. Mpinganjira et al. (2014:219) verduidelik gesinsverwantskappe soos volg: "gesinsverwantskappe word teweeggebring deur bloedbande, huweliksbande of aanneming". Daar is vier tipes gesinstrukture, naamlik die tradisionele of kerngesinne, tweeloopbaangesinne, uitgebreide gesinne en tweekerngesinne.
- ***Ba lelapa:*** Ba lelapa ba hlalošwa bjalo ka sehlopha sa batho bao ba dulago mmogo bjalo ka batho bao ba dulago gotee go ya ka mabaka a leagong goba bjalo ka yuniti. Mpinganjira et al. (2014:219) ba hlaloša setswalle sa ba lelapa ka mo go latelago, "setswalle sa ba lelapa se tlišwa ke tswalano ka madi, tswalano ka lenyalo goba ka kgodišo ya ngwana yo e sego wa gago. Go na le mehuta ye mene ya dipopego tša ba lelapa, e lego malapa a tlwaelo goba a batswadi le bana ba bona, a balekani bao ka bobedi ba šomago, a batswadi, bana le bao e lego ba leloko, le ao bana ba nago le magae a mabedi ka morago ga go hlalana ga batswadi.
- ***Umndeni:*** Umndeni uchazwa njengeqembu labantu abahlala ndawonye njengomphakathi noma iyunithi. UMpinganjira et al. (2014:219) bachaza ukuhlobana komndeni ngendlela elandelayo, "ukuhlobana komndeni kudalwa kuhlobana ngokwegazi, ngomshado noma ukwamukela umuntu. Kunezinhlobo ezine zezakhiwo zomndeni, zona yilezi, umndeni wendabuko noma umndeni wabazali nezingane zabo kuphela, umndeni wabazali abenza umsebenzi ofundelwe, umndeni omkhulu wendabuko, futhi nemindeni yomfazi nendoda.

Learning unit 8

- ***Household:*** A household refers to "an individual or a group of people who may be related or unrelated occupying a single housing unit" (Mpinganjira et al., 2014:219). A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children or employees who share the housing unit (Bowden & Greenberg, 2010:4). Households are divided into two groups, namely family households and non-family households.
- ***Huishouding:*** 'n Huishouding verwys na " 'n individu of 'n groep mense wat verwant of nie verwant aan mekaar is nie en 'n enkel wooneenheid bewoon" (Mpinganjira et al., 2014:219). 'n Huishouding sluit die verwante gesinslede en al die onverwante mense, indien enige, in, soos huurders, pleegkinders of werknemers wat die wooneenheid deel (Bowden & Greenberg, 2010:4). Huishoudings word in twee groepe verdeel, naamlik gesinshuishoudings en niegesinshuishoudings.
- ***Lapa :*** Lapa le šupa " motho goba sehlopha sa batho bao ba ka bago ba tswalane goba ba sa tswalana bao ba dulago yuniting e tee ya bodulo" (Mpinganjira et al., 2014:219). Lapa le akaretša maloko a lelapa ao a tswalanego le batho ka moka bao ba sa tswalanego, ge ba le gona, go swana le bahiri, bana bao ba godišwago ke batswadi bao e sego ba bona, goba bašomedi bao ba dulago mmogo ntlong (Bowden & Greenberg, 2010:4). Malapa a arotšwe ka dihlopha tše pedi, e lego malapa a baleloko le malapa ao e sego a baleloko.
- ***Umuzi:*** Umuzi uchazwa "njengomuntu noma iqembu labantu okungenzeka ukuthi liyizihlobo noma kungezona izihlobo, lelo qembu labantu lihlala endlini eyodwa" (Mpinganjira et al., 2014:219). Umuzi ufaka amalunga omndeni ahlobene kanye nabo bonke abantu abangezona izihlobo, abaqashile, izingane ophiwe zona, noma abasebenzi abahlala bonke endlini eyodwa (Bowden & Greenberg, 2010:4). Imizi ihlukaniswe amaqembu amabili, wona yilawa, imizi yomndeni naleyo okungeyona eyomndeni.

