Chapter 2 - THE SOUTHERN AFRICAN MARKETING ENVIRONMENT

Learning outcomes

After reading this chapter, you should be able to:

- Understand the importance of market-specific dynamics within various marketing environments

- Identify information sources typically used for environmental scanning processes

- Describe the impact of customer demographics and socio-economic conditions on marketing decision-making

- Understand how Living Standards Measures (LSMs®) can be used in marketing decision-making and strategy formulation.

Reported age-gender distribution, South Africa 2007
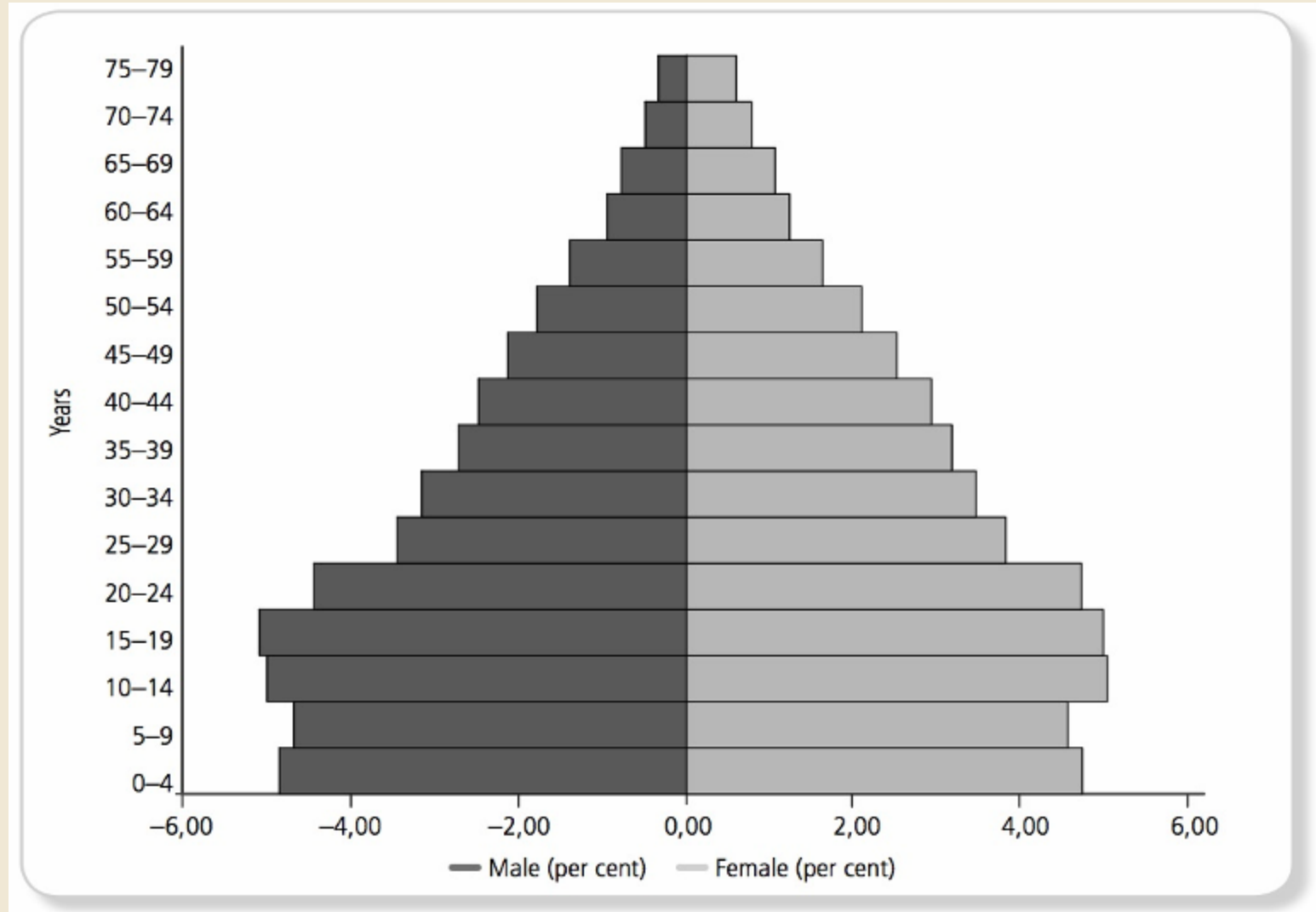
Source: Statistics South Africa

