



*Great Place. Great Choice for Lifelong Learning.*

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# MARKETING MANAGEMENT N4

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**LECTURER: TF MOLIFE**

***Intensifying learning during lockdown!!!!***

# **MODULE 3**

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## **UNDERSTANDING THE MARKET**

# LEARNING OUTCOMES

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**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

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**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:

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- **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

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**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*)

INDIVIDUAL DETERMINANTS	GROUP DETERMINANTS	ECONOMIC DETERMINANTS
<ul style="list-style-type: none"><li>▪ Motivation</li><li>▪ Attitude</li><li>▪ Perception</li><li>▪ Learning</li><li>▪ Personality</li><li>▪ Lifestyle</li></ul>	<ul style="list-style-type: none"><li>❖ Cultural groups</li><li>❖ Social groups</li><li>❖ Family</li><li>❖ Reference groups</li><li>❖ Opinion leaders</li></ul>	<ul style="list-style-type: none"><li>▪ Income</li><li>▪ Willingness to buy</li><li>▪ Benefits to be acquired</li></ul>

# Decision making process

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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

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*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

Abraham Maslow

## Self Actualization

Its about living in **Purpose) self realisation & Development)**

## Ego/self-Esteem/Recognition

Educational, clothing, car, housing status.

## Social/ Sense of Belonging

Love, family, Friends & relationship.

## Safety & Security

Fencing, life policy, Medical Aid

## Physiological

Need for water, oxygen, food, house & clothing) **Basic needs are prioritized**

# Other individual determinants

ATTITUDE	PERCEPTION	LEARNING
<ul style="list-style-type: none"><li>▪ Tendencies to act in a favourable/unfavourable.</li><li>▪ Attitude determine behavioural patterns.</li><li>▪ Here we observe whether the consumer will come and make another purchase.</li></ul>	<p><b>Def:</b> A process by which individual selects, organises &amp; interpret <b>stimuli</b> (<i>feeling/thought</i>) to form a meaningful picture.</p> <p><b>Selective Perception (study description)</b></p> <ul style="list-style-type: none"><li>▪ Selective Exposure (1st &amp; last Sentence)</li><li>▪ Selective Attention</li><li>▪ Selective Interpretation</li><li>▪ Selective Recall</li></ul>	<p>Consumer Learning occurs emanates from the combination of Motivation, Attention, Experience and repetition.</p>

# Other individual determinants

PERSONALITY	LIFESTYLE	PSYCHOGRAPHIC
<p><b>Personality Type</b></p> <ul style="list-style-type: none"><li>▪ <b>Adhering type:</b> Wishes to move closer to other and strive for love, acceptance &amp; appreciation.</li><li>▪ <b>Aggressive type:</b> They are against other people and like competition.</li><li>▪ <b>Detached type:</b> They move from other people, they prefer unique staff.</li></ul>	<p>Lifestyle is perceived as the way people lives.</p> <p><b><u>AIO LIFESTYLE CLASSIFICATIONS</u></b></p> <ul style="list-style-type: none"><li>▪ <b>ACTIVITIES</b> – Hobbies, Sports</li><li>▪ <b>INTEREST</b> – Media, Fashion</li><li>▪ <b>OPINIONS</b> – Self, Politics, Education</li></ul>	<p>it use to better understand the market.</p>

# GROUP DETERMINANTS OF CONSUMER BEHAVIOUR

## FACTORS THAT INFLUENCE CONSUMER BEHAVIOUR

**CULTURE:** consist of values, norms, attitude that passes from one generation to other. As thus, it influences consumer's decisions when buying different products.

**SOCIAL CLASSES:** comprises of the following:

**Upper classes**

**Middle classes**

**Lower classes**

**OPINION LEADER:**

- Marketing manager pursue opinion leader because they are the crowd puller, this include sports stars, Radio or TV personalities etc.

**FAMILY: People related by Blood**

**Kindly learn about Family Life Cycle : Phases and Role divisions.**

**REFERENCE GROUP**

- **Membership group:** obtain membership & belong to the group.
- **Automated group:** Automatically belong to the group because of age, gender, work, interest.
- **Negative group:** do not like to be associated.
- **Associative group:** group to which a person aspire to belong.

# 3. ECONOMIC DETERMINANTS OF CONSUMER BEHAVIOUR

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*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)

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## **STEP1: 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

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## 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

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**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)

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## **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.

# (AP)continued

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## **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

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- **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.

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## **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)**