- ***The family life cycle (FLC):*** The family life cycle is a series of stages determined by a combination of age, marital status and the presence or absence of children (Lamb, Hair & McDaniel, 2017:136). The family life cycle can be described as the changes that take place over time, such as marriage, divorce, births and deaths in families and the changes in income and consumption through the various family stages (AMA, 2016). The stages in the family life cycle are: (1) single/bachelorhood; (2) newly married couples; (3) full nest/ parenthood; (4) empty nest/post-parenthood; and (5) dissolution/widowed.
- ***Gesinslewensiklus:*** Die gesinslewensiklus is 'n reeks stadiums wat bepaal word deur 'n kombinasie van ouderdom, huwelikstatus en die teenwoordigheid of afwesigheid van kinders (Lamb, Hair & McDaniel, 2017:136). Die gesinslewensiklus kan beskryf word as die veranderings wat met verloop van tyd plaasvind, soos huwelik, egskeiding, geboortes en sterfgevalle in gesinne en die verandering in inkomste en verbruik tydens die onderskeie gesinstadiums (AMA, 2016). Die stadiums in die gesinslewensiklus is: (1) enkellopend/ ongehuud; (2) pasgetroude paartjie; (3) vol nes/ouerskap; (4) leë nes/na-ouerskap; en (5) ontbinding/weduwee/wewenaar.
- ***Saekele ya bophelo ya ba lelapa (FLC):*** Saekele ya bophelo ya ba lelapa (FLC) ke tlhatlamano ya magato ao a šupšago ke kopanyo ya mengwaga, kemo ya lenyalo le go ba gona goba go se be gona ga bana (Lamb, Hair & McDaniel, 2017:136). Saekele ya bophelo ya ba lelapa (FLC) e ka hlaloša bjalo ka diphetogo ka malapeng tšeo di diregago tshepelong ya nako, go swana le lenyalo, tlhalo, matswalo, le mahu a ba lelapa le phetogo go ditseno le tšhomišo magatong ao a fapanego a ba lelapa (AMA, 2016). Magato saekeleng ya bophelo ya ba lelapa ke: (1) bokgope; (2) babedi bao ba sa tšwago go nyalana; (3) botswadi bja bana ba bannyane/botswadi; (4) ge ngwana o tee a tšwile ka lapeng / ge bana ka moka ba tšwile ka lapeng; le (5) phatlalatšo/bohlologadi.

- ***Isayikeli yempilo yomndeni:*** Isayikeli yempilo yomndeni ukulandelana kwezigaba ezilawulwa inhlanganisela yeminyaka, isimo somshado nobukhona nokungabikho kwabantwana (Lamb, Hair & McDaniel, 2017:136). Isayikeli yempilo yomndeni ingachazwa njengezinguquko ezenzeka emndenini esikhathini esithile, ezinjengomshado, ukwehlukana, ukuzalwa, nokushona kwemindeni kanye nezinguquko zengeniso yamaholo nokusetshenziswa kwemali ezigabeni ezahlukahlukene zomndeni (AMA, 2016). Izigaba ezikhona kusayikeli yempilo yomndeni yilezi: (1) oyedwana/ongekashadi; (2) ububili obusanda kushada; (3) imindeni emikhulu ehlala endlini eyodwa/ubuzali; (4) Abazali abahlala bodwana ngoba sebeqedile ukukhulisa izingane; and (5) abazali abahlukene/nabashonelwe umfazi/indoda.