South Africa's population group composition

	Percentage of total			
	1970	**1996**	**2001**	**2007**
Black	70,7	76,7	79,0	80,0
Coloured	9,5	8,9	8,9	8,6
Indian	2,9	2,6	2,5	2,6
White	17,0	10,9	9,6	8,8
Other	–	0,9	–	–
Total	100,0	100,0	100,0	100,0

Source: Statistics South Africa (2003) and 2007 Community Survey

Determinants of population change in South Africa

- **Fertility rate -** the number of children a woman would have at the end of her reproductive life if she survived up to age 50 years and experienced the current age specific fertility rates

- **Mortality -** estimates the life expectancies at birth (the number of years a child expects to live after birth)

- **Net migration** - the difference between immigration and emigration or in-migration and out-migration for a given area and period of time.

Determinants of population change in South Africa

"Basic Demographic Equation" as follows.

$$P(t+n) = Pt + B(t,t+n) - D(t,t+n) + I(t,t+n) - E(t,t+n)$$

where:

Pt is the base population at time t,

**B(t,t+n)** is the number of births in the population during the period t,t+n,

D(t,t+n) is the number of deaths in the population during the period t,t+n,

I(t,t+n) is the number of immigrants into the population during the period t,t+n,

E(t,t+n) is the number of emigrants from the population during the period t,t+n.

