MARKETING MANAGEMENT N4

LECTURER: TF MOLIFE

Intensifying learning during lockdown!!!!!!
MODULE 3
UNDERSTANDING THE MARKET
LEARNING OUTCOMES

At the end of this module you should know the following:

- Define the concepts of the market. Use **demographic patterns** to identify the **target market**.
- Distinguish between (Individual, Group & Economic determinants) of consumer behaviour.
- Understand the factors that influence consumers’ purchasing decisions.
- Comprehensively discuss **Consumer Decision Making process**.
- Ability to discuss **Acceptance Process**.
- Differentiate **group acceptance of a new product**.
- Outline **consumer rights**.
Defining marketing concepts

**Market**: refers to the place where two parties (buyer & Seller) gather to facilitate the exchange of goods and services.

**Variable**: is an object, event, idea, feeling, time period or any other category one endeavours to measure.

**Demography**: refers to the study of the human population which encompasses the aspects of (geographic spread, population composition, Ethnicity/Race, gender, age, language, educational level, income, purchasing patterns). **NB**: *When choosing a target market we use (Demographic patterns/aspects).*
Market consist of the following:

- **Consumer market**: Market to which consumer products are directed. (*the point of focus is on the final end-user*).

- **Industrial, Reseller, government and international market**: differs with consumer market regarding the type of the product they buy and the purpose of the purchase.
Consumer Behaviour

**Consumer behaviour:** refers to various processes through which consumer undergo when obtaining information about need-satisfying products and services as well as decision making process they undergo before buying takes place.
Models of consumer Behaviour

3-Determinants of Consumer behaviour *(factors influencing)*

<table>
<thead>
<tr>
<th>INDIVIDUAL DETERMINANTS</th>
<th>GROUP DETERMINANTS</th>
<th>ECONOMIC DETERMINANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation</td>
<td>Cultural groups</td>
<td>Income</td>
</tr>
<tr>
<td>Attitude</td>
<td>Social groups</td>
<td>Willingness to buy</td>
</tr>
<tr>
<td>Perception</td>
<td>Family</td>
<td>Benefits to be acquired</td>
</tr>
<tr>
<td>Learning</td>
<td>Reference groups</td>
<td></td>
</tr>
<tr>
<td>Personality</td>
<td>Opinion leaders</td>
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<tr>
<td>Lifestyle</td>
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Decision making process

After factors have been evaluated: **Decision making process takes place and comprises of the following:**

- Awareness of the product
- Search the information
- Evaluating the alternatives
- Decision on the best alternative
- Action on the purchase of product/service
- Consumer reaction after the purchase.
Individual determinants of consumer behaviour

*It is imperative to remember that consumer decision making does not happen in vacuum.*

**Individual Variable/ Determinants:**

1. **Motivation:** refers to internal driving force behind actions of a person when purposefully trying to satisfy a want or need.

The relevant theory to observe is **Maslow Hierarchy of Needs** (by Abraham Maslow)
# Maslow Hierarchy of Needs

<table>
<thead>
<tr>
<th>Level</th>
<th>Needs</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physiological</td>
<td>Need for water, oxygen, food, house &amp; clothing)</td>
<td>Basic needs are prioritized</td>
</tr>
<tr>
<td>Safety &amp; Security</td>
<td>Fencing, life policy, Medical Aid</td>
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<tr>
<td>Social/Sense of Belonging</td>
<td>Love, family, Friends &amp; relationship.</td>
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<tr>
<td>Ego/self-Esteem/Recognition</td>
<td>Educational, clothing, car, housing status.</td>
<td></td>
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<tr>
<td>Self Actualization</td>
<td>Its about living in Purpose) self realisation &amp; Development</td>
<td></td>
</tr>
</tbody>
</table>

**Abraham Maslow**

- Physiological
- Safety & Security
- Social/Sense of Belonging
- Ego/self-Esteem/Recognition
- Self Actualization
Other individual determinants

<table>
<thead>
<tr>
<th>ATTITUDE</th>
<th>PERCEPTION</th>
<th>LEARNING</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Tendencies to act in a favourable/unfavourable.</td>
<td><strong>Def:</strong> A process by which individual selects, organises &amp; interpret <em>stimuli</em> <em>(feeling/thought)</em> to form a meaningful picture.</td>
<td>Consumer Learning occurs emanates from the combination of Motivation, Attention, Experience and repetition.</td>
</tr>
<tr>
<td>▪ Attitude determine behavioural patterns.</td>
<td><strong>Selective Perception (study description)</strong></td>
<td></td>
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<tr>
<td>▪ Here we observe whether the consumer will come and make another purchase.</td>
<td>▪ Selective Exposure (1st &amp; last Sentence)</td>
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<td></td>
<td>▪ Selective Attention</td>
<td></td>
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<tr>
<td></td>
<td>▪ Selective Interpretation</td>
<td></td>
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<tr>
<td></td>
<td>▪ Selective Recall</td>
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</tbody>
</table>
Other individual determinants