- ***Culture:*** Culture can be described as a set of values, beliefs, morals, attitudes and meaningful symbols shared by a group of people that shape human behaviour and the products of that behaviour as they are transmitted from one generation to the next (Lamb et al., 2017:71). The values and beliefs are seen as acceptable behaviour in a cultural community.
- ***Kultuur:*** Kultuur kan beskryf word as 'n stel waardes, oortuigings, sedes, houdings en betekenisvolle simbole wat gedeel word deur 'n groep mense wat menslike gedrag vorm en die produkte van daardie gedrag soos hulle van een generasie na die volgende oorgedra word (Lamb et al., 2017:71). Die waardes en oortuigings word gesien as aanvaarbare gedrag in 'n kulturele gemeenskap.
- ***Setšo*:** Setšo se ka hlaloŝwa bjalo ka sehlopha sa ditumelo ka ga boitshwaro bjo bo botse, ditumelo, dithutaboitshwaro, maikutlo le dika tše di nago le ditlhalošo tša sehlopha sa batho tšeo di bopago boitshwaro bja batho le ditšweletšo tša boitshwaro bjoo ge di fetišetšwa molokong o tee go ya go wo o latelago (Lamb et al., 2017:71). Boitshwaro bjo bobotse, ditumelo di bonwa bjalo ka boitshwaro bjo bo amogelwago setšhabeng sa setšo se itšeng.
- ***Isiko:*** Isiko lingachazwa njengesedi yezimfundiso, izinkolelo, inhlonipho, imikhuba nezimpawu ezikhulumayo zeqembu labantu elilawula indlela yokuziphatha komuntu nemiphumela yendlela yokuziphatha, njengoba idluliselwa ukusuka kusizukulwane esisodwa ukuya kwesinye (Lamb et al., 2017:71). Izimfundiso nezinkolelo zithathwa njengokuziphatha okwamukelekayo emphakathini wamasiko.

Learning unit 9

- ***Reference groups:*** A reference group is one that the individual tends to use as the anchor point for evaluating their own beliefs and attitudes (AMA, 2016). Reference groups are a person or group of people that significantly influence an individual's behaviour because their opinions are valued (Blythe, 2008:211; Joubert, 2013:26). A reference group, in layman terms, is a group that you refer to for information on brands, goods, services and ideas (Ling, D'Alessandro & Winzar, 2015:165). In all reference groups there are distinctive standards of behaviour, and each group member is expected to follow them.
- ***Verwysingsgroepe:*** 'n Verwysingsgroep is een wat individue geneig is om te gebruik as die ankerpunt om hulle eie oortuigings en houdings te evalueer (AMA, 2016). Verwysingsgroepe is 'n persoon of groep mense wat 'n individu se gedragbeduidend beïnvloed omdat waarde aan hulle menings geheg word (Blythe, 2008:211; Joubert, 2013:26). 'n Verwysingsgroep, in leketaal, is 'n groep waarna u verwys vir inligting oor handelsmerke, goedere, dienste en idees (Ling, D'Alessandro & Winzar, 2015:165). In alle verwysingsgroepe is daar kenmerkende gedragstandaarde, en daar word van elke groeplid verwag om dit te volg.

- ***Dihlophatšhupetšo:*** Sehlophatšhupetšo ke seo motho a felago a se šomiša bjalo ka motheo wa go lekanya ditumelo le boitshwaro bja gagwe (AMA, 2016). Dihlophatšhupetšo ke motho goba sehlopha sa batho tšeo di huetšago boitshwaro bja motho gagolo gobane dikgopolo tša gagwe di bohlokwa (Blythe, 2008:211; Joubert, 2013:26). Sehlophatšhupetšo, ka polelo ya batho fela, ke sehlopha se o yago go sona go hwetša tshedimošo ka maswao a go šupa setšweletšwa, phahlo, ditirelo le dikgopolo (Ling, D'Alessandro & Winzar, 2015:165). Go dihlophatšhupetšo ka moka go na le metheo ya boitshwaro ye e farologanego, gomme leloko le lengwe le le lengwe la sehlopha le letetšwe go e latela.
- ***Amaqembu ayizibonelo:*** Iqembu eliyisibonelo, yilelo elivamise ukusethsenziswa umuntu njengophawu oluyinsika ekuhloleni izinkolelo nemikhuba (AMA, 2016). Amaqembu ayizibonelo umuntu noma abantu abanomthelela obonakalayo kwindlela yokuziphatha komuntu, ngoba imibono yabo iyahlonishwa (Blythe, 2008:211; Joubert, 2013:26). Iqembu eliyisibonelo, ngolwazi lomuntu ongafundile, kuyiqembu lelo othola kulo ulwazi ngezinga lemikhiqizo/ngamabrendi, imikhiqizo, izinsiza nemibono (Ling, D'Alessandro & Winzar, 2015:165). Kuwo wonke amaqembu ayizibonelo kukhona amazinga avelele wendlela yokuziphatha, kanti wonke amalunga weqembu alindeleke ukuthi akulandele lokhu.