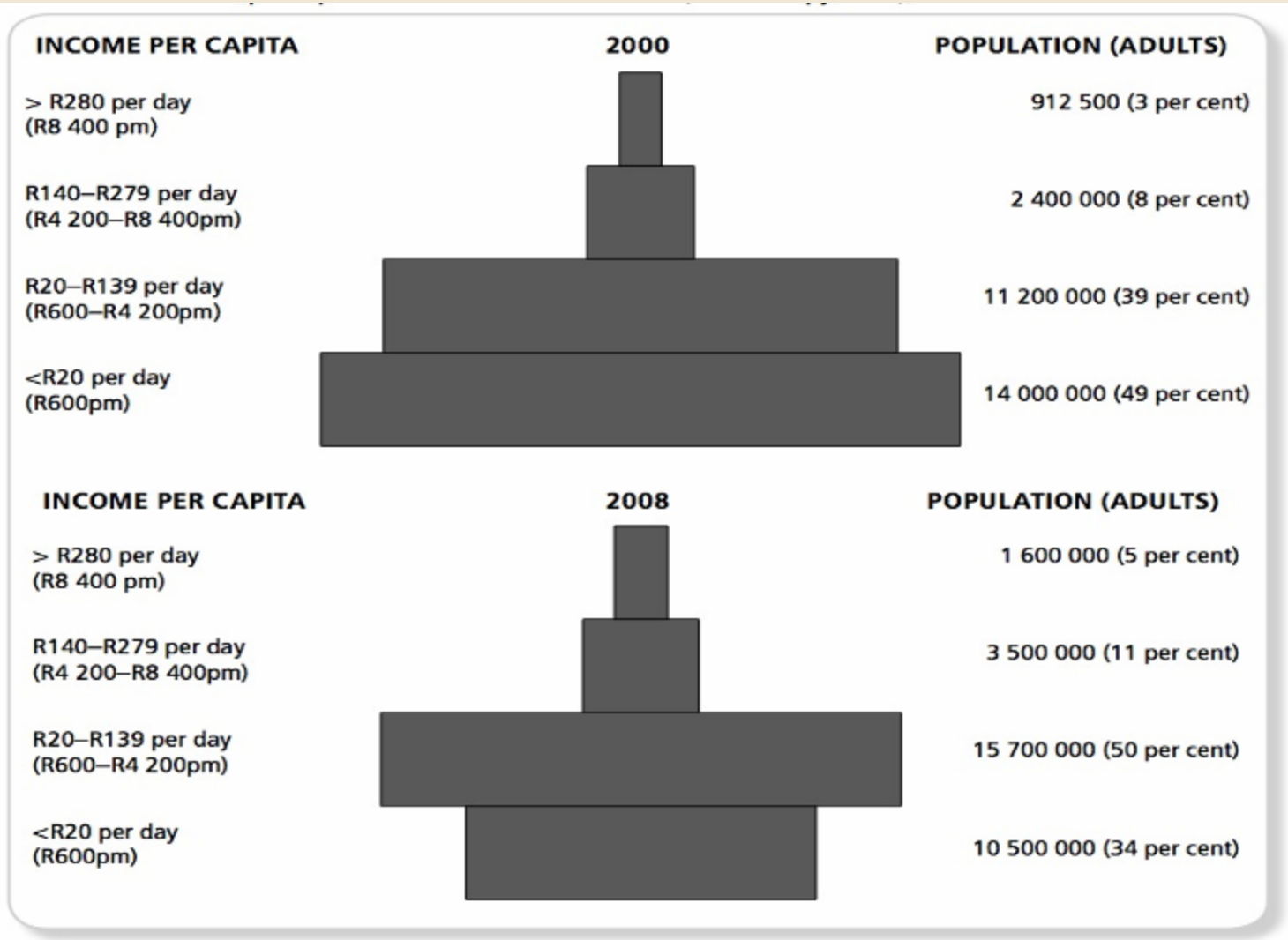# National HIV prevalence trends among antenatal clinic attendees, South Africa
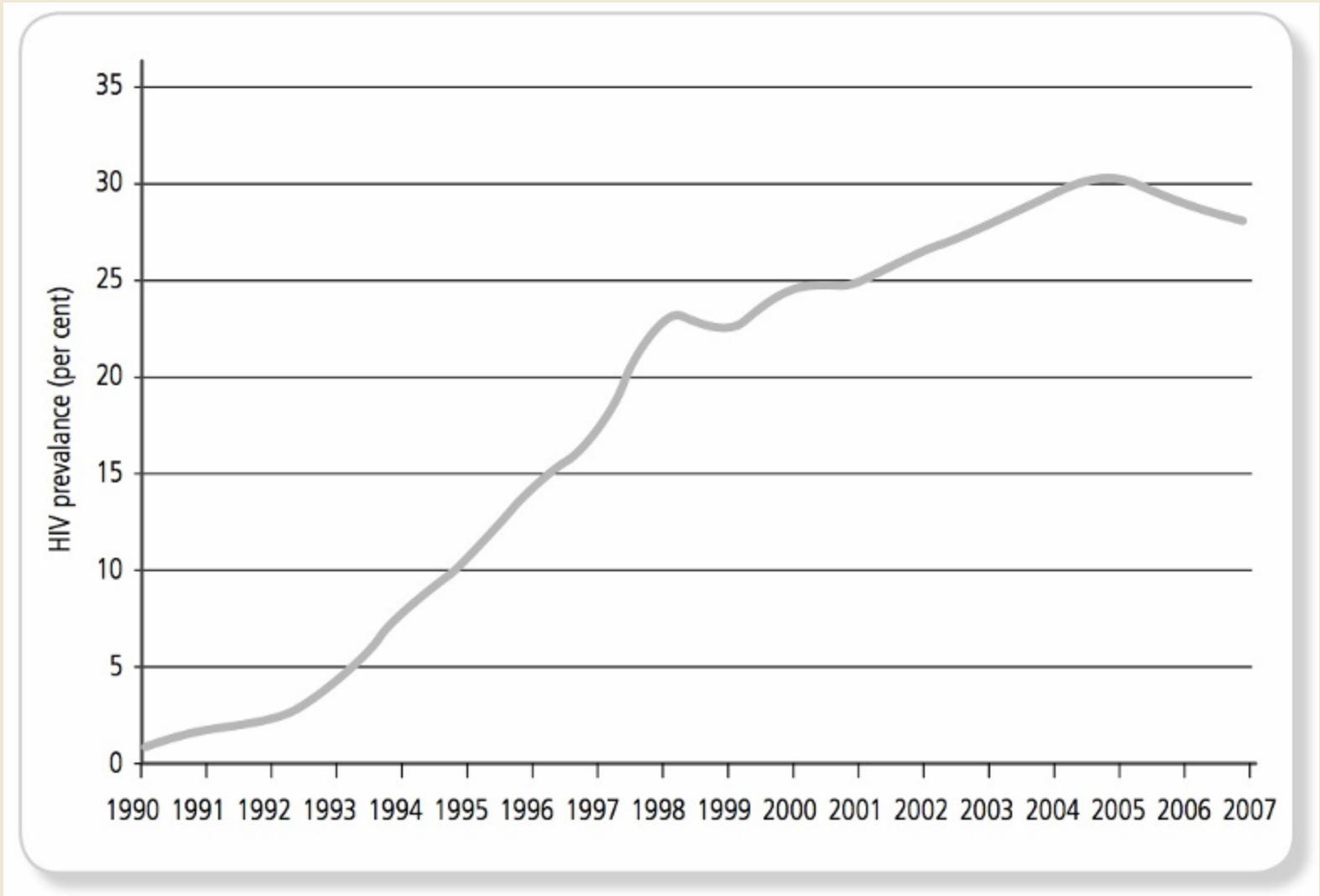
Economic upliftment