<table>
<thead>
<tr>
<th>PERSONALITY</th>
<th>LIFESTYLE</th>
<th>PSYCHOGRAPHIC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personality Type</strong></td>
<td><strong>Lifestyle is perceived as the way people lives.</strong></td>
<td>it use to better understand the market.</td>
</tr>
<tr>
<td>▪ <strong>Adhering type:</strong> Wishes to move closer to other and strive for love, acceptance &amp; appreciation.</td>
<td><strong>AIO LIFESTYLE CLASSIFICATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Aggressive type:</strong> They are against other people and like competition.</td>
<td>▪ <strong>ACTIVITIES</strong> – Hobbies, Sports</td>
<td></td>
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<tr>
<td>▪ <strong>Detached type:</strong> They move from other people, they prefer unique staff.</td>
<td>▪ <strong>INTEREST</strong> – Media, Fashion</td>
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<td></td>
<td>▪ <strong>OPINIONS</strong> – Self, Politics, Education</td>
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<tr>
<td>FACTORS THAT INFLUENCE CONSUMER BEHAVIOUR</td>
<td>FAMILY: People related by Blood</td>
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<td>------------------------------------------</td>
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<tr>
<td>CULTURE: consist of values, norms, attitude that passes from one generation to other. As thus, it influences consumer’s decisions when buying different products.</td>
<td>Kindly learn about Family Life Cycle: Phases and Role divisions.</td>
<td></td>
</tr>
<tr>
<td>SOCIAL CLASSES: comprises of the following:</td>
<td>REFERENCE GROUP</td>
<td></td>
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<tr>
<td>Upper classes</td>
<td>▪ Membership group: obtain membership &amp; belong to the group.</td>
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<tr>
<td>Middle classes</td>
<td>▪ Automated group: Automatically belong to the group because of age, gender, work, interest.</td>
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<tr>
<td>Lower classes</td>
<td>▪ Negative group: do not like to be associated.</td>
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<tr>
<td>OPINION LEADER:</td>
<td>▪ Associative group: group to which a person aspire to belong.</td>
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<td>▪ Marketing manager pursue opinion leader because they are the crowd puller, this include sports stars, Radio or TV personalities etc.</td>
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3. ECONOMIC DETERMINANTS OF CONSUMER BEHAVIOUR

Consumers are influenced by the following factors when making decisions before buying various products:

- **Income**: is used to measure affordability.
- **Willingness**: Consumer’s willingness to spend disposable income.
- **Evaluation of benefits**: Consumers weigh benefits they will get from the use of product. *They evaluate value for money.*
- **Price of substitute product**: The price of substitute products matter to the consumer.
CONSUMER DECISION MAKING PROCESS (DMP)

STEP 1: AWARENESS OF THE NEED
- Consumer become aware of the need because of stimulus (active sensory modes (hear, smell, touch, feel & see)).

STEP 2: SEARCH INFORMATION
- Consumer search information about various products with an intention to find most need satisfying ones.

STEP 3: EVALUATE ALTERNATIVES
- Consumer compare various products and weigh alternatives.
(DMP) STEPS CONTINUED

STEP 4: DECISION ON SOLUTION
- Consumer chooses the best alternative that can satisfy the need.

STEP 5: ACTION
- Consumer take an action to purchase a product in order to satisfy the need.

STEP 6: BEHAVIOUR AFTER THE PURCHASE
- Degree to which expectations have been fulfilled is determined, Cognitive dissonance may take place if consumer is uncertain about product purchase.
TYPES OF PURCHASING DECISIONS

Routine Decision: Consumers buy products without purposeful thinking. (Sugar, tea, tissue, bread)

Extended decision: the consumer go through all the decision making process. (durable products: Refrigerators, laptop, mashing machine).

Limited Decision: The consumer go through all the decision making process but not paying attention on every step (Personal necessities: toothpaste, deodorant)

IMPULSIVE DECISION: Consumer makes decisions without planning/ thoughtful speaking. ( chocolate, sweets, soft-drink)
ACCEPTANCE PROCESS (AP)

AWARENESS OF PRODUCT
- The consumer hears of a new product but has no further information.

INTEREST
- The consumer gathers information about the product.

EVALUATION
- The consumer uses information gathered to consider buying a product.
TESTING
- The consumer purchase the product with an intention to try it out and to compare advantages and disadvantages.

ACCEPTANCE
- If the first purchase experience is up to satisfactory, the consumer will repeat the purchase
GROUP ACCEPTORS OF NEW PRODUCTS

- **First acceptors**: Consists of consumers who buy the product first.
- **Early acceptors**: They purchase the product after seeing few people in possession of a particular product.
- **Early majority**: They accept the new product before their social groups.
- **Late majority**: They accept the product because of pressure or being afraid to be left out.
- **Laggards/ Delayers**: This group accepts new products last.
- **Non acceptors**: These group does not accept the new innovation at all.
CONSUMERISM

**Definition:** It is aimed at reconciling the rights of buyers and sellers.

**Eight consumer rights according (South African Consumer Union)**
- Right to be heard.
- Right to be informed.
- Right to safety.
- Right to choose.
- Right to redress.
- Right to consumer education.
- Right to healthy environment.
- Right to satisfaction of basic needs.

Kindly Read Page 84 : *(The role of Consumer Protection Order)*