- ***Opinion leaders:*** Opinion leaders are those individuals whose knowledgeable and insightful views we value as the basis of our thinking and decision-making, such as celebrities and spokespeople (Ling, D'Alessandro & Winzar, 2015:170).
- ***Meningsleiers:*** Meningsleiers is daardie individue aan wie se ingeligte beskouings ons waarde heg as die grondslag van ons denke en besluitneming, soos glanspersoonlikhede en woordvoerders (Ling, D'Alessandro & Winzar, 2015:170).
- ***Baetapele bao ba thušago ka dikgopolo:*** Baetapele bao ba thušago ka dikgopolo ke batho bao dikgopolo tša bona tša tsebo gape tša temogo re di tšeago go ba tše bohlokwa bjalo ka motheo wa rena wa go nagana le go dira diphetho, go swana le batho bao ba tumilego le baboleledi (Ling, D'Alessandro & Winzar, 2015:170).
- ***Izingqalabutho zemibono:*** Izingqalabutho zemibono, yilabo bantu, imibono yabo egcwele ulwazi nezwisisekayo ihlonishwa kakhulu, ithathwa njengomthombo wemiqondo nalowo wokuthathwa kwezinqumo, ezinjengosaziwayo nabakhulumeli (Ling, D'Alessandro & Winzar, 2015:170).

- ***Social class:*** Social class is your social standing or societal rank manifested by socio-economic factors such as education, values, occupation, income, lifestyle, esteem and prestige (Ling, D'Alessandro & Winzar, 2015:121).
- ***Sosiale klas:*** Sosiale klas is u sosiale stand of status wat gemanifesteer word deur sosio-ekonomiese faktore soos opvoeding, waardes, beroep, inkomste, lewenstyl, agting en prestige (Ling, D'Alessandro & Winzar, 2015:121).
- ***Maemo setšhabeng/leagong:*** Maemo leagong ke kemo ya gago leagong goba maemo setšhabeng ao a bonagalago ka mabaka a setšhaba le ekonomi a bjalo ka thuto, ditumelo ka ga boitshwaro bjo bobotse le dilo tše di lego bohlokwa, mošomo, ditseno, setaele sa bophelo, tlhompho le seriti (Ling, D'Alessandro & Winzar, 2015:121).
- ***Isimo/isigaba sempilo emphakathini:*** Izinga lomuntu emphakathini noma isikhundla somphakathi esidalwa yisimo sabantu senhlalakahle-yezomnotho enjengemfundo, imfundiso engamagugu, umsebenzi, iholo/ingeniso yemali, inhlobo yempilo, ukuphakama nesithunzi (Ling, D'Alessandro & Winzar, 2015:121).