There are two South African government-driven initiatives to address the divide between the two tiers of the economy

- Black economic empowerment (BEE)
  - o Employment equity
  - o Skills development
  - o Ownership and management
  - o Socio-economic development
  - o Preferential procurement
- An increased focus on education.

Per capita distribution – Economic pyramid 2000 and 2008

INCOME PER CAPITA	2000	POPULATION (ADULTS)
> R280 per day (R8 400 pm)		912 500 (3 per cent)
R140–R279 per day (R4 200–R8 400pm)		2 400 000 (8 per cent)
R20–R139 per day (R600–R4 200pm)		11 200 000 (39 per cent)
<R20 per day (R600pm)		14 000 000 (49 per cent)

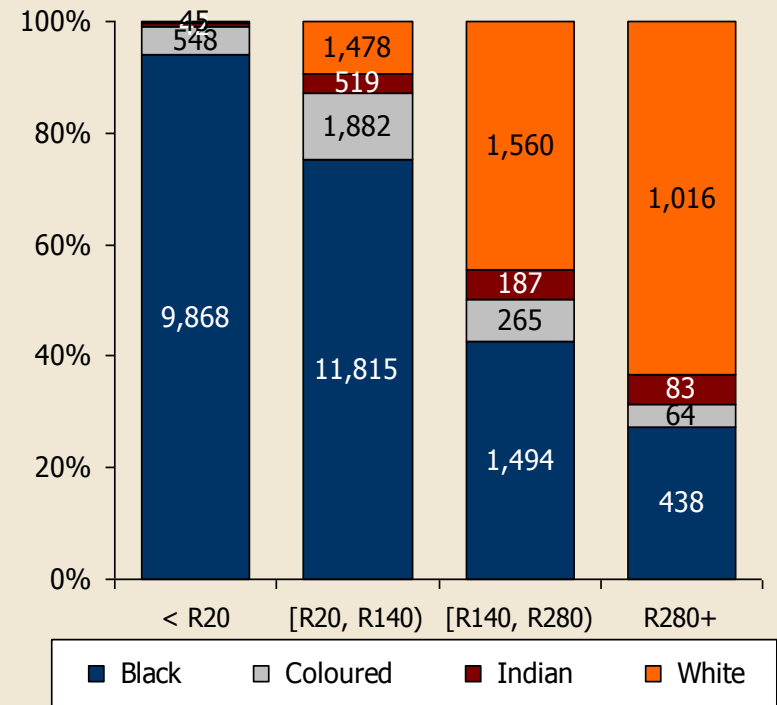| INCOME PER CAPITA	2008	POPULATION (ADULTS)
> R280 per day (R8 400 pm)		1 600 000 (5 per cent)
R140–R279 per day (R4 200–R8 400pm)		3 500 000 (11 per cent)
R20–R139 per day (R600–R4 200pm)		15 700 000 (50 per cent)
<R20 per day (R600pm)		10 500 000 (34 per cent)

