
TITLE OF PAPER	:	MARKETING COMMUNICATIONS
COURSE CODE	:	BA 328 / BA 527
TIME ALLOWED	:	THREE (3) HOURS

INSTRUCTS:

1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (6)
2. SECTION A IS COMPULSORY
3. ANSWER ANY THREE (3) QUESTIONS IN SECTION B
4. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE INDICATED ALONG SIDE THE QUESTION.

NOTE:

MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH, AND FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR USE OF RELEVANT EXAMPLES.

SPECIAL REQUIREMENTS: NONE

THIS PAPER SHOULD NOT BE OPENED UNTIL PERMISSION TO DO SO HAS BEEN GRANTED BY THE INVIGILATOR.

by a 3-D hologram that scans his eyes and mines data about his previous purchases.

While retailers and manufacturers may not be this advanced yet, the data collected on consumers is making it easier to determine how and where people are willing to spend their money.

When walking into a store, customers are faced with a host of subtle elements working in unison to appeal to their psychological needs.

It is often the unconscious aspects of the consumer decision-making process that influence how people spend their money.

LESSONS IN NEUROSCIENCE

“Retailers apply many principles of psychology...and, of late even more so through lessons provided in neuroscience,” said Liezel Jonkheid, director of Consumer Psychology Lab. There is no doubt that retailer’s use psychology to influence consumer behaviour.

Jonkheid said many studies in this field showed how consumers responded to their environment (stimuli), when they subconsciously felt excited or not, where their attention was directed, and how it affected their behaviour.

“So retailers apply this in their design, store layouts, point of sale, merchandising [and] promotions to attract the attention of consumers, through the minefield and clutter of marketing messaging,” she said.

Retail stores are designed in ways to attract consumers’ attention at various points, such as displaying snacks at pay points, which distracts from the queuing experience and increase sales.

“Another example of using psychology very deliberately is the temperature of some retail [food] stores. Some apply low temperatures due to the subconscious association with cold temperature and freshness,” she added.

RETAIN THE COLD

On the aisles of grocery chain Woolworths, fresh food such as fish is kept at temperature averaging around 4.5C and down to 1C. The black walls retain the cold.

Pick n Pay fridges that contain its ready-made meals average temperatures of around 0.5C and 3.5C where the milk is stored.

Michael Lawrence, executive director at the National Clothing Retail Federation of South Africa, said retailers positioned their clothing offering for a particular season in specific ways to attract people into the store as they were walking past, and to keep them browsing.

“It’s much easier with fast-moving goods than in clothing, because in essence you put fresh produce at the door and you keep people walking, while you put milk right at the back because you know that everyone does need it.”

SUBCONSCIOUS TRIGGERS

Lawrence said the placement of essential items in the middle encouraged consumers to walk through the store and observe other products, thus encouraging customers to buy these items. The subconscious triggers that influence consumer behaviour are becoming a vital part of influencing retail sales to help drive profit margins.

Recently, South Africa’s largest retailer by footprint, Edcon, as part of its restructuring strategy, placed its local Kelso brand at the front of the store, and cut imported labels to 12 from 37, replacing them with private-label brands.

Thanks to this simple rearrangement of product placement, the struggling retailer recovered sales so the three months to June, it increase its pro forma adjusted earnings before interest, taxes, depreciation and amortisation by 12.7%, from R314-million to R354-million, which made it the group’s best period since the first quarter of financial 2016.

Nemeth said an item that was beautifully displayed and in incredible packaging would often have a higher perceived value, allowing for a higher price point and ultimately a higher margin than a similar product for which there had been less attention paid to detail.

“This is the same as in-house brands where the perception is that they are cheaper than branded product [normally only marginally] but the actual gross profit percentage is a lot higher for the retailer compared to their branded counterparts,” said Nemeth.

According to Microsoft’s State of Global Customer Service Report for 2016, over the next five years 89% of companies expect to compete on the basis of customer experience. Customers will “penalise” those companies that under-deliver twice as much as they reward companies that over-deliver. Also, 60% of customers have stopped doing business with a brand due to poor customer service experience.

FIXED IDEAS

“The landlord will look at the profile of the tenant. It’s just case of how the consumer will spend, but the perception of the profile of the tenant that would be next door to Woolworths. For example, you wouldn’t put a Crazy Store next to a Woolworths.” This was because landlords did not believe that a Woolworth’s customer would typically go to a Crazy Store.

“The consumer is led by the decisions that the landlord makes in terms of which stores are located in a particular location. From a landlord’s perspective, what they are trying to do is to create anchor tenants around the shopping centre, so you don’t have any dead spots,” said Fowlds. For shopping owners to know the decisions made by consumers, they usually rely on the data to profile the consumer and tailor their offering to match.

Mark Drummond, director at Cape Town-based Neural Sense, a company that helps brands understand consumer behaviour using neuroscience technologies, said: “We have certain elements that will influence certain elements. The reality is that consumers are very unsure of what they do and why: they can’t really remember.

“So what these neuroscience technologies do to is that they allow us to better understand that from an implicit level and know what is going on with consumers subconsciously as they engage in their shopping experience.”

BETTER INFORMED

Drummond said that from a behavioural point of view, customers relied on phones and allied technologies to inform their decisions, and for getting products or using them as their shopping list.

“So it acts as another intervention portal for them.

“So that’s from a consumer point of view and our various technologies help us get better insights for our clients,” he added.

For retailers fighting to win customers, understanding which subconscious triggers to activate is becoming a vital part of influencing consumer behaviour.

And some “retailers are obviously more attuned, invest more and apply more of these insights in their business approach”, Jonkheid said.

Q.1 Stimuli is key to Consumers being persuaded to purchase. Explain.

(15 marks)

Q.2 What are the fundamental differences between fast food product marketing and clothing marketing.

(15 marks)

Q.3 Do you think this is happening in Swaziland too ? and why ?

(10 marks)

SECTION B

Q.1 Discuss with examples the characteristics of good brand names.

(20 marks)

Q.2 The package design process is critical for brand success .Discuss with relevant examples.

(20 marks)

Q.3 With the use of good examples discuss the major forms of Billboard advertisements.

(20 marks)

Q.4 Advertising Agency organisational structure is important in understanding how Ad Agencies work. Discuss with examples this organisational structure.

(20 marks)

Q.5 What are the characteristics of Sticky Ads ? Discuss with examples.

(20 marks)