Learning unit 10
• ***Segmentation:*** Segmentation involves dividing the mass market (also known as a population) into smaller groups of individuals with similar characteristics and expectations who may be seeking a particular benefit from a product (Parumasar & Roberts-Lombard, 2014:242). • ***Segmentering:*** Segmentering behels die verdeling van die mark (ook bekend as 'n populasie) in kleiner groepe of individue met soortgelyke eienskappe en verwagtinge wat na 'n bepaalde voordeel uit 'n produk soek (Parumasar & Roberts-Lombard, 2014:242). • ***Karoganyo:*** Karoganyo e ama go aroganya mebaraka ka bontši (gape e tsebja bjalo ka setšhaba) go ya ka dihlopha tše nnyane tša batho bao ba nago le dipharologantšho le ditetelo tša go swana gape tše di ka nyakago kholo ye e itšeng go setšweletšwa (Parumasar & Roberts-Lombard, 2014:242). • ***Uhlelo lokuhlukanisa ngezigaba:*** Ukuhlukanisa ngezigaba kufaka phakathi ukuhlukanisa izindimbane zabathengi (ezejwayeleke njengenani eliphelele labantu) zibe amaqembu abantu amancane anezimpawu nezinhloso ezifanayo, abantu abangafuna ukuzuza okuthile emkhiqizweni (Parumasar & Roberts-Lombard, 2014:242).
• ***Targeting:*** Targeting looks at evaluating each segment and targeting the most appropriate segment through the tailoring of the marketing mix for that particular segment (Parumasar & Roberts-Lombard, 2014:253). • ***Teikenmarkkeuse:*** Teikenmarkkeuse kyk na die evaluering van elke segment en om die mees geskikte segment te teiken deur die bemarkingsamestelling vir daardie bepaalde segment aan te pas (Parumasar & Roberts-Lombard, 2014:253). • ***Go lebanya***: Tebo e šetša go lekanyetša karoganyo ye nngwe le ye nngwe le go lebanya karoganyo ye e lego ya maleba kudu ka tlhamoseswa ya tlhakantšho ya mebaraka ya karoganyo ye e itšeng yeo (Parumasar & Roberts-Lombard, 2014:253). • ***Ukuqonda abathengi:*** Ukuqonda abathengi kubheke ekuhloleni izigaba zonke zabathengi nokuqonda isigaba esifanele/esivelele kakhulu ngokuhlela uhlelo lwemakethe exubile, eyenzelwe leso sigaba semakethe (Parumasar & Roberts-Lombard, 2014:253).
• ***Positioning:*** Positioning refers to the position the product may hold in the consumer's mind relative to the products of competitors (Parumasar & Roberts-Lombard, 2014:253). Marketers need to be sure to position the product in a way that adds value to the consumer. • ***Posisionering:*** Posisionering verwys na die posisie wat die produk in die verbruiker se gedagtes het relatief tot die produkte van mededingers (Parumasar & Roberts-Lombard, 2014:253). Bemarkers moet die produk posisioneer op so 'n wyse om waarde vir die verbruiker toe te voeg. • ***Kemo monaganong :*** Kemo monaganong e šupa tulo yeo setšweletšwa se e tšeago monaganong wa moreki ge go bapetšwa le ditšweletšwa tša baphenkgišani (Parumasar & Roberts-Lombard, 2014:253). Babapatši ba swanetše go netefatša go bea setšweletšwa ka tsela ye e oketšang boleng go moreki. • ***Ukubeka engqonweni:*** Ukubeka endaweni kuchaza indawo ethathwa umkhiqizo othile engqondweni yomthengi, uma kuqhathaniswa nemikhiqizo yamabhizinisi (Parumasar & Roberts-Lombard, 2014:253). Abathengisi/Abamakethayo badinga ukuthi babe nesiqinisekiso sokubeka umkhiqizo ezingeni elithile ngendlela eyongeza ubumqoka bomthengi.