Black adults accounted for 16% of the R280+ daily per capita income segment in 2000 and 27% in 2008

Per capita income* and race: 2000
(Percentage of adults)
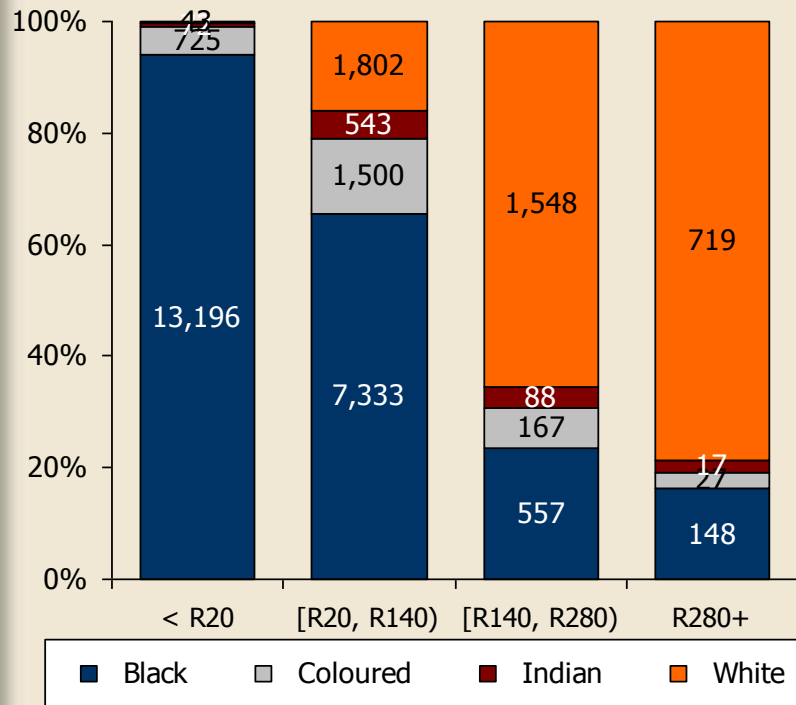
Per capita income* and race: 2008
(Percentage of adults)

Chart 1 (2000) values:
- < R20: Black 13,196; Coloured 725; Indian 43
- [R20, R140): Black 7,333; Coloured 1,500; Indian 543; White 1,802
- [R140, R280): Black 557; Coloured 167; Indian 88; White 1,548
- R280+: Black 148; Indian 17; White 719

Chart 2 (2008) values:
- < R20: Black 9,868; Coloured 548; Indian 45
- [R20, R140): Black 11,815; Coloured 1,882; Indian 519; White 1,478
- [R140, R280): Black 1,494; Coloured 265; Indian 187; White 1,560
- R280+: Black 438; Coloured 64; Indian 83; White 1,016

Legend: ■ Black ☐ Coloured ■ Indian ■ White

Source: AMPS 2000
* Mid-points of household monthly income bands used as average household income in calculation of per capita income
NB.1. HH monthly income band sizes are not exactly the same in AMPS 2000 and 2008 – data is therefore not directly comparable
2. 2000 income values are inflated up to 2008 values using CPIX

Information sources

- Internet websites
- SAARF's AMPS data
- Stats SA
  - o Censuses
  - o Labour Force Survey
  - o General Household Survey
  - o The Community Survey
- Commissioned Research.

Key issues in sources of information for South African marketers

- Access to Raw Data and Published Statistics

- Data Quality

- Adequacy of Current Statistics.

OXFORD
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SOUTHERN AFRICA