Learning unit 10

- ***Psychographic segmentation:*** Psychographic segmentation encompasses understanding the values, attitudes, interests and lifestyle of the consumer, which allows for a deeper understanding of the consumer's behaviour. This form of segmentation often goes beyond geographic, demographic and behavioural segmentation as it offers a more reliable prediction of consumer behaviour. Psychographic segmentation generally gives a more accurate reason as to why the consumer is buying the specific product, service or brand.
- ***Psigografiese segmentering:*** Psigografiese segmentering behels begrip van die waardes, houdings, belangstellings en lewenstyl van die verbruiker wat 'n dieper begrip van die verbruiker se gedrag toelaat. Hierdie vorm van segmentering is meer as net geografiese, demografiese en gedragsegmentering aangesien dit 'n meer betroubare voorspelling van verbruikersgedrag bied. Psigografiese segmentering gee oor die algemeen 'n meer akkurate rede waarom die verbruiker die spesifieke produk, diens of handelsmerk koop.
- ***Karoganyo go ya ka mokgwa wa bophelo wa bareki*** **:** Karoganyo go ya ka mokgwa wa bophelo wa bareki e akaretša go kwešiša dilo tše bohlokwa, maikutlo, dikgahlego le mokgwa wa bophelo wa bareki, tšeo di kgontšhago kwešišo ye e tseneletšego ya maikutlo a bareki ba gago. Mohuta wo wa karoganyo gantši o fetiša karoganyo go ya ka lefase, tshedimošo ka dipalopalo tša batho le boitshwaro ka ge o fa taolelo ye e tshepagalago go fetiša ya boitshwaro bja bareki. Karoganyo go ya ka mokgwa wa bophelo wa bareki ka kakaretšo e fa lebaka leo le lebanego la gore gobaneng moreki a reka setšweletšwa, tirelo goba leswao la setšweletšwa tše di itšeng.
- ***Ukwehlukanisa abathengi ngokwemikhuba yabo:*** Ukwehlukanisa abathengi ngokwemikhuba yabo kufaka phakathi ukuzwisisa amagugu, imikhuba, okuthandwayo nenhlobo yempilo yomthengi, lokho kuvumela ukuthi umuntu ajule ngengqondo, ukwenzela ukuzwisisa ingqondo yomthengi. Lolu hlelo lokwehlukanisa abathengi esikhathini esiningi lungaphezulu kolwazi lokuhlukanisa abathengi ngokwendawo, ngokwemikhuba nokuziphatha kwabantu njengoba lokhu kukunikeza isibikezelo ngokuziphatha komthengi esikhathini esizayo. Ukwehlukanisa abathengi ngokwemikhuba yabo kunikeza isizathu esishaya emhlolweni, sokuthi kungani umthengi athenge umkhiqizo, insiza noma ibrendi ethile.
- ***Positioning map (perceptual mapping):*** Marketers can use a positioning map as a graphical representation of where the product is positioned in the mind of the consumer, compared to the competition. Technically, a positioning map is a technique used to plot the consumer's views about a product or products. The aim of a positioning map is to assist in improving the product or possibly introducing a new one (Strydom, 2014:140).
- ***Posisioneringskaart (persepsiekaart):*** Bemarkers kan 'n posisioneringskaart gebruik as 'n grafiese voorstelling van waar die produk in die gedagtes van die verbruiker geposisioneer is, in vergelyking met die mededinging. 'n Posisioneringskaart is tegnies 'n tegniek wat gebruik word om die verbruiker se beskouings oor 'n produk of produkte uit te stippel. Die doel van 'n posisioneringskaart is om te help om die produk te verbeter of om moontlik 'n nuwe een bekend te stel (Strydom, 2014:140).
- ***Tšhupo ya tulo ya ditšweletšwa kgwebong (Tšhomišo ya kerafo go lemoga kemo ya setšweletšwa):*** Babapatši ba ka šomiša tšhupo ya tulo ya ditšweletšwa kgwebong bjalo ka pontšho ya kerafo go bontšha fao setšweletšwa se lego gona monaganong wa moreki, ge go bapetšwa le phenkgišano ya sona. Go ya ka peakanyo, tšhupo ya tulo ya ditšweletšwa kgwebong ke thekniki yeo e šomišwago go beakanya dikgopolo tša moreki ka ga se(di) tšweletšwa. Boikemišetšo bja tšhupo ya tulo ya ditšweletšwa kgwebong ke go thuša go kaonafatša setšweletšwa goba kgonagalo ya go tsebiša bareki se seswa (Strydom, 2014:140).

- ***Ukubeka kwibalazwe (Ukubeka kwibalazwe ngokwengqondo):*** Abathengisi bangasebenzisa ukudweba ngokomqondo njengendlela yokukhombisa ngokwegrafu yokuthi umkhiqizo ukuyiphi indawo engqondweni yomthengi, nayiqhathaniswa nesimo somncintiswano. Ngokwesimo sobuchule, le ndlela yokwenza ibalazwe emqondweni womthengi yindlela nje esiza ekwenzeni ngcono umkhiqizo futhi nangokwenhloso yokuthi kugcine sekwethulwa nomkhiqizo omusha (Strydom, 2014:140).

- ***Repositioning:*** Repositioning refers to the changing of a brand's position in the market in the hope that the new positioning will improve its appeal among customers (Joubert, 2013:117).
- ***Herposisionering:*** Herposisionering verwys na die verandering van 'n handelsmerk se posisie in die mark met die hoop dat die nuwe posisionering sy aanloklikheid onder klante gaan verbeter (Joubert, 2013:117).
- ***Go fetola tulo:*** Go fetola tulo go šupa go tloša tulo ya leswao la moswananoši la kgwebo ka tshepo ya gore tulo ye mpsha e tla kaonafatša kgoketšo ya sona go bareki (Joubert, 2013:117).
- ***Ukushintsha indlela yokuveza umkhiqizo:*** Ukushintsha indlela yokuveza umkhiqizo kuchaza ukushintsha izinga/indawo yebhlendi emakethe, ngethemba lokuthi ukubeka ibhlendi endaweni futhi kuzonyusa uthando lwayo kumakhasimende (Joubert, 2013:117).

Learning unit 11

- ***Relationship marketing (RM):*** Relationship marketing (RM) is the process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction (Berndt & Tait, 2014:8).
- ***Verhoudingsbemarking:*** Verhoudingsbemarking is die proses om winsgewende klanteverhoudings op te bou en te handhaaf deur uitstekende klantewaarde en bevrediging te lewer (Berndt & Tait, 2014:8).
- ***Papatšo ye e hlolago tswalano (RM):*** Papatšo ye e hlolago tswalano (RM) ke mokgwa wa go hloma le go hlokomela ditswalano tše di nago le ditlamorago tše botse tša bareki ka go fa boleng le kgotsofalo tša maemo a godimo go bareki. (Berndt & Tait, 2014:8).
- ***Uhlelo lokumaketha/lokuthengisa ngokwakha ubudlelwano:*** Ukumaketha okwakha ubudlelwano kuwuhlelo lokwakha nokugcina ubudlelwano obunenzuzo namakhasimende ngokunikeza amakhasimende okuhle nokwaneliseka (Berndt & Tait, 2014:8).

- ***Customer relationship management (CRM):*** Refers to the practices, strategies and technologies businesses use to manage customer interactions and analyse data with the goal of improving business relationships with customers, assisting in customer retention and driving sales growth (Rouse, 2014).
- ***Klanteverhoudingsbestuur (KVB):*** Verwys na die praktyke, strategieë en tegnologieë wat ondernemings gebruik om klantwisselwerking te bestuur en data te ontleed met die doel om sakeverhoudings met klante te verbeter wat help met klantebehoud en verkoopsgroei aandryf (Rouse, 2014).
- ***Taolo ya Tswalano le Bareki (CRM):*** e šupa ditlwaelo, maano le ditheknolotši tšeo kgwebo e di šomišago go laola ditsenelelano tša bareki le go sekaseka datha ka nepo ya go kaonafatša ditswalano le bareki kgwebong, go thuša gore bareki ba dule ba le gona le go godiša kgolo ya dithekišo (Rouse, 2014).

Learning unit 11

- ***Uhlelo Lokwakha Ubudlelwano Namakhasimende:*** lichaza esijwayele ukukwenza, amasu namabhizinisi wobuchwepheshe asebenza ukuphatha amakhasimende futhi nokuhlaziya idatha ngenhloso yokuthuthukisa ubudlelwano bamabhizinisi namakhasimende, ukusiza ukugcina amakhasimende angahambi nokukhulisa ukuthengiswa kwemikhiqizo (Rouse, 2014).

- ***Customer engagement:*** Customer engagement means that there is a movement towards customers who want to decide how, where and when they want to engage with a company. This movement started with mobile phones and the internet becoming a part of everyday life, especially smartphones where the customer has access to any information at the touch of a button.
- ***Klantbetrokkenheid:*** Klantbetrokkenheid beteken dat daar 'n beweging is na klante wat wil besluit hoe, waar en wanneer hulle by 'n maatskappy betrokke wil wees. Hierdie beweging het begin met selfone en die internet wat deel geword het van die daaglikse lewe, veral slimfone waar die klant met die druk van 'n knoppie toegang het tot enige inligting.
- ***Tšhomišano le bareki:*** Tšhomišano le bareki e hlaloša gore go na le tshepelo go ya go bareki yeo e phethago mokgwa, lefelo le nako tšeo ba nyakago go šomišana le khamphani. Tshepelo ye e thomile ka dillathekeng le inthanete ge di ba karolo ya bophelo bja letšatši ka letšatši, gagolo difoune tše bohlale fao moreki a fihlelelago tshedimošo efe goba efe fela ka tobetšo ya konopi.
- ***Ukuxhumana namakhasimende:*** Ukuxhumana namakhasimende kuchaza ukuthi kukhona umnyakazo kumakhasimende ofuna ukunquma ukuthi kuxhunyanwe kanjani, kuphi kanti futhi nini nenkampani. Lo mnyakazo uqale ngesikhathi omakhalekhukhwini ne-inthanethi ziqala ukuba yingxenye yempilo yangemihla, kanti kakhulukazi amasmathi-fowunu lapho amakhasimende akwazi ukuthola noma yiliphi ulwazi ngokucindezela inkinobho.

- ***Customer loyalty:*** According to Oliver (1999), customer loyalty is "a deeply held commitment to re-buy or re-patronise a preferred service in the future despite situational influences and marketing efforts having the potential to cause switching behaviour." Loyalty is therefore beneficial for the customer and the business. Customers get quality service and products every time they buy from the same brand, and the business has customers that keep returning.
- ***Klantlojaliteit:*** Volgens Oliver (1999), is klantlojaliteit " 'n diep verbintenis om 'n voorkeurdiens in die toekoms te koop of te ondersteun ten spyte van situasie-invloede en bemarkingspogings wat die potensiaal het om verwisselingsgedrag te veroorsaak." Lojaliteit is dus voordelig vir die klant en die onderneming. Klante kry gehaltediens en -produkte elke keer wat hulle dieselfde handelsmerk koop, en die onderneming het klante wat terugkom.
- ***Potegelo ya bareki:*** Go ya ka Oliver (1999), potegelo ya bareki ke boineelo bjo bo lego gona bjo bo tseneletšego bja go reka gape le gape goba go fa thekgo ya ka mehla le mehla go tirelo ye e ratwago le nakong ye e tlago le ge go ka ba le dikhuetšo go dikemo le matsapa a go bapatša tšeo di ka bago le maatla a go hlola go fetola mogopolo." Potegelo ka gorealo e na le mohola go bareki le kgwebo. Moreki o hwetša tirelo le ditšweletšwa tše di nago le boleng nako le nako ge ba reka go tšwa go leswao la moswananoši la kgwebo, gomme kgwebo le yona e ba le bareki bao ba felago ba boela go yona.

- ***Ukwethembeka kwamakhasimende:*** Ngokuka-Oliver (1999), ukwethembeka kwamakhasimende "ukuzinikela okujulile ngokuphinda uthenge noma ukuphinda usekele insiza enconywayo kusasa naphezu kokuba kunezimo eziguqulayo nemizamo yokumaketha enamandla wokushintsha indlela yokuziphatha kumakhasimende". Ukwethembeka ngalokho kuyinzuzo kumakhasimende nasebhizinisini. Amakhasimende athola izinsiza nemikhiqizo yekhwalithi ngaso sonke isikhathi uma ethenga ibhrendi eyodwa, kanti nebhizinisi nalo linamakhasimende ahlala aphinda abuye.